中国电信
CHINA TELECOM

China Telecom Corporation Limited

HKEx Stock Code : 728

Annual Report 2025

GUIDED BY INTELLIGENCE FORGED WITH INCLUSIVITY



ABOUT CHINA TELECOM

The principal business of China Telecom Corporation Limited ("China Telecom" or the "Company", a joint stock limited company incorporated in the People's Republic of China with limited liability, together with its subsidiaries, collectively the "Group") is digital information services including mobile communications, wireline communications, satellite communications, Internet access, cloud computing and computing power, Big Data, AI, quantum, ICT integration, etc. The Company's A Shares and H Shares are listed on the Shanghai Stock Exchange and the Main Board of The Stock Exchange of Hong Kong Limited, respectively.

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IMPORTANT NOTICE

1. The financial statements of the Company for the year of 2025 prepared in accordance with the IFRS Accounting Standards have been audited by KPMG, who has issued an unqualified audit report.

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

Pursuant to the approval previously obtained at the shareholders' general meeting, within three years from 2024, the profit distributed in cash will gradually increase to above 75% of the profit attributable to equity holders of the Company for the year. After fully considering the Company's cash flow level, the cash return to shareholders and other relevant factors, 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 proposed to be distributed amounts to an aggregate 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. The dividend distribution is derived from net profit realised in the current period. Together with the 2025 interim dividend of RMB0.1812 per share (pre-tax) which has been distributed, the full year dividend of 2025 of the Company 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 profit distribution plan will be submitted to the Annual General Meeting of the Company for the year 2025 for consideration and approval.

3. Risk Statement of Forward-Looking Statements

Forward-looking statements, such as development strategies, future business plans and prospects, contained in the 2025 annual 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.

4. 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 the "Management's Discussion and Analysis (Report of the Directors)" in this report.

SECTION I
DEFINITIONS

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

2C/2H/2B/2G	To Customer/To Home/To Business/To Government
5G	5th generation mobile communication technology
5G-A	5G-Advanced, i.e. evolved and enhanced version based on 5G network
6G	6th generation mobile communication technology
A Share(s)	Shares of the Company issued in mainland China, listed on domestic stock exchanges and subscribed and traded in RMB
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
Bestpay Technology	China Telecom Bestpay Technology Co., Ltd. (天翼支付科技有限公司), formerly known as E-surfing Pay Co., Ltd (天翼電子商務有限公司)
Board/Board of Directors	The board of directors of the Company
CCS	China Communications Services Corporation Limited (中國通信服務股份有限公司)
China Telecom/the Company	China Telecom Corporation Limited (中國電信股份有限公司), or where the context so requires, refers to China Telecom Corporation Limited and its subsidiaries
China Telecom Finance/Finance Company	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)
China Telecommunications	China Telecommunications Corporation (中國電信集團有限公司), formerly known as China Telecommunications Corporation (中國電信集團公司), the controlling shareholder of the Company

China Tower	China Tower Corporation Limited (中國鐵塔股份有限公司)
Cloud/Cloud Computing	An Internet technology that provides flexible and on-demand services to external users through the Internet with pooled cluster computing capabilities
Company Law	The Company Law of the PRC
Computing Power	The ability of computer equipment or computing centres/datacentres for processing information, i.e., the ability of computer hardware and software to cooperate to perform certain computing needs
CSRC	China Securities Regulatory Commission
Dual Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
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	Fibre to The Room
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)
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
IFRS Accounting Standards	IFRS Accounting Standards, amendments and interpretations issued from time to time by the International Accounting Standards Board
Internet of Things/IoT	Various sensory devices that are based on computer and communication technology, using cellular mobile network, wired network, wireless network, etc. to complete the transmission, coordination and processing of information, so as to realise the network of communication between objects and things, and communication between objects and people

Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MaaS	Model as a Service
MIIT	Ministry of Industry and Information Technology
PON	Passive Optical Network
PQC	Post Quantum Cryptography, which refers to cryptographic technologies and relevant algorithms capable of resisting quantum computer attacks
Prospectus	The prospectus in connection with the initial public offering of A Shares of China Telecom Corporation Limited
QKD	Quantum Key Distribution, which refers to the remote key distribution leveraging the physical properties of quantum such as indivisibility, non-replication, and uncertainty
Quantumctek	Quantumctek Co., Ltd.
Reporting Period	Period from 1 January 2025 to 31 December 2025
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
Securities Law	The Securities Law of the PRC
SSE	Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
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

5. OTHER RELEVANT INFORMATION

Accountant engaged by the Company (mainland China)	Name	KPMG Huazhen LLP *Recognised Public Interest Entity Auditor*
	Office Address	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, China
	Name of signing accountants	Kuang Lin, Tan Yahong
Accountant engaged by the Company (overseas)	Name	KPMG *Certified Public Accountant* *Registered Public Interest Entity Auditor*
	Office Address	8/F, Prince's Building, 10 Chater Road, Central, Hong Kong, China

SECTION III
MANAGEMENT'S DISCUSSION AND ANALYSIS (REPORT OF THE DIRECTORS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(REPORT OF THE DIRECTORS)



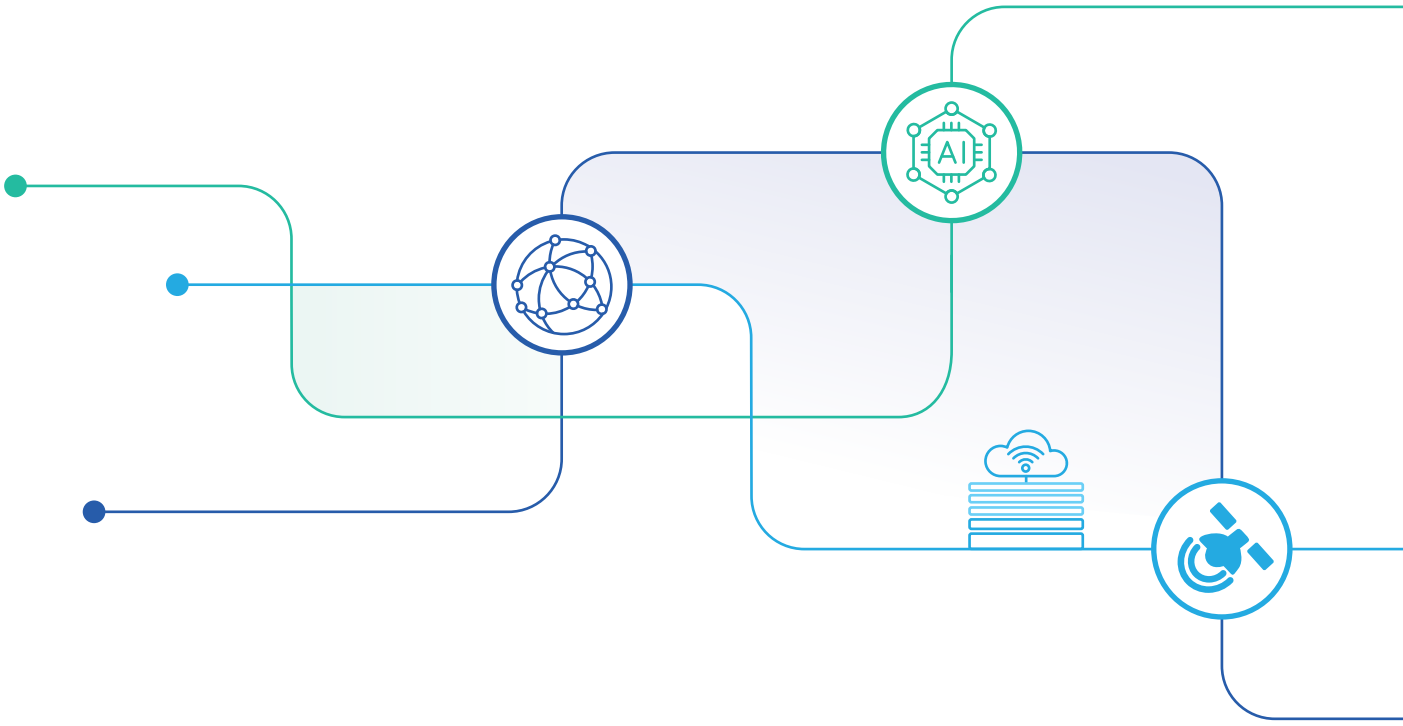
Ke Ruiwen

Chairman and
Chief Executive Officer

1. BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

The Company actively seized the new trend of consumption upgrade driven by "AI+" and continued to advance the innovation and upgrade of its development model. Targeting new business models and new scenarios, the Company continuously enriched the supply of high-quality products, and took solid steps to promote the integrated development driven by the dual engines of fundamental businesses and Industrial Digitalisation business.

For individual customers, the Company continued to upgrade connectivity experiences. Focusing on demands in market segments such as live streaming and sports events, the Company increased efforts to enable the precise coverage and large-scale commercialisation of 5G-A, enriched the benefits of 5G-A packages, and strove to deliver the next-generation communication service experience. The Company further upgraded personal applications, and leveraged intelligent agents to intensify product innovation and transformation. Specifically, it upgraded the AI call agent, launched a variety of AI mobile phones, enhanced the music agent, rolled out generative colour ringback tone services with audio and video such as e-Surfing Smart Ringback Tone, released AI applications including Cloud Smart Phone, developed personal life agents, and continuously iterated products such as AI cloud computers and AI Cloud Drive, empowering users to embrace a new chapter of life driven by AI. The Company continued to promote the ubiquitous aerial-ground integrated communication services, accelerated the scaling of user base for direct satellite connection services, stepped up the promotion of satellite services in coverable overseas areas, and drove the penetration of satellite-based services.



For home customers, the Company continued to upgrade the gigabit fibre network services, accelerated the penetration of gigabit fibre network and the construction of 10 gigabit fibre network, integrated ultra-gigabit connectivity, computing power and other capabilities, developed products such as "FTTR+X", and drove the iteration of home broadband toward home AI-powered all-fibre network. The Company kept advancing the upgrade of home applications through AI. By building home agents, the Company provided intelligent services for a full range of scenarios including security protection, health management, travel planning and cultural interaction, and launched "e-Surfing Smart Screen", an intelligent interactive terminal, as an entry point for home AI applications. The Company continued to advance the upgrade of the "platform + AI" development model, accelerated the AI upgrades of platforms such as smart communities, digital villages and IoVT, created AI scenarios connecting individuals, families and communities, actively innovated new development models, and expanded new market spaces.

For government and business customers, the Company continued to advance the all-round development of computing power, made ongoing efforts to strengthen and solidify the foundational network infrastructure, built a computing interconnection network for Access-to-Compute, Inter-Compute and Intra-Compute, and developed a cloud foundation featuring multi-chip architecture in one cloud, polymorphism and multi-type computing in one cloud, as well as full-stack capabilities integrating cloud and intelligence. As of now, the total scale of its self-owned and accessed intelligent computing power has reached 91 EFLOPS. The Company further promoted AI application across various scenarios. Relying on Xirang, a computing-network integrated service platform, the Company successfully developed more than 110 industry-specific large models and over 350 industry-specific agents, serving over 37,000 customers in total. The Company deeply implemented the "AI+" initiative for state-owned central enterprises, building an "AI+" action demonstration base, and leading the construction of the computing power pool and trusted data space for state-owned central enterprises, with an AI penetration rate of 85% among state-owned central enterprises. The Company continuously increased the supply of industry-specific platforms, and focused on developing the Xingchen platform series to empower the digital transformation and upgrade of customers in manufacturing, education, healthcare, government and other sectors, with 16 platforms ranking among the top 5 of respective industries. The Company further enhanced the service capabilities of 5G customised networks across various scenarios, and developed 10 scenario-based private network solutions for customers in sectors such as manufacturing, nuclear power, ports, rail transit, low-altitude economy, campuses and automaking.

For international users, the Company continuously drove the high-quality development of international business, steadily advanced the development of global cloud-network infrastructure and ecosystem, further deepened the integration and coordination of domestic and overseas operations, strengthened the overseas adaptation and promotion of strategic emerging businesses including cloud, AI IoVT, IoT, satellite business, quantum business and security business, and actively expanded markets along the Belt and Road. In 2025, international business revenues reached RMB19.26 billion, representing a year-on-year growth of 14.1%.

For detailed business analysis of the Company, please refer to "5. MAJOR OPERATION DURING THE REPORTING PERIOD" in this section.

2. OVERVIEW OF THE COMPANY'S INDUSTRY DURING THE REPORTING PERIOD

1. INDUSTRY OVERVIEW

In 2025, amid the complex environment and multiple challenges, the telecommunications industry maintained steady growth in both volume and revenue, consolidating strengths in key areas, further advancing the development of new information infrastructure, and exhibiting increasingly notable enabling effects. With all development goals and tasks successfully accomplished, it brought the 14th Five-Year Plan to a satisfactory conclusion.

1. The telecommunications industry achieved steady growth through quality and efficiency improvement

Steady increase in both volume and revenue. In 2025, the total volume of telecommunications businesses calculated based on the pricing adopted in the previous year increased by 9.1% year-on-year, contributing positively to economic growth. The revenue from telecommunications businesses for the year amounted to RMB1.75 trillion, representing an increase of 0.7% year-on-year. **New growth drivers continued to gain momentum.** The industrial structure was further optimised. Revenue from traditional businesses such as voice, SMS and traffic declined slightly, while the proportion of revenue from emerging businesses, primarily cloud computing, big data, IoT, and data centres, rose to 25.7%, representing an increase of 4.7% year-on-year and becoming the main driver of revenue growth of the industry. **Sci-tech innovation continued to deliver new achievements.** In 2025, the proportion of R&D expenses to telecommunications business revenue in the telecommunications industry rose to 4.6%, meeting the 14th Five-Year Plan target of 4.5%. This has effectively supported continuous innovation in key areas. The global share of China's 5G standard essential patent declarations reached 42%; the 5G-A network was deployed at a faster pace successively in commercial scenarios such as low-altitude economy and industrial Internet; interim achievements were made in the 6G system architecture and critical technology verification; the integrated innovation of AI and communication technologies gathered pace, and quantum communication technology is moving from frontier research to practical application.

2. Upgrade of information communications infrastructure

The coverage of "dual-gigabit" networks continued to improve. The construction targets for 5G and the gigabit fibre network as outlined in the "14th Five-Year Plan" were overstripped, achieving gigabit connectivity in every county and 5G connectivity in every township and more than 95% of administrative villages. As of the end of 2025, the number of 5G base stations in China reached 4.838 million, with an average of 34.4 5G base stations per 10,000 people, 8.4 more than the target set in the 14th Five-Year Plan. Further headway was achieved in gigabit fibre network construction, with the number of 10G PON ports capable of providing gigabit network services reaching 31.62 million, 2.6 times the target set in the 14th Five-Year Plan. Pilot deployment of 5G-A and 10-gigabit fibre networks was accelerated. The number of 5G RedCap base stations reached 2.064 million, with 5G-A covering more than 330 cities. Pilot deployment of 10-gigabit fibre network was smoothly carried out in the first batch of 168 residential communities, factories and industrial parks. **Coordinated development of computing power network achieved notable advances.** As of the end of 2025, optical fibre network extended steadily across the country, with a total length of 74.99 million km and the length of fibre cable lines newly built in the year reaching 2.113 million km. The supply of computing power was significantly increased, with the number of data centre cabinets provided to the public by the three fundamental telecommunications enterprises totalling 938,000, and the scale of schedulable intelligent computing power exceeding 94.4 EFLOPS (quintillion floating-point operations per second, FP16). Network transmission capacity achieved a generational leap. Development of the 400G all-optical inter-provincial backbone network continued to deepen, with service capabilities extending from backbone transmission to high-quality services for government and business customers. Breakthroughs were made in cutting-edge technologies, with the world's first on-site trial of 400G/800G converged network successfully implemented.

3. Simultaneous increases in the scale and quality of users

Users of 5G mobile phones accounted for more than 60% of the total. As of the end of 2025, the number of mobile phone users in China amounted to 1.827 billion, with a mobile phone penetration rate of 130 units per 100 people. Mobile phone users migrated rapidly to 5G network. The number of 5G mobile phone users reached 1.204 billion, with a net increase of 190 million in the year, accounting for 65.9% of all mobile phone users, which was 2.1 times the global average. **Users of high-quality networks such as gigabit fibre network grew rapidly.** As of the end of 2025, the number of wireline broadband access users reached 691 million, including 583 million household broadband access users. The household broadband penetration rate reached 117.9 units per 100 households. The number of users with access speeds of 1000 Mbps and above reached 238 million, accounting for 34.5% of wireline broadband access users, an increase of 3.6 percentage points from the end of the previous year. The scale of Fibre-to-the-Room (FTTR) users expanded rapidly, reaching 59.39 million as of the end of 2025. The upgrade of household digital infrastructure accelerated the evolution of household services from basic connectivity to "FTTR+X" integrated applications, expanding the scenarios for digital household services. In 2025, the total access bandwidth of wireline broadband users reached 346,000 Tbps, representing an increase of 12.7% year-on-year. The average contracted bandwidth per household reached 553.4 Mbps per household, representing an increase of 41.6 Mbps per household from the end of the previous year. **Mobile IoT terminals accounted for more than 60% of all mobile terminal connections.** As of the end of 2025, the number of mobile IoT terminal users in China reached 2.888 billion, representing a year-on-year increase of 8.7%, with a net increase of 232 million in the year, accounting for 61.3% of mobile terminal connections. The structural feature of IoT connections surpassing mobile phone users was further solidified. Mobile IoT terminals are widely used in public services, Internet of Vehicles, smart retail, smart home and other fields, with the user scale reaching 1.164 billion, 529 million, 365 million and 323 million respectively. Among them, the Internet of Vehicles and public services posted strong growth momentum, achieving double-digit user growth and becoming the main drivers of development.

4. Deepening of industry digitalisation

Mobile data traffic consumption remained robust. With the accelerated improvement of featured 5G applications, construction of a smart home ecosystem was accelerated, innovation and development were achieved in new businesses such as "AI+" products, cloud computers, cloud gaming and VR, and faster growth was recorded in mobile data traffic. In 2025, mobile Internet access traffic increased by 17.3% year-on-year, among which 5G mobile data traffic rose by 37.6% year-on-year. The dataflow of usage (DOU) for the year reached an average of 20.74GB/user month, and the DOU for December alone reached 23.04GB/user, both at historical highs. Mobile IoT terminal access traffic maintained rapid growth, up 42.7% year-on-year. **Development of integrated industry applications continued to advance in depth.** 5G and gigabit fibre networks have been deeply integrated with the real economy and widely applied across 91 major categories of the national economy. Industrial Internet has covered 41 major industrial categories, becoming a key engine driving the digital transformation and intelligent upgrades of various industries. Network infrastructure was continuously consolidated as a foundation. A total of 75,000 5G industry dedicated virtual networks have been built, 19,000 of which were added in the year. Innovative applications were deployed on a large scale, and the digital transformation of the industrial sector picked up pace. The "5G + Industrial Internet" projects numbered more than 23,000, with more than 100 million devices connected to key industrial Internet platforms, playing an increasingly prominent enabling role. New models and business forms such as unmanned mines, dark factories and smart ports emerged and flourished, demonstrating the strong vitality of the deep integration of digital and real economies.

Note: The above data are extracted from the "Statistical Communique of the Communications Industry in 2025 and its interpretations: The Telecommunications Industry Operates Steadily with New Drivers Fostered Faster" issued by the MIIT.

2. SIGNIFICANT IMPACT OF NEW LAWS, ADMINISTRATIVE REGULATIONS, DEPARTMENTAL RULES AND INDUSTRY POLICIES ON THE INDUSTRY

During the Reporting Period, a number of administrative regulations, departmental rules and departmental normative documents were promulgated and implemented, posing new requirements for the development and compliance operation of the industry.

On 5 January 2025, in order to faithfully implement the decisions and plans of the CPC Central Committee and the State Council, the National Development and Reform Commission and the Ministry of Finance jointly issued the *Notice on Further Intensifying and Expanding the Implementation of Large-Scale Equipment Renewal and Consumer Goods Trade-in Policies in 2025* (hereinafter referred to as the *"Expansion Notice"*), which became effective as of the date of promulgation. The *Expansion Notice* aims to increase the funding scale, expand the scope of support, optimise the implementation mechanism, amplify the leveraging effect, and further advance the "Four Major Initiatives". The *Expansion Notice* specifies 27 measures in five aspects, i.e. driving equipment renewal, expanding support for consumer goods trade-in, accelerating the improvement of recycling capabilities, fully leveraging the leading role of standards, and strengthening organisation and implementation. It further expands the scope of support to fields including electronic information, while providing subsidies for individual consumers purchasing digital products such as mobile phones, so as to further unleash consumption vitality, drive investment growth, promote industrial upgrade, and support green transformation.

On 12 February 2025, the Cyberspace Administration of China promulgated the *Measures for the Administration of Personal Information Protection Compliance Audits* (hereinafter referred to as the "*Information Protection Audit Measures*"), which took effect on 1 May 2025. The *Information Protection Audit Measures* detail the provisions on the conduct of compliance audits for personal information protection, the selection of compliance audit institutions, the frequency of compliance audits, and the obligations of personal information processors and specialised institutions in compliance audits. *Information Protection Audit Measures* aim to provide systematic, targeted and actionable norms for personal information processors in conducting compliance audits for personal information protection, improve the legal compliance of personal information processing activities, and protect individuals' rights to personal information.

On 7 March 2025, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the Ministry of Public Security and the National Radio and Television Administration jointly promulgated the *Measures for Labeling AI-Generated Synthetic Content* (hereinafter referred to as the "*Labeling Measures*"), which became effective on 1 September 2025. Focusing on the labeling of AI-generated synthetic content, the *Labeling Measures* aim to remind users to identify false information through labels, clarify the responsibilities and obligations of relevant service providers in labeling, regulate labeling behaviors across processes of content production and dissemination, improve security at a reasonable cost, and promote the accelerated application of AI in various scenarios such as text-based conversation, content production and auxiliary design. Also, the *Labeling Measures* are intended to mitigate the harms caused by the abuse of AI generation and synthesis technologies, prevent risky acts such as the production and dissemination of false information using AI technologies, and facilitate the healthy and orderly development of AI.

On 23 April 2025, the Cyberspace Administration of China, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the General Administration of Customs, the State Administration for Market Regulation and the National Radio and Television Administration jointly promulgated the *Provisions on the Administration of Direct-to-Terminal Satellite Services* (hereinafter referred to as the "*Direct-to-Terminal Satellite Services Provisions*"), which took effect on 1 June 2025. The *Direct-to-Terminal Satellite Services Provisions* clearly define the core obligations of service providers in terms of access licensing, equipment management, data security and information handling. The *Direct-to-Terminal Satellite Services Provisions* require that domestic services may only be connected to legally operated satellite communication systems within the territory, and that domestic user data shall be processed in domestic ground facilities, while strengthening the responsibility for preventing and controlling telecom and online fraud risks and handling illegal information. The policy is expected to further promote and regulate the healthy development of direct-to-terminal satellite services.

On 21 August 2025, the State Council issued the *Opinions of the State Council on Further Implementing the "AI+" Initiative* (hereinafter referred to as the "*'AI+ Initiative' Opinions*"), which became effective on the date of promulgation. The *"AI+" Initiative Opinions* require deeper implementation of the "AI+" initiative with the focus on science and technology, industry, consumption, people's livelihood, governance, global cooperation, among other fields, to foster new infrastructure, new technology systems, new industrial ecosystems and new job opportunities, accelerate the cultivation and development of new quality productive forces, share the outcomes of AI development, and better support the advancement of Chinese modernisation.

On 25 August 2025, the Ministry of Industry and Information Technology issued the *Guiding Opinions on Optimising Market Access to Promote the Development of the Satellite Communications Industry* (hereinafter referred to as the "*Satellite Communications Guiding Opinions*"), which became effective on the date of promulgation. The *Satellite Communications Guiding Opinions* provide 19 measures in six aspects, i.e. gradually expanding market opening, continuously expanding application scenarios, fostering and strengthening the industrial ecosystem, optimising the supply of telecommunications resources, tightening satellite communications regulation, and enhancing collaboration and synergy. The *Satellite Communications Guiding Opinions* supports telecom operators to co-build and co-share resources with satellite enterprises, to further tap the application potential of high-orbit satellites such as Tiantong and Beidou, promote the application of direct satellite connection with terminals such as mobile phones, and provide satellite-based voice and short message services for terrestrial mobile communication users. The *Satellite Communications Guiding Opinions* also encourages telecom operators to expand high-speed data services on the basis of voice and short message services through low-orbit satellite internet, so as to advance the integrated development of space-based and terrestrial information infrastructure.

On 25 December 2025, the State Council promulgated the *Implementation Regulations of the Value-Added Tax Law of the People's Republic of China* (hereinafter referred to as the "*Value-Added Tax Law Implementation Regulations*"), which took effect on 1 January 2026. Aligned with the provisions of the Value-Added Tax Law and the current VAT system, *the Value-Added Tax Law Implementation Regulations* provide for specific rules in light of actual conditions and administration needs, covering VAT system elements, preferential policies, collection and administration, etc., with the aim to ensure that the VAT system is unified, standardised and actionable nationwide, safeguards fair competition, and helps stabilise market expectations.

The Company will conscientiously implement the relevant newly issued and revised laws, administrative regulations, departmental rules and industry policies, and proactively follow and study the relevant upcoming laws, administrative regulations, departmental rules and industry policies to ensure that the relevant business operations are in compliance with laws and regulations and that the Company operates in compliance with laws and regulations.

3. 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 revenues[1] amounted to RMB485.4 billion, representing an increase of 0.7% year-on-year. EBITDA[2] amounted to RMB143.9 billion, representing an increase of 2.1% year-on-year. Net profit[3] 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 flow[4] reached RMB44.7 billion.

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 revenues[5] 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[6]; revenue from AIDC reached RMB34.5 billion, revenue from the security business reached RMB16.6 billion, and intelligent revenues[7] 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.

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*
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*

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).

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 Triless[9] 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 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.

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*

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 expenses[11] 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

[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*

synergy, heterogeneous inference, and edge acceleration, and realised autonomous, controllable, and proximity-access 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 unrepeatered 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 QKD[12] and PQC[13], 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.

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.

[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*

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+X[14] 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

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

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 facility buildings, 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.

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 buildings and green upgrade of base stations, the Company completed the green retrofit of over 800 facility buildings 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.

15 *"Two Highs, Two Flexibles": high density, high IT productivity, flexible expansion, and flexible construction*
16 *ADC: Asia Direct Cable*

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-professional[17] 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.

[17] *Provincial-professional/professional-professional: provincial companies and professional companies, and among professional companies*

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. 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

4. ANALYSIS OF 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. With the aim of becoming a leading AI service provider, it fully embraced AI, comprehensively implemented the "Cloudification, Digital Transformation and AI for Good" strategy, improved corporate governance capability in all aspects, and deepened efforts to build itself into a service-oriented, technology-oriented, and secured enterprise, to accelerate its high-quality development and enable a good start for the 15th Five-Year Plan period.

Technological strength and innovation efficiency were significantly enhanced, expediating the innovation and development of AI. The Company accelerated the development of self-reliance and self-strengthening in high-level science and technology fields. With the focus on four core fundamental technologies, it stepped up efforts to drive breakthroughs for key and core technologies, and achieved remarkable results in scientific and technological innovation. **In terms of cloud and cloud-network integration,** the Company concentrated efforts on developing its No.1 technology "Xirang", realised full-stack technology autonomy and control, and built a "multi-element heterogeneous, software-hardware synergy, and computing-network integration" cloud-edge-terminal collaborative inference network. CTyunOS, the server operating system for China Telecom Cloud, passed the national security and reliability assessment. **In terms of network,** technological achievements such as high-speed and large-capacity all-optical transmission based on new-type optical fibres and multi-generation coexistence and convergent evolution of 50G PON reached internationally advanced levels. The Company completed the industry's first semantic communication trial of standard-definition video via high-orbit satellites. Its 5G core patents have been awarded the China Patent Award Silver Medal for three consecutive years. **In terms of AI,** the Company continued to advance the key technologies for the Xingchen large model, and was honoured with the "2025 Super AI Leader (SAIL) Award". The Company innovatively developed a technical system for AI flow, and launched generative video compression technology. **In terms of quantum/security technologies,** the Company unveiled the world's first distributed cryptosystem integrating QKD and PQC, and built "Tianyan-287", a superconducting quantum computer capable of achieving "quantum computational advantage". 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 recognised, with the "Xingchen" large model system named as part of the "2025 Top Ten National Mega-Projects of State-owned Central Enterprises" and the e-Surfing Artificial Intelligence of Things included in the "Top Ten Super Projects of State-owned Central Enterprises for 2025".

The intelligent cloud system was continuously consolidated, driving AI into more households and empowering more industries. The Company built and continuously improved the intelligent cloud system integrating computing power, platform, data, model, and application. At the IaaS layer, 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 Triless platform architecture to achieve triple decoupling of resources, frameworks, and tools. It also achieved breakthroughs in several critical technologies, to provide 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, and 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 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 multimodality. 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. For individual and home scenarios, the Company accelerated the large-scale application of smart terminals such as AI mobile phones, e-Surfing Smart Screen and e-Surfing Smart Camera, upgraded applications including e-Surfing Cloud Computer and e-Surfing Intelligent Anti-fraud, explored innovative products such as AI glasses and humanoid robots, and built the agent "Xingxiaochen" as a unified cross-terminal entry point to provide users with smarter and more convenient services. For industrial scenarios, the Company built leading industrial agents, tools, and solutions, further advanced the "AI+" initiative for state-owned central enterprises, and upgraded the capabilities of platforms such as "e-Surfing Smart Enterprise" for SMEs, continuously driving the deeper integration of AI with new industrialisation, digital government services, smart education, and smart healthcare, among other scenarios.

New digital information infrastructure was further upgraded, bolstering the foundation for AI development. 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. **In terms of fundamental network,** the Company constructed 10 million 10G PON ports in the gigabit fibre network; led the construction of the Asia Direct Cable (ADC), the first international submarine cable connected to Chinese mainland in nearly five years; operated over 1.54 million 5G mid-/high-band base stations, and deployed over 110,000 5G-A carrier aggregation base stations and over 650,000 RedCap base stations in more than 300 cities. **In terms of computing power,** the Company 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 to promote efficient collaboration of computing resources. Its self-owned intelligent computing power reached 46 EFLOPS. **In terms of storage capacity,** the Company has formed a 2+31+X storage capacity layout, and launched pilot programs of tiered storage capacity, significantly reducing long-term data storage costs. **In terms of connectivity,** the Company has built an intelligent, collaborative, agile and efficient computing interconnection network for Access-to-Compute, Inter-Compute and Intra-Compute. It upgraded the backbone optical cables, 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,** the Company appropriately advanced its reserves of resources at national hub nodes, built an efficient, green and intelligent computing infrastructure with a rack power capacity of more than 3.2GW, and actively carried out overseas AIDC deployment. In terms of electricity, the Company deepened synergistic development between computing power and electricity, and 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.

Security protection capabilities were further strengthened, and a comprehensive AI-enabled protection system was taking shape. The Company continued to strengthen infrastructure security foundation, upgraded the cyber attack protection platform Cloud Dam and the Managed Security Service Provider platform, and established an active defense system covering cloud, network, edge and terminal. 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. Based on quantum security infrastructure, the Company continued to iterate ubiquitous quantum products, and accelerated the large-scale promotion of

"Quantum+" applications. The Company systematically built security defenses for AI large models and applications, enhanced key capabilities of large models including but not limited to basic guardrails, attack-defense ranges and security scanners, and comprehensively improved capabilities in data security, content security, instruction security, and sensitive information identification. Thus, the Company formed a model and agent security system featuring defensible inputs, monitorable processes, and controllable outputs, ensuring the compliant, secure, and stable operation of AI applications. 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. The Company strengthened AI governance, actively participated in the formulation of national AI governance frameworks and rules, continuously improved its AI governance system, and worked with all parties in the industry to analyse and proactively address risks arising from AI applications, so as to ensure the secure, reliable and controllable development of AI.

5. MAJOR OPERATION DURING THE REPORTING PERIOD

The Company actively adapted to market and industry changes, precisely seized the upgrading trend of "AI + consumption", and upheld the business philosophy of "customer first, touchpoint priority, product as the foundation, service as the core and brand as the guidance". Focusing on the "AI + Initiative", the Company continued to enhance the supply of high-quality products and services, and took solid steps to promote the integrated development driven by the dual engines of fundamental businesses and Industrial Digitalisation business. In 2025, 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.

For individual customers, the Company continued to upgrade connectivity experiences. Focusing on new scenarios and new business forms such as live streaming and sports events, the Company accelerated the precise deployment and large-scale commercialisation of 5G-A, enriched the benefits of 5G-A packages, and made all-out efforts to deliver the next-generation communication services that are faster, stabler and smarter. **The Company further upgraded personal applications with AI.** It strengthened the capabilities of the AI call agent, and launched a variety of AI mobile phones. It leveraged the self-developed multimodal large model to upgrade the music agent, launched e-Surfing Smart Ringback Tone, a generative colour ringback tone service with audio and video, and provided intelligent search, text-to-music, text-to-video and image-to-video, among other content creation functions. The Company innovatively unveiled AI native applications such as Cloud Smart Phone, developed personal life agents, and iterated AI products such as AI cloud computers and AI Cloud Drive, empowering users to embark on a new, smart life driven by AI. **The Company continued to promote the ubiquitous aerial-ground integrated communication services.** It built comprehensive communication capabilities that are secure, reliable, and provide emergency backup, and further deepened the integration of AI capabilities with satellite services. It accelerated the scaling of user base for direct satellite connection services, stepped up the promotion of satellite services in coverable overseas areas, and drove the penetration of satellite-based services. In 2025, the Company's mobile communications service revenues reached RMB204.5 billion, representing an increase of 1.0% year-on-year. The net addition of mobile subscribers was 14.13 million, bringing the total number of mobile subscribers to 439 million, and mobile ARPU reached RMB45.1.

For home customers, the Company continued to upgrade the gigabit fibre network services, accelerated the penetration of gigabit fibre network and the construction of 10 gigabit fibre network, integrated ultra-gigabit connectivity, computing power and other capabilities, innovatively developed intelligent products such as "FTTR+X", and drove the iteration of home broadband toward home AI-powered all-fibre network. **The Company kept advancing the upgrade of smart home applications through AI.** Guided by the "Beautiful Home" brand, the Company built home agents and provided intelligent services for a full range of scenarios including security protection, health management,

travel planning and cultural interaction. It also launched "e-Surfing Smart Screen", an intelligent interactive terminal, as an entry point for home AI applications to support users' expectation for a more intelligent, secure and convenient life. **The Company continued to advance the upgrade of the "platform + AI" development model,** and accelerated the AI upgrades of platforms such as smart communities, digital villages and IoVT. Focusing on production, daily life, social governance and other key scenarios, the Company accelerated the delivery of differentiated services including community smart eye, 15-minute living circles and home-school-community safety protection, continuously enriched AI scenarios connecting individuals, families and communities, actively innovated development models, and expanded new market spaces. In 2025, Wireline and Smart Family service revenues reached RMB126.0 billion, representing an increase of 0.2% year-on-year. Of which, revenue from the Smart Family business increased by 7.6% year-on-year to RMB23.8 billion. The number of broadband subscribers increased by 3.68 million to 201 million, and the broadband blended ARPU reached RMB47.1.

For government and business customers, the Company continued to scale up computing power services. It continuously upgraded Xirang, an industry-leading computing-network integrated service platform, built a computing interconnection network for Access-to-Compute, Inter-Compute and Intra-Compute, and provided customers with tailored solutions along with exclusive, secure, reliable, intelligent, agile, green and low-carbon computing power services. As of now, the total scale of its self-owned and accessed intelligent computing power has reached 91 EFLOPS. **The Company further promoted the scaled application of industry-specific large models.** It has developed more than 110 industry-specific large models and over 350 industry-specific agents, serving over 37,000 industrial customers in total. The Shennong No.1 large model has served more than 50,000 agriculture-related enterprises and specialised farmers' cooperatives; the grassroots governance large model covered over 10,000 grids, and the emergency response large model covered 176 prefecture-level cities; the travel planning agent improved users' travel planning efficiency by 10%, and the intelligent cockpit agent achieved a semantic parsing accuracy rate of over 98%. **The Company continuously advanced the scaled development of industry-specific digital platforms,** and developed the Xingchen platform series to comprehensively empower the digital transformation in multiple sectors. Relying on big data, cloud computing and AI technologies, the Xingchen government service platform delivers integrated government services featuring efficient collaboration and intelligent decision-making, serving over 31 provinces, over 200 prefecture-level cities and more than 3,000 governments at all levels. Based on AI and big data technologies, the Xingchen smart city platform enabled intelligent management and services, covering scenarios such as urban operation, management and service, holistic tourism, digital villages, and work safety risk monitoring and warning, and serving 31 provinces and more than 250 prefecture-level cities. Built on the industrial internet infrastructure integrated with multiple technologies, the Xingchen industrial internet platform covers scenarios such as intelligent renovation of production lines, digital factories, and synergy among multiple systems and production lines in factories, serving 28 provinces in total. As a case in point, it has boosted detection efficiency by 500% and enabled a defect detection rate of 99.9% for a machinery factory. Supported by the national intelligent health infrastructure and an AI+ cloud native architecture, the Xingchen smart healthcare platform provides an integrated service platform covering regional healthcare and smart hospitals, serving 23 provinces and more than 120 prefecture-level cities. With enhanced intelligent academic performance analysis, the Xingchen smart education platform aims to build an agent matrix to empower family-school-community collaboration and enable intelligent teaching, learning, management and research, covering 31 provinces and over 160 prefecture-level cities. **The Company further scaled up the application of 5G across various industries,** with 34 self-developed products covering terminals, gateways, wireless base stations, core networks, and platforms, and meeting customers' demands for end-to-end, in-depth, and flexibly customised services. The Company developed 10 scenario-based private network solutions, integrating self-developed AI capabilities into end, edge, and cloud. The Company innovated the aerial-ground integrated, millimeter-wave communication and sensing integration solution, which has achieved low-altitude coverage

below 300 meters in hotspot areas of the Yangtze River Delta region such as Jiangsu, Shanghai and Anhui, facilitating applications in low-altitude scenarios. In 2025, the Industrial Digitalisation business achieved robust development, with the revenue reaching RMB147.3 billion, representing an increase of 0.5% year-on-year.

For international customers, the Company continuously strengthened product and service innovation in international business. Focusing on the needs of Chinese enterprises going global and foreign enterprises investing in China, the Company promoted the upgrade of basic connectivity products such as OTN and SD-WAN, and sped up the overseas expansion of strategic emerging businesses in the fields of cloud, AI IoVT, IoT, satellite, quantum and security. China Telecom has emerged as a leading operator in cloud services. **The Company further stepped up global ecosystem cooperation,** launching the OneGrowth global cooperation program, expanding its ecosystem by actively participating in major international exhibitions including GITEX 2025 and AfricaCom, and significantly enhancing its operating system and market expansion capabilities. In 2025, international business revenue reached RMB19.26 billion, representing a year-on-year growth of 14.1%.

6. 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 development 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 year 2024. Service revenues were RMB485,424 million, representing an increase of 0.7% from year 2024. Operating expenses were RMB489,885 million, representing an increase of 0.1% from year 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 year 2024. Basic earnings per share were RMB0.36. EBITDA amounted to RMB143,872 million, representing an increase of 2.1% from year 2024. EBITDA margin[18] 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 year 2024. Service revenues were RMB485,424 million, representing an increase of 0.7% from year 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:

	For the year ended 31 December		
(RMB million, except percentage data)	**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%
Revenue from sales of goods and others	**44,135**	47,384	(6.9%)
Total operating revenues	**529,559**	529,417	0.0%

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, revenue from other services amounted to RMB7,610 million, representing an increase of 5.1% from year 2024.

Revenue from sales of goods and others

In 2025, revenue from sales of goods and others amounted to RMB44,135 million, representing a decrease of 6.9% from year 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 year 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:

	For the year ended 31 December		
(RMB million, except percentage data)	**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	**489,885**	489,614	0.1%

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 year 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 year 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 year 2024 and accounting for 12.5% of operating revenues. Of which, selling expenses were RMB48,352 million, representing a decrease of 3.6% from year 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 year 2024 and accounting for 18.5% of operating revenues. For details regarding the number of employees, remuneration policy and training programs, please refer to the 2025 Sustainability (ESG) Report.

Other operating expenses

In 2025, other operating expenses amounted to RMB59,625 million, representing an increase of 2.7% from year 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 points 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 year 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 year 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:

	For the year ended 31 December		
(RMB million, except percentage data)	**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	**(20,708)**	1,072	(2,031.7%)

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 fulfiled 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:

	As at 31 December	
(RMB million)	**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	**10,023**	11,532

As at the end of 2025, the total indebtedness[19] 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, resulting in 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.

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

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.

Contractual Obligations

Contractual obligations as at 31 December 2025 are as follows:

(RMB million)	Total	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	Thereafter
Short-term debts	2,477	2,477	–	–	–
Long-term debts	8,195	1,587	1,197	4,938	473
Lease liabilities	41,598	15,209	12,999	10,772	2,618
Capital commitments	16,771	16,771	–	–	–
Total contractual obligations	69,041	36,044	14,196	15,710	3,091

Note: Amounts of short-term debts, long-term debts and lease liabilities include recognised and unrecognised interest payable, and the amounts shown above were not discounted.

7. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

1. INDUSTRY LANDSCAPE AND TREND

At present, development of the information and communications industry brings new strategic opportunities. AI has become a key variable influencing industry development during the 15th Five-Year Plan period, reshaping the industrial landscape, bringing crucial opportunities while posing huge challenges. The information and communications industry should proactively and accurately analyse and assess the situation, actively respond to changes, seize opportunities, and open up new prospects.

First, the changes unseen in a century are evolving faster across the world. Major-country relations influence the international landscape, whose evolution in turn exerts a profound impact on domestic development. China's development is at a stage where strategic opportunities coexist with risks and challenges and uncertain and unpredictable factors are on the rise. Internationally, the world's once-in-a-century changes are unfolding at an accelerated pace, and breakthroughs are gathering pace in the new round of technological revolution and industrial transformation. China sees many tailwinds that help it proactively manage the room for maneuver in the international area and shape its external environment. Meanwhile, the world is marked by intertwined changes and turmoil, with escalating volatility, frequent and recurring geopolitical conflicts, rising threats from hegemonism and power politics, severe challenges to the international economic and trade order, and increasingly complex and intense game among major countries. Domestically, China's economic foundation is stable, with multiple advantages, strong resilience, and great potential. The long-term favourable supporting conditions and fundamental trends remain unchanged. China's advantages in the socialist system with Chinese characteristics, the super-large-scale market, the complete industrial system, and the abundant talent resources are becoming even more pronounced. Nevertheless, the problem of unbalanced and inadequate

development remains acute, as reflected in the insufficient effective demand, bottlenecks and obstacles in the domestic economic circulation, difficulties in the transition from old to new growth drivers, weaknesses in ensuring people's wellbeing, new challenges posed by demographic changes to economic development and social governance, as well as risks and hidden dangers in key areas.

Second, breakthroughs are accelerating in the new round of technological revolution and industrial transformation. AI, quantum technology, unmanned aerial vehicles (UAVs), embodied intelligence, 6G and other technologies are being iterated, integrated and applied faster, speeding up the industrialisation process. The in-depth integration of AI with all sectors of the economy and society is reshaping how we work and live, driving a revolutionary leap in productivity and profound changes in production relations. Quantum communication is moving from the introduction stage to the growth stage, and quantum computing has entered an early breakthrough phase of crossing the critical threshold of practical application. The commercial application of new-type general aviation equipment such as UAVs picks up pace in urban air mobility, logistics and distribution, emergency rescue and other fields, expediting the development of the low-altitude economy. Embodied intelligence is increasingly integrated into production and emergency response scenarios, and gradually expands into pan-family scenarios, becoming a key part of intelligent services. R&D of 6G has shifted from technical accumulation to a critical stage of securing a dominant position in standard-setting.

Third, there is enormous room for intelligent, green and integrated development. Production, life and governance scenarios are increasingly integrated, with demands evolving toward solutions integrating infrastructure, platforms, data, products and services. In terms of production, the digital and intelligent transformation of large enterprises has entered a stage of systematic restructuring, with whole-process digital upgrade advanced across the board, creating new development opportunities. The number of SMEs exceeded 60 million, yet with a cloud adoption rate of less than 40%, leaving vast room for digital transformation. Globalisation of Chinese enterprises has entered a challenging phase, spurring the innovation and development of digital trade. In terms of life, changes in the demographic structure fuel the rapid growth of the silver economy. The "AI + education" sector boasts huge market potential. The market size of AI-enabled healthcare solutions continues to expand rapidly. In terms of governance, the all-round digital transformation of cities makes solid progress, with huge potential in the smart city ICT market. China's cybersecurity market has exceeded RMB100 billion in scale. State-owned central enterprises drive the adaptation and innovation of IT system upgrade, unlocking a market worth over RMB1 trillion. The development of AI, Internet of Vehicles, low-altitude economy, etc. has given rise to urgent demands for security protection. New growth drivers represented by the low-altitude economy are fostered at a faster pace.

Fourth, the importance of building a strong security defense line becomes increasingly prominent. In terms of corporate operations, greater emphasis should be placed on preventing and defusing various risks arising from the transition between old and new growth drivers, vicious competition, and supply chain cooperation. In terms of network and information security, priority should be given to critical infrastructure security, data and personal information leakage, online fraud and nuisance calls, etc. In terms of AI security, more attention should be paid to the unprecedented risks and challenges brought by AI, including common security issues arising from industrial development, such as cultural value deviations stemming from corpus bias, sensitive information leakage resulted from data feeding model training and inference, out-of-control model agents due to deceptive alignment, and the proliferation of disinformation caused by generative deepfakes.

In the face of the new situation and new tasks, the Company will accurately grasp its historical position, firmly seize new strategic opportunities, fully implement the "Cloudification, Digital Transformation and AI for Good" strategy, work faster to build itself into a world-class enterprise, and continuously create greater value for shareholders.

2. DEVELOPMENT STRATEGY OF THE COMPANY

China Telecom will resolutely fulfill its responsibilities in building China's strength in cyberspace, science and technology, Digital China, as well as safeguarding network and information security. With the aim of becoming a leading AI service provider, it will comprehensively implement the "Cloudification, Digital Transformation and AI for Good" strategy, fully embrace AI, uphold the customer-centric approach, strengthen core capabilities of sci-tech innovation, actively promote the construction of new digital information infrastructure, and build a platform that empowers the digitalised transformation of the economy and society, so as to provide customers with intelligent, convenient, green, secure, and excellent-quality digital-intelligent products and services. It will further deepen reform and opening up, comprehensively enhance corporate governance capabilities, and continuously improve corporate value, customer value, and employee value, accelerating its construction toward a world-class enterprise.

3. BUSINESS PLAN

In 2026, the Company will continue to seize the development opportunities of artificial intelligence and develop Token services as its main business line, comprehensively deepening the implementation of "Cloudification, Digital Transformation and AI for Good" strategy. It will continue to strengthen customer value management and the supply of high-quality products. For 2C and 2H customers, the Company will accelerate the reshaping of traditional products, the creation of AI innovative applications and the upgrade of AI terminals through the empowerment of agents, continuously expanding new space for the growth of fundamental businesses. For 2B and 2G customers, the Company will comprehensively deepen industry-specific AI empowerment and extensively expand key markets such as enterprises and government affairs, continuously driving steady improvement in both scale and quality of Industrial Digitalisation business. Through continuous enhancement in the service capabilities of online touchpoints, the Company will promote the ease of use and user-friendliness of online services, thereby continuously improving service quality and efficiency and user perception. The Company will continue to enrich brand connotation, strengthen brand management and value creation capabilities, striving to elevate high-quality development to a new height.

4. POTENTIAL RISKS

Risks of adapting to economic and policy environment

China's development now enters a period where strategic opportunities coexist with risks and challenges, and uncertain and unpredictable factors continue to grow, but the supporting conditions and fundamental trend of long-term improvement remain unchanged. Internally, the Company advances the strategic transition toward "Cloudification, Digital Transformation and AI for Good". Amid the intense industrial competition, replacing old growth drivers with new ones remains a challenging task. The Company will continuously strengthen analysis of macro environment, better grasp changes in the situation and market, improve the synergy between reform and policies, enhance the internal motivation of high-quality development, continuously foster new momentum and new advantages for development, and accelerate its transformation into 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, giving rise to a large number of new scenarios, new business forms and new models. Large models have shown an explosive growth trend. AI, 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 the openness and commercialisation of proprietary R&D outcomes need to be continuously improved. Going ahead, the Company will strengthen original innovation and drive breakthroughs in core technologies with the focus on four key areas, i.e. cloud and cloud-network integration, network, AI, and quantum/security. The Company will further increase the deployment of high-level sci-tech innovation platforms around strategic emerging businesses and future industries, enhance R&D efficiency,

strengthen the commercialisation and application of innovative achievements, implement the project of strengthening the enterprise with talents, and build itself into a talent centre and innovation hub.

Network and data security risks

The network and data security issues 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 scenarios 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 scenarios, and improve the independent control of core network technologies. The Company will further deepen the protection of data security and users' personal information, improve the organisation for and capability in anti-fraud governance, and effectively safeguard the security of data and personal information.

Risks from emerging businesses in strategic emerging industries and future industries

The emerging businesses in strategic emerging industries and future industries are characterised by rapid technological iteration, frequent policy changes and increasingly fierce market competition, with numerous uncertainties constantly arising from development. This requires the Company to further improve R&D and application capabilities in its emerging businesses. 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 differentiated and standardised products and services, and promote the rapid development of emerging businesses in strategic emerging industries and future industries.

Operational risks of international business

At present, the world is undergoing accelerated transformation unseen in a century. Factors such as the intertwined and heightened turbulences, increasingly complex game of major countries, and the 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 products and 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 its legitimate rights and interests. 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.

8. OTHER DISCLOSURES

1. Principal Business

The principal business of the Company and the Group is digital information services including mobile communications, wireline communications, satellite communications, Internet access, cloud computing and computing power, Big Data, AI, quantum, ICT integration, etc.

2. Dividend Policy

The basic principles of the Company's profit distribution policy are:

(1) The Company attaches great importance to reasonable investment returns to investors, and the Company's profit distribution policy will take into account the overall interests of all shareholders, the Company's long-term interests and the Company's sustainable development;

(2) Under the premise that the Company's profit distribution does not exceed the cumulative distributable profit and that the Company takes into account the continuous profits, meets regulatory requirements, operates regularly and develops in the long term, the Company will give priority to cash distribution of dividends.

The Board is responsible for formulating the dividend distribution plan and will execute the relevant approval procedures in accordance with relevant laws, rules, regulations and articles of association of the Company (the "Articles of Association") before proceeding with the distribution. In the future, the Company will strive for profitability enhancement and at the same time continue to deliver favourable dividend return for the shareholders. Details of the dividend policy of the Company are set out in the "Corporate Governance, Environment and Society" of this annual report.

3. 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 proposed to be distributed amounts to an aggregate 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 the year 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 Annual General Meeting to be held on Tuesday, 19 May 2026 (the "2025 AGM"). Dividends will be denominated and declared in Renminbi. Details of the profit distribution of the Company for 2025 are set out in the "Corporate Governance, Environment and Society" of this annual report.

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 Hong Kong 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 at the 2025 AGM. The proposed final dividends are expected to be paid on or before 8 July 2026 upon approval at the 2025 AGM.

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 proposed 2025 final dividends 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 Tuesday, 9 June 2026.

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 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 Tuesday, 9 June 2026 (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 Wednesday, 3 June 2026. 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 depositary 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 Hong Kong 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 Hong Kong Stock Exchange through the Southbound Trading Link, the tax levied shall be ascertained by reference to the rules applicable 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.

4. Directors and Senior Management of the Company

The following table sets out certain information of the Directors and senior management of the Company:

Name	Age	Position in the Company	Date of Appointment
Ke Ruiwen	62	Executive Director, Chairman and Chief Executive Officer	30 May 2012*
Liu Guiqing	59	Executive Director, President and Chief Operating Officer	19 August 2019*
Tang Ke	51	Executive Director and Executive Vice President	22 March 2022*
Li Yinghui	55	Executive Director, Executive Vice President, Chief Financial Officer and Secretary of the Board	6 January 2023*
Liu Ying	52	Executive Vice President	25 March 2025**
Huang Zhiyong	54	Executive Vice President	16 May 2025**
Lyu Yongzhong	57	Non-Executive Director	21 May 2025*
Ng Kar Ling Johnny	65	Independent Non-Executive Director	6 January 2023*
Chen Dongqi	69	Independent Non-Executive Director	6 January 2023*
Lyu Wei	69	Independent Non-Executive Director	23 May 2023*
Lee Sunny Wai Kwong	66	Independent Non-Executive Director	16 December 2025*
Guan Lixin	54	Employee Director	25 December 2025*

* *Date of appointment as Director*
** *Date of appointment as senior management*

References are made to the announcements in relation to the changes of Directors and senior management published by the Company:

Due to change in work arrangement, Mr. Li Jun has resigned from his position as an Executive Director of the Company with effect from 22 January 2025.

Due to change in work arrangement, Mr. Liang Baojun has resigned from his positions as an Executive Director, the President and Chief Operating Officer of the Company with effect from 10 February 2025.

On 25 March 2025, Madam Liu Ying has been appointed as an Executive Vice President of the Company. The relevant appointment became effective from 25 March 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.

On 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 became effective from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.

On 16 May 2025, Mr. Huang Zhiyong has been appointed as an Executive Vice President of the Company. The relevant appointment became effective from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.

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.

Pursuant to the relevant requirement issued by China Securities Regulatory Commission regarding the term of independent directors, as Mr. Yeung Chi Wai, Jason ("Mr. Yeung") had continuously served as an Independent Non-Executive Director of the Company for the prescribed period, Mr. Yeung resigned from his position as an Independent Non-Executive Director, and his resignation took effect on the date of election of the new Independent Non-Executive Director at the extraordinary general meeting held on 16 December 2025 (the "EGM"). The appointment of Mr. Lee Sunny Wai Kwong as an Independent Non-Executive Director has been approved at the EGM, and the relevant appointment became effective from 16 December 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.

Madam Guan Lixin has been unanimously elected by the employee representatives of the Company democratically as the Employee Director of the eighth session of the Board of the Company, with her term of office commencing from 25 December 2025 and ending upon the expiry of the term of office of the eighth session of the Board of the Company.

In addition, upon the approval by the shareholders at the extraordinary general meeting, H shareholders' class meeting and A shareholders' class meeting held on 16 December 2025 in respect of the relevant resolutions, the Company no longer maintains a Supervisory Committee. The Audit Committee of the Board assumes the functions and powers of the Supervisory Committee.

5. Share Capital

As at 31 December 2025, the total share capital of the Company was RMB91,507,138,699, divided into 91,507,138,699 shares at a nominal value of RMB1.00 per share (including 77,629,728,699 A Shares and 13,877,410,000 H Shares).

6. Material Interests and Short Positions In Shares and Underlying Shares of the Company

As at 31 December 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 of the A Shares or the H Shares at the shareholders' meetings of the Company (excluding the Directors) in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the Securities and Futures Ordinance (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# (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
Ping An Asset Management Co., Ltd.	848,568,000 (Long Position)	H Share	6.11%	0.93%	Investment manager
Ping An Insurance (Group) Company of China, Ltd.	694,644,230 (Long Position)	H Share	5.00%	0.76%	Interest of controlled corporation

As at 31 December 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.

* *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 31 December 2025 may be different from those as disclosed above.*

Save as disclosed above, as at 31 December 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.

7. Directors' Interests and Short Positions In Shares, Underlying Shares and Debentures

As at 31 December 2025, none of the Directors 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 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules.

During the year 2025, the Company has not granted its Directors 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.

8. Directors' and Supervisors' Interests In Transactions, Arrangements or Contracts

Save as the service agreements entered into between the Company and the Directors and the Supervisors, for the year ended 31 December 2025, the Directors and the Supervisors of the Company or their connected entities did not have any material interest, whether directly or indirectly, in any transactions, arrangements or contracts which was significant to the Company's business and which was entered into by the Company, its parent company or any of its subsidiaries or fellow subsidiaries.

9. Service Contracts

None of the Directors of the Company has entered into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

10. Emoluments of the Directors

Please refer to note 34 of the audited consolidated financial statements for details of the emoluments of all Directors of the Company in 2025.

11. Employees and Emolument Policy

The details of the Group's emolument policy are set out in the "Corporate Governance, Environment and Society" in this annual report. The details of share appreciation rights are set out in the "Corporate Governance, Environment and Society" in this annual report and note 46 of the audited consolidated financial statements.

12. Purchase, Sale or Redemption of Listed Securities of the Company

In 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 31 December 2025, the Company did not hold any treasury shares.

13. Material Acquisitions and Disposals

Reference is made to the announcement published by the Company on 11 March 2024. On 11 March 2024, China Telecom Quantum Information Technology Group Limited ("China Telecom Quantum Group"), a wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with Quantumctek, planning to subscribe for non-public issued shares of Quantumctek with self-owned funds. Reference is made to the announcement published by the Company on 15 November 2024. Pursuant to the offering application and review documents of Quantumctek, the number of shares issued to China Telecom Quantum Group was adjusted from 24,112,311 shares to 22,486,631 shares and the total amount of the offering was adjusted from approximately RMB1.903 billion to approximately RMB1.775 billion. On 15 November 2024, the Board considered and approved the

resolution in relation to the adjusted number of new shares subscribed by China Telecom Quantum Group in the offering of Quantumctek. Based on the adjusted number of shares subscribed, China Telecom Quantum Group held approximately 21.86% of the issued shares of 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.

Save as disclosed above, for the year ended 31 December 2025, the Company had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

14. Public Float

As at the date of this Report of the Directors, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float required under the Listing Rules and as agreed with the Hong Kong Stock Exchange.

15. Summary of Financial Information

Please refer to pages 243 to 245 of this annual report for a summary of the operating results, assets and liabilities of the Group for each of the years in the five-year period ended 31 December 2025.

16. Bank Loans and Other Borrowings

Please refer to note 20 of the audited consolidated financial statements for details of bank loans and other borrowings of the Group.

17. Charge On Assets

As at 31 December 2025, no fixed assets was pledged to banks as loan security (31 December 2024: Nil).

18. Capitalised Interest

Please refer to note 32 of the audited consolidated financial statements for details of the Group's capitalised interest for the year ended 31 December 2025.

19. Fixed Assets

Please refer to note 4 of the audited consolidated financial statements for movements in the fixed assets of the Group for the year ended 31 December 2025.

20. Reserves

Distributable reserves of the Company as at 31 December 2025 before deducting the proposed final dividends for 2025 amounted to RMB169,412 million.

Please refer to note 26 of the audited consolidated financial statements for details of the movements in the reserves of the Company and the Group for the year ended 31 December 2025.

21. Equity-Linked Agreements

The Company did not enter into any equity-linked agreement, nor did any equity-linked agreement exist for the year ended 31 December 2025.

22. Donations

For the year ended 31 December 2025, the Group made charitable and other donations with a total amount of RMB6.311 million.

23. Subsidiaries and Associates

Please refer to note 9 and note 10 of the audited consolidated financial statements for details of the Company's subsidiaries and the Group's associates as at 31 December 2025.

24. Permitted Indemnity

For the year ended 31 December 2025 and as at the date of approval of this report, the Company has arranged appropriate insurance coverage in respect of legal actions against the directors of the Group.

25. Changes In Equity

Please refer to the consolidated statement of changes in equity as contained in the audited consolidated financial statements of the year.

26. Retirement Benefits

Please refer to note 45 of the audited consolidated financial statements for details of the retirement benefits provided by the Group.

27. Pre-Emptive Rights

Pursuant to the Articles of Association, when the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive rights, unless otherwise resolved by a shareholders' meeting that shareholders shall have pre-emptive rights. Save as disclosed above, there are no provisions for pre-emptive rights in the Articles of Association or the laws of the PRC requiring the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

28. Major Customers and Suppliers

For the year ended 31 December 2025, revenue generated from the five largest customers of the Group accounted for an amount of less than 30% of the total operating revenues of the Group.

For the year ended 31 December 2025, purchases from the five largest suppliers of the Group accounted for an amount of less than 30% of the total annual purchases of the Group.

29. Competing Business

None of the Directors of the Company had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

30. Management Contracts

During the Reporting Period, the Company had not entered into any management contracts with respect to the entire or principal business of the Company.

31. Related Party Transactions

Details of the related party transactions of the Group ("Related Party Transactions") are set out in note 43 of the consolidated financial statements. Only the Related Party Transactions set out in note 43(a) of the consolidated financial statements constitute continuing connected transactions under Chapter 14A of the Listing Rules, the details of which (except for fully exempt continuing connected transactions) have been disclosed in "Significant Events" in this annual report. Other Related Party Transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

32. Business Review

The details of the material development of the Group in 2025, a fair review of the business and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position, description of the principal risks and uncertainties faced by the Group and the outlook of the Group's business can be found throughout this annual report, particularly in this section. Particulars of important events affecting the Group that have occurred after 31 December 2025, if any, can also be found in the notes to the consolidated financial statements.

Description of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Company and on which the Company's success depends can be found throughout different parts of the annual report (including this section, "Corporate Governance, Environment and Society", etc.), and are particularly detailed in the 2025 Sustainability (ESG) Report of the Company published on the websites of the Hong Kong Stock Exchange and the Company. In addition, more details regarding the financial key performance indicators and environmental policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are also disclosed throughout this annual report (including this section, "Corporate Governance, Environment and Society", etc.) and the 2025 Sustainability (ESG) Report of the Company. Each of the above-mentioned relevant contents form an integral part of this Report of the Directors.

33. Compliance With the Corporate Governance Code

Please refer to the "Corporate Governance, Environment and Society" in this annual report for details of our compliance with the Corporate Governance Code.

34. Auditors

Reference is made to the announcements of the Company dated 30 July 2024 and 21 August 2024. In consideration of the Company's needs for audit services and in accordance with the relevant requirements for the selection and appointment of accounting firms by state-owned enterprises including the Administrative Measures for the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies, after performing procedures for open selection and based on the results thereof, as recommended by the Audit Committee of the Company, the Board resolved to propose to the shareholders of the Company to approve, among other things, the appointments of KPMG and KPMG Huazhen LLP as the Company's external auditors for the year ended 31 December 2024 and to authorise the Board to fix the remuneration of the auditors. Shareholders of the Company have approved the resolution in relation to the change of external auditors of the Company for the year of 2024 at the extraordinary general meeting held on 21 August 2024. Accordingly, KPMG and KPMG Huazhen LLP have been appointed as the Company's external auditors for the year ended 31 December 2024.

The re-appointment of KPMG and KPMG Huazhen LLP as the Company's external auditors for the year of 2025 has been approved at the Annual General Meeting for the year of 2024. KPMG has audited the consolidated financial statements set out in this report, which have been prepared in accordance with IFRS Accounting Standards.

The Audit Committee and the Board of the Company have agreed on the re-appointment of KPMG and KPMG Huazhen LLP as the external auditors of the Company for the year of 2026 and would propose the re-appointment of KPMG and KPMG Huazhen LLP at the Annual General Meeting for the year of 2025 of the Company for consideration.

By Order of the Board
Ke Ruiwen
Chairman and Chief Executive Officer

Beijing, China
24 March 2026

OUR ACHIEVEMENTS
SOAR TO NEW HEIGHT



















SECTION IV
CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

1. AN OVERVIEW OF CORPORATE GOVERNANCE

The Company always strives to maintain a high level of governance standard and has adhered to prudent, excellent and efficient corporate governance principles and continuously improves its governance mechanism, regulates its operation process, improves its internal control mechanism, and ensures that the Company's operations are in line with the long-term interests of its shareholders as a whole through effective governance and disclosure measures. In 2025, the Company's shareholders' meetings, the Board and the Supervisory Committee operated soundly and efficiently. The Company was dedicated to lean management while ensuring stable and healthy operation, and elevated its high-quality development to a new level, while continuously optimising its internal control system and comprehensive risk management system in order to provide solid safeguards for the steady operation of the Company. Through systematic governance enhancement, the standard of the Company's corporate governance continued to improve and effectively protected the long-term interests of shareholders.

The Company persists in refining the basic system of its governance and continues to optimise the corporate governance system and operating mechanism to ensure standardised and effective operation in strict compliance with the Company Law, the Securities Law and the requirements of the CSRC, the SSE and the Stock Exchange. In 2025, in light of changes in applicable laws and regulations and the regulatory requirements in the places where the shares of the Company are listed, and taking into account the actual situation of the Company, the Company completed systematic amendments with respect to six rules including the Articles of Association, the Rules of Procedures of the Shareholders' General Meeting, the Rules of Procedures of the Meeting of the Board of Directors, the Rules of Procedures of Audit Committee, the Rules of Procedures of Remuneration Committee and the Rules of Procedures of Nomination Committee. The Company no longer maintains a supervisory committee or has any supervisor. The Audit Committee of the Board assumes the functions and powers of the Supervisory Committee, and relevant rules such as the Rules of Procedures of the Meeting of the Supervisory Committee have been abolished. The relevant provisions concerning class shareholders no longer apply, and pursuant to relevant regulatory requirements and taking into account the actual circumstances of the Company, amendments have been made to certain provisions in the Articles of Association and descriptions regarding the scope of business in the Articles of Association. The Company attaches great importance to the truthfulness, accuracy and completeness of information disclosure, and its information disclosure work received an A grade evaluation from the SSE for 2024–2025. At the same time, the Company attaches great importance to the construction and improvement of risk management and internal control systems, which provide important safeguards for the steady operation of the Company through clear organisational structure and responsibilities, effective authorisation approval and accountability system, clear objectives, policies and procedures, comprehensive risk assessment and management, sound financial accounting system, continuous operation performance analysis and supervision, etc.

In 2025, the Company convened a total of 2 general meetings, 7 Board meetings and 5 Supervisory Committee meetings. The convening, holding, voting and disclosure procedures of the relevant meetings were in compliance with the requirements of laws and regulations and the Articles of Association. Upon the abolition of the Supervisory Committee, a one-tier structure is adopted as the overall structure for corporate governance: the Board is established under the shareholders' meeting, while the Audit Committee, Remuneration Committee and Nomination Committee are established under the Board. The Board is authorised by the Articles of Association of the Company to make major operational decisions of the Company and to oversee the daily management and operations of the senior management. The Audit Committee is mainly responsible for reviewing the financial information of the Company and the disclosure thereof and supervising and assessing the internal and external auditing work and internal control.

For the year ended 31 December 2025, the roles of Chairman and Chief Executive Officer of the Company were performed by the same individual. In the Company's opinion, through the supervision by the Board and the Independent Non-Executive Directors of the Company, 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 enable the Company to effectively capture business opportunities. Many leading international corporations around the world also have similar arrangements. Save as stated above, the Company was in compliance with all the code provisions under the Corporate Governance Code as set out in Appendix C1 of the Listing Rules (the "Corporate Governance Code") in the year 2025.

The Company has always attached great importance to information disclosure, strictly complied with the requirements of the regulatory rules of the places where the Company's shares are listed, and stringently implemented the Rules for the Management of Information Disclosure of China Telecom Corporation Limited to standardise the procedures for the Company to collect, organise, summarise and report important information internally and prepare external disclosure documents, clarify the responsibilities and code of conduct of relevant departments and branches, and ensure the truthfulness, accuracy and completeness of the Company's information disclosure. In addition, the Company actively discloses data such as the numbers of mobile, 5G network and wireline broadband subscribers, etc. on a quarterly basis to strengthen communication with the capital market and improve the transparency of information disclosure. Meanwhile, the Company attaches great importance to the handling of inside information and standardised management of inside information through the Registration and Management System for Insiders of China Telecom Corporation Limited, ensuring the fairness and justice of information disclosure, and protecting the legitimate rights and interests of investors and relevant parties.

The Company established an Investor Relations Department which is responsible for maintaining proactive communications with shareholders, investors and other capital market participants and providing information and services required by the market. The Company's senior management and Independent Non-Executive Directors continuously provide the market with information regarding strategy and operational development of the Company and respond to investors' concerns through various activities such as annual and interim results briefings, investor briefings and investors road shows. In 2025, the Company conducted the annual and interim results announcement briefings effectively and conducted the third quarter results

announcement briefing through online means. The Company organised investors to participate in the World Artificial Intelligence Conference (WAIC) and the Digital-Intelligent Technology Ecosystem Conference and collaborated with several listed companies controlled by China Telecommunications Corporation to carry out centralised roadshows. Focusing on strategic upgrades as well as strategic emerging businesses such as China Telecom Cloud and AI, the Company launched a special series on its WeChat official account for investor relations, to actively promote its technological innovation achievements and presence in strategic emerging businesses, enhance market recognition of its investment value and strengthen long-term investment confidence. In daily operation, the Company actively participated in a number of investor conferences held by major investment banks and securities firms worldwide through on-site and online means to maintain regular communication with institutional investors. At the same time, the Company set up an investor relations enquiry line to provide shareholders and investors with timely and convenient services.

In 2025, the Company's continuous efforts in corporate governance and investor relations gained wide recognition from the capital market and the Company was accredited with a number of awards. 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".

2. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANISATION AND BUSINESS, AS WELL AS SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS ADOPTED IN LIGHT OF THE IMPACT ON THE INDEPENDENCE OF THE COMPANY

The Company is independent from its controlling shareholder in terms of business, assets and finance, etc. The controlling shareholder of the Company undertakes not to act beyond their authority to interfere with the operation and management activities of the Company and not to misappropriate the interests of the Company. The controlling shareholder of the Company exercises its rights as a shareholder through the shareholders' meeting in accordance with the law, and has not acted beyond the authority of the shareholders' meeting of the Company, directly or indirectly interfered with the Company's business decisions and operating activities. The Company has independent and complete businesses and self-operation capabilities. During the Reporting Period, the Company was not aware of any act in which the controlling shareholder took advantage of its special status to encroach on or damage the interests of the Company and other shareholders.

3. DIRECTORS AND SENIOR MANAGEMENT

(1) Changes in shareholding and remuneration of current and resigned Directors and senior management during the Reporting Period

Name	Position	Gender	Age	Commencement date of term	End date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB in ten thousand)
Ke Ruiwen	Executive Director, Chairman and Chief Executive Officer	Male	62	2012-05-30	Annual General Meeting for the year 2025	0	0	0	/	75.11
Liu Guiqing	Executive Director	Male	59	2019-08-19	Annual General Meeting for the year 2025	0	0	0	/	73.26
	President and Chief Operating Officer			2025-05-16	Annual General Meeting for the year 2025					
Tang Ke	Executive Vice President	Male	51	2021-11-29	Annual General Meeting for the year 2025	0	0	0	/	68.24
	Executive Director			2022-03-22	Annual General Meeting for the year 2025					
Li Yinghui	Executive Vice President, Chief Financial Officer	Male	55	2022-04-26	Annual General Meeting for the year 2025	0	0	0	/	67.57
	Secretary of the Board			2022-09-05	Annual General Meeting for the year 2025					
	Executive Director			2023-01-06	Annual General Meeting for the year 2025					
Liu Ying	Executive Vice President	Female	52	2025-03-25	Annual General Meeting for the year 2025	0	0	0	/	57.17
Huang Zhiyong	Executive Vice President	Male	54	2025-05-16	Annual General Meeting for the year 2025	0	0	0	/	45.08
Lyu Yongzhong	Non-Executive Director	Male	57	2025-05-21	Annual General Meeting for the year 2025	0	0	0	/	0.00
Ng Kar Ling Johnny	Independent Non-Executive Director	Male	65	2023-01-06	Annual General Meeting for the year 2025	0	0	0	/	49.68
Chen Dongqi	Independent Non-Executive Director	Male	69	2023-01-06	Annual General Meeting for the year 2025	0	0	0	/	0.00

Name	Position	Gender	Age	Commencement date of term	End date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB in ten thousand)
Lyu Wei	Independent Non-Executive Director	Female	69	2023-05-23	Annual General Meeting for the year 2025	0	0	0	/	0.00
Lee Sunny Wai Kwong	Independent Non-Executive Director	Male	66	2025-12-16	Annual General Meeting for the year 2025	0	0	0	/	0.61
Guan Lixin	Employee Director	Female	54	2025-12-25	Annual General Meeting for the year 2025	0	0	0	/	0.00
Liang Baojun (resigned)	Executive Director President and Chief Operating Officer	Male	56	2024-08-21 2024-07-12	2025-02-10	0	0	0	/	5.13
Li Jun (resigned)	Executive Director	Male	50	2023-05-23	2025-01-22	0	0	0	/	0.00
Chen Shengguang (resigned)	Non-Executive Director	Male	62	2017-05-23	2025-05-21	1,000	30,000	29,000	increase shareholding through secondary market	0.00
Yeung Chi Wai, Jason (resigned)	Independent Non-Executive Director	Male	71	2018-10-26	2025-12-16	0	0	0	/	31.09
Total	/	/	/	/	/	1,000	30,000	29,000	/	472.94

Notes:

1. *During the Reporting Period, the Company also settled the bonus for the year 2024, including RMB367,500 for Mr. Ke Ruiwen, RMB338,800 for Mr. Liu Guiqing, RMB332,400 for Mr. Tang Ke, RMB328,800 for Mr. Li Yinghui and RMB164,400 for Madam Liu Ying.*
2. *During the Reporting Period, the Company also settled term incentive for the years 2022-2024, including RMB837,200 for Mr. Ke Ruiwen, RMB753,500 for Mr. Liu Guiqing, RMB750,800 for Mr. Tang Ke, RMB703,700 for Mr. Li Yinghui and RMB124,200 for Madam Liu Ying.*

(2) Biographical Details of Current Directors and Senior Management



KE RUIWEN

Age 62, is an Executive Director, the Chairman of the Board of Directors and Chief Executive Officer of the Company. He joined the Board of Directors of the Company in May 2012. Mr. Ke is a senior engineer with a doctorate degree in business administration. Mr. Ke served as Deputy Director General of Jiangxi Posts and Telecommunications Administration, Deputy General Manager of Jiangxi Telecom, Managing Director of the Marketing Department of the Company and China Telecommunications Corporation*, General Manager of Jiangxi Telecom, Managing Director of the Human Resources Department of the Company and China Telecommunications Corporation, Executive Vice President, President and Chief Operating Officer of the Company and Vice President and President of China Telecommunications Corporation. Mr. Ke is also the Chairman of China Telecommunications Corporation. Mr. Ke has extensive experience in management and the telecommunications industry.



LIU GUIQING

Age 59, is an Executive Director, the President and Chief Operating Officer of the Company. He joined the Board of Directors of the Company in August 2019. Mr. Liu is a professor level senior engineer with a doctorate degree in engineering science. Mr. Liu served as Deputy General Manager and General Manager of China Unicom Hunan branch, General Manager of China Unicom Jiangsu provincial branch, a Vice President and General Counsel of China Telecommunications Corporation, the Chairman and an Executive Director of China Communications Services Corporation Limited which is listed on the Main Board of the HKSE, a Non-Executive Director of China Tower Corporation Limited which is listed on the Main Board of the HKSE, a Deputy Director General of China Institute of Communications and a Director of Global System for Mobile communications Association (GSMA). Mr. Liu is currently a Director and the President of China Telecommunications Corporation. Mr. Liu has extensive experience in management and the telecommunications industry.

* *Now known as "中國電信集團有限公司", the controlling shareholder (within the meaning of the Listing Rules) and a substantial shareholder (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong) of the Company, which held approximately 63.90% of the issued share capital of the Company at the end of the Reporting Period.*



TANG KE

Age 51, is an Executive Director and Executive Vice President of the Company. He joined the Board of Directors of the Company in March 2022. Mr. Tang is a senior accountant with a master's degree in economics. Mr. Tang previously served as the General Manager of the Finance Department of both China Telecommunications Corporation and the Company, the General Manager of China Telecom Anhui branch and Guangdong branch, a Vice President of China Telecommunications Corporation, a Deputy Executive Director General of Zhongguancun Digital Economic Industry Alliance and an Executive Director of the UHD World Association. Mr. Tang is currently a Director of China Telecommunications Corporation, a Deputy Director General of Internet Society of China and a Vice President of China Netcasting Services Association and a Director General of Association of Communications Across the Taiwan Straits. Mr. Tang has extensive experience in finance, management and the telecommunications industry.



LI YINGHUI

Age 55, is an Executive Director, Executive Vice President, Chief Financial Officer and Secretary of the Board of the Company. He joined the Board of Directors of the Company in January 2023. Mr. Li is a senior accountant, a member of the Chinese Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants with a master degree in accountancy. Mr. Li previously served as a Deputy Director of Financial Department of China Huaneng Group Co., Ltd. (formerly known as "China Huaneng Group"), a Director of Financial and Budget Department of Huaneng Power International, Inc. which is listed on the Main Board of Shanghai Stock Exchange and the Main Board of the HKSE respectively and a Director of Financial and Asset Management Department of China Huaneng Group Co., Ltd. He is currently the Chief Accountant of China Telecommunications Corporation and a Vice President of the members committee of China Association for Public Companies. Mr. Li has extensive experience in finance, management and the fundamental industry.



LIU YING

Age 52, is an Executive Vice President of the Company. She joined the management of the Company in March 2025. Madam Liu is a senior communications engineer with a bachelor's degree in engineering. Madam Liu previously served as Deputy General Manager of Heilongjiang branch of China Telecom Corporation Limited, General Manager of Jilin branch of China Telecom Corporation Limited, General Manager of the Government and Enterprise Customer Business Department of China Telecommunications Corporation and General Manager of Anhui branch of China Telecom Corporation Limited. She is currently a Vice President and the Chief Network Security Officer of China Telecommunications Corporation, a Director and the Chairlady of China Telecom Global Limited, Chairlady of the council of National Engineering Research Center for Cloud Network Infrastructure Security, a member of the council of China Internet Investment Fund (Limited Partnership) and Deputy Chairlady of the council of China Enterprise Alliance for International Capacity Cooperation in Telecommunications Industry. Madam Liu has extensive experience in management and the telecommunications industry.



HUANG ZHIYONG

Age 54, is an Executive Vice President of the Company. He joined the management of the Company in May 2025. Mr. Huang is a senior engineer with a master's degree in engineering. Mr. Huang previously served as Deputy General Manager and General Manager of Customer Service Department of China Telecommunications Corporation and the Company, General Manager of Guizhou Branch of China Telecom Corporation Limited, Director of the Office and Secretary of the Board of China Telecommunications Corporation and General Manager of Jiangsu Branch of China Telecom Corporation Limited. He is currently a Vice President, the General Counsel and the Chief Compliance Officer of China Telecommunications Corporation, Executive Deputy Director of China Telecom Science and Technology Committee, Deputy Director General of China Intellectual Property Society, and a Director of Global System for Mobile communications Association (GSMA). Mr. Huang has extensive experience in management and the telecommunications industry.



LYU YONGZHONG

Age 57, is the Non-Executive Director of the Company. He joined the Board of Directors of the Company in May 2025. He has an executive master degree in business administration and is an economist. Mr. Lyu served as a Vice President of Guangdong Provincial Communication Group Co., Ltd., a director and the President of Guangdong Province Navigation Group Co., Ltd., the General Manager and Chairman of Guangdong Salt Industry Group Co., Ltd and the Director of the Guangdong Salt Affairs Bureau. Mr. Lyu is currently the Chairman of Guangdong Rising Holdings Group Co., Ltd.^.



NG KAR LING JOHNNY

Age 65, is an Independent Non-Executive Director of the Company. He joined the Board of Directors of the Company in January 2023. Mr. Ng is currently a practising Certified Public Accountant in Hong Kong, a practising auditor and accountant in Macau, a Fellow of the Hong Kong Institute of Certified Public Accountants (FCPA), a Fellow of the Association of Chartered Certified Accountants (FCCA), and a Fellow of the Institute of Chartered Accountants in England and Wales (FCA). Mr. Ng obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1984 and 1999, respectively. Mr. Ng joined KPMG (Hong Kong) in 1984 and became a Partner in 1996. He acted as a Managing Partner from June 2000 to September 2015 and a Vice Chairman of KPMG China from October 2015 to March 2016. Mr. Ng currently serves as an independent non-executive director of Metallurgical Corporation of China Ltd. which is listed on the HKSE and Shanghai Stock Exchange. He previously served as an independent non-executive director of China Petroleum & Chemical Corporation which is listed on the HKSE and Shanghai Stock Exchange, an independent non-executive director of China Vanke Co., Ltd. which is listed on the HKSE and Shenzhen Stock Exchange and an independent director of Fangdd Network Group Ltd. which is listed on Nasdaq.

^ *A substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.*



CHEN DONGQI

Age 69, is an Independent Non-Executive Director of the Company. He joined the Board of Directors of the Company in January 2023. Mr. Chen is an economist, a young-to-middle-aged expert with outstanding contributions at Chinese Academy of Social Sciences (1997) and a member of Chinese Economists 50 Forum since 1998. Mr. Chen served as the director of Economics Research Institute of the State Planning Commission, a Vice President and Executive Vice President of the Academy of Macroeconomics Research of the National Development and Reform Commission, a Vice President and Ph.D. tutor of the Graduate School at Chinese Academy of Social Sciences and an executive council member of Sun YeFang Economic Science Foundation. He is currently a member of the academic committee of Academy of Macroeconomics Research of the National Development and Reform Commission. Mr. Chen mainly focuses on the research of macroeconomics theory and policy.



LYU WEI

Age 69, is an Independent Non-Executive Director of the Company. She joined the Board of Directors of the Company in May 2023. Madam Lyu is a researcher of the Innovation Development Research Department of the Development Research Center of the State Council and an expert who receives the State Council's special government allowances with a doctorate degree. She joined the Development Research Center of the State Council in 1984 and has been all along engaged in policy research and consulting work. Her main research areas include innovation systems and policies, high-tech industry policies, sci-tech system reform, intellectual property policies, etc. She has participated in the research and formulation of national medium and long-term sci-tech planning outlines, intellectual property strategy outlines, manufacturing power strategy, and implementation of innovation-driven development strategy outlines. She served as the Minister of the Technology and Economic Research Department and the Innovation Development Research Department of the Development Research Center of the State Council, a member of the Standing Committee and the Finance and Economic Committee of the 11th, 12th and 13th National People's Congress.



LEE SUNNY WAI KWONG

Age 66, is an Independent Non-Executive Director of the Company. He joined the Board of Directors of the Company in December 2025. Mr. Lee is a Chartered IT Professional and a Chartered Engineer. Mr. Lee is currently a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference, the Board Chairman of Hong Kong Applied Science and Technology Research Institute Company Limited, an Ex-officio Member of Committee on Innovation, Technology and Industry Development of the HKSAR, an adjunct professor and senior director of the City University of Hong Kong, as well as a council member of The Hong Kong Management Association and Deputy Chairman of Hong Kong Quality Assurance Agency. Mr. Lee has more than 40 years of experience in business and technology management. He is the former Vice President (Administration) of the City University of Hong Kong, and served as Executive Director of IT and a member of board of management of The Hong Kong Jockey Club, an executive committee member of The Hong Kong and China Gas Company Limited where he also served as the Group's Chief Information Officer and Chief Executive Officer of two strategic diversification businesses, iCare.com Limited and Towngas Telecommunications Company Limited, etc. Mr. Lee is currently an Independent Non-Executive Director of BOC Hong Kong (Holdings) Limited, MTR Corporation Limited and SUNeVision Holdings Ltd., all of which are listed on the Stock Exchange. Mr. Lee obtained a bachelor's degree and a master's degree in Operations Research & Industrial Engineering from Cornell University in the United States.



GUAN LIXIN

Age 54, is the Employee Director of the Company. She joined the Board of Directors of the Company in December 2025. Madam Guan is a senior economist with a bachelor's degree in Chinese language and literature. She served as the Vice General Manager, the General Counsel and Chairlady of the Labour Union of China Telecom Cloud Technology Co., Ltd., a Director of Shanghai Ideal Information Industry (Group) Co., Ltd and an Employee Representative Supervisor of the Company. Madam Guan is currently the Vice Chairlady of the Labour Union and the Employee Director of China Telecommunications Corporation. Madam Guan has extensive experience in operational management in the telecommunications industry.

(3) Positions of current and resigned Directors and senior management during the Reporting Period

1. Positions held in shareholder entities

Name	Name of shareholders	Positions held in shareholders	Commencement date of term	End date of term
Ke Ruiwen	China Telecommunications Corporation	Chairman	2019-04-15	Present
Liu Guiqing	China Telecommunications Corporation	Director	2022-10-01	Present
		President	2025-03-27	Present
Tang Ke	China Telecommunications Corporation	Director	2026-01-15	Present
		Vice President	2021-06-23	2026-01-15
Li Yinghui	China Telecommunications Corporation	Chief Accountant	2022-02-22	Present
Liu Ying	China Telecommunications Corporation	Vice President	2024-06-09	Present
		Chief Network Security Officer	2025-04-30	Present
Huang Zhiyong	China Telecommunications Corporation	Vice President	2025-02-25	Present
		General Counsel	2025-06-09	Present
		Chief Compliance Officer	2025-04-30	Present
Lyu Yongzhong	Guangdong Rising Holdings Group Co., Ltd.	Chairman	2023-06-21	Present
Guan Lixin	China Telecommunications Corporation	Vice Chairlady of the Labour Union	2022-10-14	Present
		Employee Director	2025-12-25	Present
Liang Baojun (resigned)	China Telecommunications Corporation	President	2024-05-21	2025-01-16
		Director	2024-05-24	2025-01-16

2. Positions held in other entities

Name	Name of other entities	Positions held in other entities	Commencement date of term	End date of term
Liu Guiqing	China Tower	Non-Executive Director	2022-01-14	2025-12-23
Tang Ke	Internet Society of China	Deputy Director General	2021-09	Present
	China Netcasting Services Association	Vice President	2021-12	Present
	Association of Communications Across the Taiwan Straits	Director General	2023-08	Present
	UHD World Association	Executive Director	2023-05	2025-11-05
Li Yinghui	China Association for Public Companies	Vice President of the members committee	2022-07	Present
Liu Ying	China Telecom Global Limited	Director and Chairlady	2024-11-22	Present
	China Internet Investment Fund (Limited Partnership)	member of the council	2024-12-24	Present
	National Engineering Research Center for Cloud Network Infrastructure Security	Chairlady of the council	2025-11	Present
	China Enterprise Alliance for International Capacity Cooperation in Telecommunications Industry	Deputy Chairlady of the council	2025-07	Present
Huang Zhiyong	China Telecom Science and Technology Committee	Executive Deputy Director	2025-04	Present
	Global System for Mobile communications Association (GSMA)	Director	2025-10	Present
	China Intellectual Property Society	Deputy Director General	2025-09	Present
Lyu Yongzhong	China Nonferrous Metals Industry Association	Vice President of the Council	2025-04	Present
Ng Kar Ling Johnny	Metallurgical Corporation of China Ltd.	Independent Non-Executive Director	2020-04-29	Present
Lyu Wei	Innovation Development Research Department of the Development Research Center of the State Council	Researcher	2006-04	Present

Name	Name of other entities	Positions held in other entities	Commencement date of term	End date of term
Lee Sunny Wai Kwong	The Beijing Municipal Committee of the Chinese People's Political Consultative Conference	member	2023-01	Present
	Hong Kong Applied Science and Technology Research Institute Company Limited	Board Chairman	2019-10	Present
	Committee on Innovation, Technology and Industry Development of the HKSAR	Ex-officio Member	2023-03	Present
	The City University of Hong Kong	adjunct professor and senior director	2024-10	Present
	The Hong Kong Management Association	council member	2021-10	Present
	Hong Kong Quality Assurance Agency	council member, Deputy Chairman	2021-11	Present
	Hong Kong Professionals and Senior Executives Association	Vice President of the council	2017-03	2026-03
	BOC Hong Kong (Holdings) Limited	Independent Non-Executive Director	2022-09	Present
	MTR Corporation Limited	Independent Non-Executive Director	2022-05	Present
	SUNeVision Holdings Ltd.	Independent Non-Executive Director	2013-11	Present
Chen Shengguang (resigned)	China Nonferrous Metals Industry Association	Vice President of the Council	2019-04	2025-04
	Guangdong Nonferrous Metals Industry Association	President	2017-07	Present
Yeung Chi Wai, Jason (resigned)	Fung Holdings (1937) Limited and its listed company in Hong Kong	Group Chief Compliance and Risk Management Officer	2015-07-01	Present
	China Minsheng Banking Corp., Ltd.	Independent Non-Executive Director	2023-10-16	Present
	Enchanted Hills Limited	Director	1997-05-14	Present

(4) Remuneration of Directors and senior management

Decision-making procedures for remuneration of Directors and senior management	The Remuneration Committee makes recommendations to the Board in respect of the overall remuneration policy and structure for the Company's Directors and senior management and the establishment of a formal and transparent procedure for developing remuneration policy; The Board of Directors determines the remuneration plan for senior management and the remuneration plan for Directors is approved at shareholders' meetings.
Whether directors abstain themselves from discussions on their remuneration at the board of directors	Yes
Details of recommendations of the Remuneration Committee or special meetings of independent directors on remuneration matters for Directors and senior management	The remuneration matters of the Company's Directors and senior management are determined in accordance with relevant regulatory requirements and the management system of the Company, and are in line with relevant regulations and the actual conditions of the Company.
Basis for determining the remuneration of Directors and senior management	In accordance with the administrative requirements of the SASAC, the remuneration is determined based on the Remuneration Plan for Senior Management of the Company and factors such as the duties, responsibilities, experience of the Directors, Supervisors and senior management and the prevailing market conditions.
Actual payment of remuneration of Directors and senior management	For details, please refer to "(1) Changes in shareholding and remuneration of current and resigned Directors and senior management during the Reporting Period" in this section.
Total remuneration actually received by all Directors and senior management as at the end of the Reporting Period	For details, please refer to "(1) Changes in shareholding and remuneration of current and resigned Directors and senior management during the Reporting Period" in this section.

(5) Changes in Directors and Senior Management of the Company

Name	Position held	Type of changes	Reason for change
Liu Guiqing	President and Chief Operating Officer	Appointed	Work adjustment
Liu Ying	Executive Vice President	Appointed	Work adjustment
Huang Zhiyong	Executive Vice President	Appointed	Work adjustment
Lyu Yongzhong	Non-Executive Director	Elected	Work adjustment
Lee Sunny Wai Kwong	Independent Non-Executive Director	Elected	Work needs
Guan Lixin	Employee Director	Elected	Work needs
Liang Baojun	Executive Director, President and Chief Operating Officer	Resigned	Work adjustment
Li Jun	Executive Director	Resigned	Work adjustment
Chen Shengguang	Non-Executive Director	Resigned	Work adjustment
Yeung Chi Wai, Jason	Independent Non-Executive Director	Resigned	Continuously served as an Independent Non-Executive Director for more than six years

Notes:

1. *On 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 became effective from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.*
2. *On 25 March 2025, Madam Liu Ying has been appointed as an Executive Vice President of the Company. The relevant appointment became effective from 25 March 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.*
3. *On 16 May 2025, Mr. Huang Zhiyong has been appointed as an Executive Vice President of the Company. The relevant appointment became effective from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.*
4. *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.*
5. *The appointment of Mr. Lee Sunny Wai Kwong as an Independent Non-Executive Director has been approved at the extraordinary general meeting held on 16 December 2025, and the relevant appointment became effective from 16 December 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026. Mr. Yeung Chi Wai, Jason no longer served as an Independent Non-Executive Director of the Company with effect from 16 December 2025.*
6. *Madam Guan Lixin has been unanimously elected by the employee representatives of the Company democratically as the Employee Director of the eighth session of the Board of the Company. The relevant appointment became effective from 25 December 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.*
7. *Due to change in work arrangement, Mr. Liang Baojun has resigned from his positions as an Executive Director, the President and Chief Operating Officer of the Company with effect from 10 February 2025.*
8. *Due to change in work arrangement, Mr. Li Jun has resigned from his position as an Executive Director of the Company with effect from 22 January 2025.*

Mr. Lyu Yongzhong, Mr. Lee Sunny Wai Kwong and Madam Guan Lixin, Directors who were appointed in 2025, obtained relevant legal advice pursuant to Rule 3.09D of the Listing Rules on 15 May 2025, 8 December 2025 and 19 December 2025, respectively. The above Directors confirmed that they understood their obligations as Directors of the Company.

(6) Composition of Board of Directors and Board Diversity Policy

As at 31 December 2025 and the date of this report, the Board consisted of 10 Directors with 4 Executive Directors, 1 Non-Executive Director, 4 Independent Non-Executive Directors and 1 Employee Director. There is no relationship (including financial, business, family or other material or relevant relationship) among the Board members. The Audit Committee, Remuneration Committee and Nomination Committee under the Board consist solely of Independent Non-Executive Directors, which ensures that the Committees are able to provide sufficient checks and balances and make independent judgements to protect the interests of the shareholders and the Company as a whole. The number of Independent Non-Executive Directors exceeds one-third of the members of the Board. Mr. Ng Kar Ling Johnny who served as the Chairman of the Audit Committee at present, is an internationally renowned financial expert with extensive expertise in accounting and financial management. The term of office for the eighth session of the Board (including the Non-Executive Directors) lasts for 3 years, starting from 23 May 2023 until the day of the Company's Annual General Meeting for the year 2025 to be held in 2026, upon which the ninth session of the Board will be elected.

In August 2013, the Company implemented the Board Diversity Policy. The Company strongly believes that board diversity will contribute significantly to the enhancement of the overall performance of the Company. The Company views board diversity as the key element for accomplishing its strategic goals and sustainable development. In determining the composition of the Board, the Company takes into account diversity of the Board from a number of perspectives, including but not limited to gender, age, educational background, professional experience, skills, knowledge, duration of service and time commitment, etc. All appointments made or to be made by the Board are merit-based, and candidates are selected based on objective criteria taking full consideration of board diversity. Final decisions are comprehensively made based on each candidate's attributes and the consideration for his/her valuable contributions that can be made to the Board. The Nomination Committee oversees the implementation of Board Diversity Policy, reviews the existing policy as and when appropriate, and recommends proposals for revisions for the Board's approval.

There are currently two female Directors on the Board which has met its target for gender diversity. The Company will continue to be committed to maintaining gender diversity in the composition of the Board. The Board currently comprises experts from diversified professions such as telecommunications, accounting, finance, management, economics and sci-tech with diversification in terms of gender, age (including 5 Directors whose ages range from 45 to 60 years old and 5 Directors whose ages range from 61 to 75 years old), duration of service (including 8 Directors whose terms of service are 5 years or less, 1 Director whose term of service is between 5 and 10 years and 1 Director whose term of service is more than 10 years), etc., advancing the enhancement of management standard and the further standardisation of corporate governance practices, which results in a more comprehensive and balanced Board structure and decision-making process. Each Director brings to the Board different views and perspectives. Both the Nomination Committee and the Board believe that the gender, age, educational background, professional experience, skills, knowledge and the duration of service of the Board members are in alignment with the Board Diversity Policy.

The Company strictly complies with the Corporate Governance Code to rigorously regulate the operating procedures of the Board and its Committees, and to ensure that the procedures of the Board meetings are in compliance with related rules in terms of organisation, regulations and personnel. The Board responsibly and earnestly supervises the preparation of financial statements for each financial period, so that such financial statements truly and fairly reflect the financial condition, the operating results and cash flows of the Company for such period. In preparing the financial statements for the year ended 31 December 2025, the Directors adopted appropriate accounting policies and made prudent, fair and reasonable judgements and estimates, and prepared the financial statements on a going concern basis.

The Articles of Association clearly defines the respective duties of the Board and the management. The Board is accountable to the shareholders' meetings, and its duties mainly include the execution of resolutions, formulation of major operational decisions, financial proposals and policies, formulation of the Company's basic management system and the appointment of senior management. The management is responsible for leading the production, operation and management of the Company, the implementation of Board resolutions and the annual operation plans and investment proposals of the Company, formulating the proposal of the Company's internal administrative organisations and suborganisations, and performing other duties as authorised by the Articles of Association and the Board. In order to maintain highly efficient operations, as well as flexibility and swiftness in operational decision-making, the Board may delegate its management and administrative powers to the management when necessary, and shall provide clear guidance regarding such delegation so as to avoid impeding or undermining the capabilities of the Board when exercising its powers as a whole.

The Board is committed to promoting corporate culture and ensuring the Company's development strategy and corporate culture are aligned. The Board formulates and reviews the Company's policies and practices on corporate governance; reviews and monitors the training and continuous professional development of Directors and senior management; reviews and monitors the Company's policies and practices on compliance with legal and regulatory requirements; formulates, reviews and monitors the code of conduct for employees; and reviews the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

(7) Directors' training and continuous professional development

The Company provides guidelines including on directors' duties, continuing obligations, relevant laws and regulations, operation and business of the Company to newly appointed Directors so that they are provided with tailored induction relating to their appointment. To ensure that the Directors are familiar with the Company's latest operations for decision-making, the Company arranges for key financial data and operational data to be provided to the Directors on a monthly basis. Meanwhile, through regular Board meetings and reports from management, the Directors are able to have clearer understanding of the operations, business strategy, and the latest development of the Company and the industry. In addition, the Company reminds the Directors of their functions and duties by continuously providing them with information regarding the latest development of the Dual Listing Rules and other applicable regulations, and arranging internal training on topics related to the latest development of the industry and operational focus of the Company for mutual exchange of ideas and discussion. The Directors actively participate in training and continuous professional development to develop and refresh their knowledge and skills in order to contribute to the Company.

During the year, the Directors have participated in training and continuous professional development activities, and the summary is as follows:

Directors	Types of training
Executive Directors	
Ke Ruiwen	A, B
Liu Guiqing	A, B
Tang Ke	A, B
Li Yinghui	A, B
Liang Baojun*	A, B
Li Jun*	A, B
Non-Executive Directors	
Lyu Yongzhong	A, B
Chen Shengguang*	A, B
Independent Non-Executive Directors	
Ng Kar Ling Johnny	A, B
Chen Dongqi	A, B
Lyu Wei	A, B
Lee Sunny Wai Kwong	A, B
Yeung Chi Wai, Jason*	A, B
Employee Director	
Guan Lixin	A, B

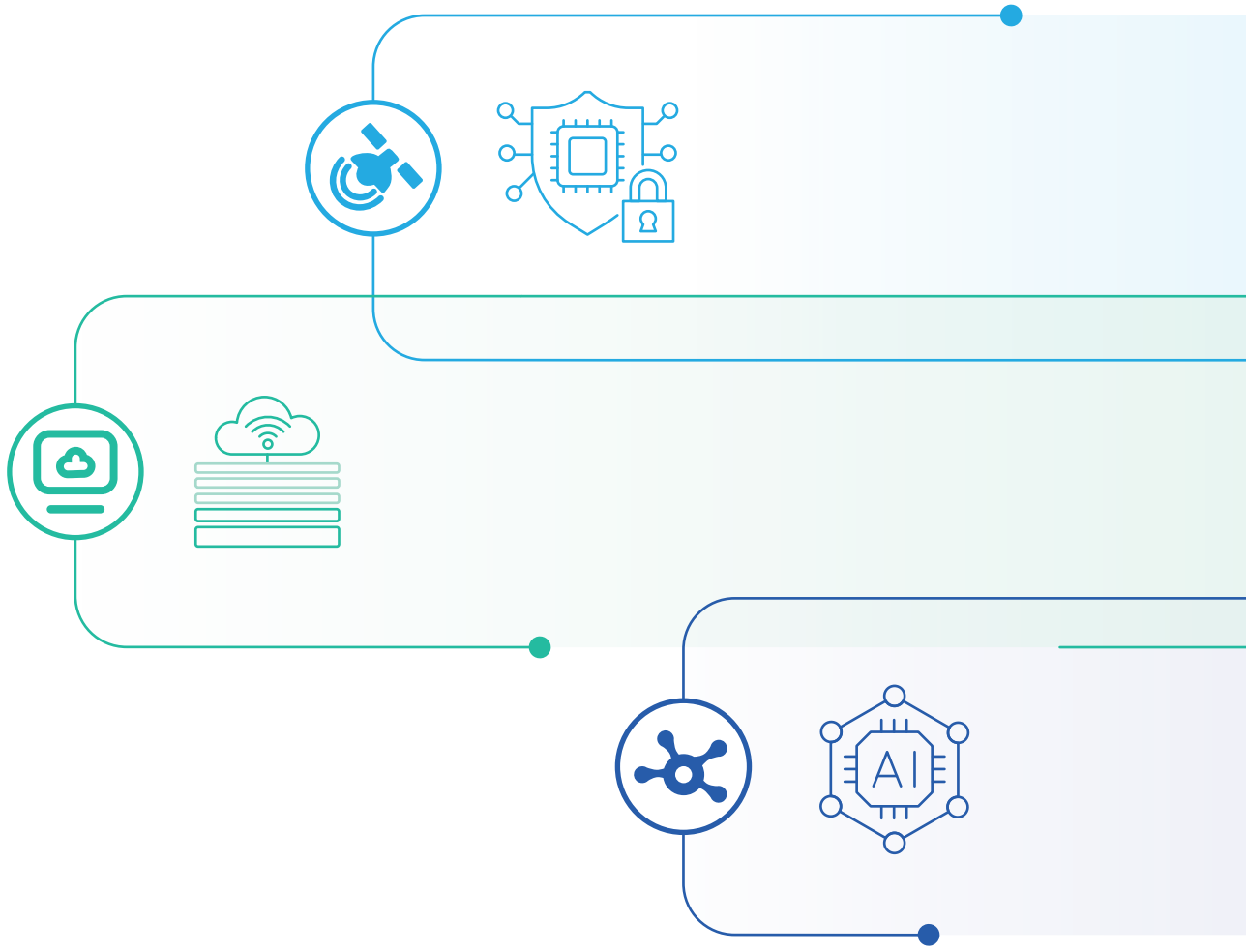
A: *attending relevant seminars and/or conferences and/or forums; or delivering speeches at relevant seminars and/or conferences and/or forums*

B: *reading or writing relevant newspapers, journals and articles relating to economy, general business, telecommunications, corporate governance or directors' duties*

* *Due to change in work arrangement, Mr. Liang Baojun has resigned from his positions as an Executive Director, the President and Chief Operating Officer of the Company with effect from 10 February 2025. Due to change in work arrangement, Mr. Li Jun has resigned from his position as an Executive Director of the Company with effect from 22 January 2025. 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. Pursuant to the relevant requirement issued by China Securities Regulatory Commission regarding the term of independent directors, as Mr. Yeung Chi Wai, Jason had continuously served as an Independent Non-Executive Director of the Company for the prescribed period, Mr. Yeung resigned from his position as an Independent Non-Executive Director with effect from 16 December 2025.*

(8) Compliance with the Model Code for Securities Transactions by Directors and Supervisors and confirmation of independence by the Independent Non-Executive Directors

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 confirmation from the Directors and Supervisors, the Company's Directors and Supervisors have strictly complied with the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules regarding the requirements in conducting securities transactions during their respective terms of office in the year 2025. Meanwhile, the Company has received annual independence confirmation from each of the Independent Non-Executive Directors and considered them to be independent.



4. PERFORMANCE OF DUTIES BY DIRECTORS

Attendance of Directors at Board meetings and general meetings

		Attendance at Board meetings						Attendance at general meetings
Name of Director	Whether as an Independent Director	Required attendance during the year	Attendance in person	Attendance by way of communication	Attendance by proxy*	Absent times	Failure to attend two consecutive meetings in person	Number of general meetings attended
Ke Ruiwen	No	7	7	3	0	0	No	2
Liu Guiqing	No	7	6	3	1	0	No	2
Tang Ke	No	7	7	3	0	0	No	0
Li Yinghui	No	7	7	3	0	0	No	2
Lyu Yongzhong	No	4	3	1	1	0	No	0
Ng Kar Ling Johnny	Yes	7	7	3	0	0	No	2
Chen Dongqi	Yes	7	7	3	0	0	No	2
Lyu Wei	Yes	7	6	3	1	0	No	2
Lee Sunny Wai Kwong	Yes	1	1	0	0	0	No	0
Guan Lixin	No	0	0	0	0	0	No	0
Liang Baojun (resigned)	No	0	0	0	0	0	No	0
Li Jun (resigned)	No	0	0	0	0	0	No	0
Chen Shengguang (resigned)	No	3	3	2	0	0	No	0
Yeung Chi Wai, Jason (resigned)	Yes	6	6	3	0	0	No	2

* *Certain Directors could not attend some of the Board meetings due to other arrangement. Such Directors have reviewed the relevant Board meeting proposals before the meetings and authorised other Directors in writing to vote on their behalf so as to ensure their views were fully reflected in the meetings.*

In 2025, the Company convened 7 Board meetings in total (including 4 on-site meetings and 3 meetings held by communication); the Chairman held a meeting to independently communicate with the Independent Non-Executive Directors without the presence of any other Directors to ensure their opinions can be fully expressed, which further facilitated the exchange of different views within the Board.

5. SPECIAL COMMITTEES UNDER THE BOARD

(1) Members of the special committees under the Board as at the end of the Reporting Period

Category of special committees	Name of Members
Audit Committee	Ng Kar Ling Johnny (Chairman), Chen Dongqi, Lyu Wei, Lee Sunny Wai Kwong
Remuneration Committee	Lee Sunny Wai Kwong (Chairman), Ng Kar Ling Johnny, Chen Dongqi, Lyu Wei
Nomination Committee	Chen Dongqi (Chairman), Ng Kar Ling Johnny, Lyu Wei, Lee Sunny Wai Kwong

(2) Audit Committee

As at 31 December 2025 and the date of this report, the Audit Committee comprised 4 Independent Non-Executive Directors, Mr. Ng Kar Ling Johnny as the Chairman and Mr. Chen Dongqi, Madam Lyu Wei and Mr. Lee Sunny Wai Kwong as the members. The Audit Committee is responsible to the Board. The Rules of Procedures of the Audit Committee clearly defines the status, structure and qualifications, work procedures, duties and responsibilities, funding and remuneration, etc. of the Audit Committee. The Audit Committee's principal duties include the supervision of the truthfulness and completeness of the Company's financial statements, the effectiveness and completeness of the Company's internal control and risk management systems as well as the work of the Company's Internal Audit Department. It is also responsible for the supervision and review of the qualifications, selection and appointment, independence and services of external independent auditors. The Audit Committee ensures that the management has discharged its duty to establish and maintain an effective risk management and internal control system including the adequacy of resources, qualifications and experience of staff fulfilling the accounting, internal control and financial reporting functions of the Company together with the adequacy of the staff's training programmes and the related budget. The Audit Committee also has the authority to set up a reporting system on whistleblowing to receive and handle cases of complaints or complaints made on an anonymous basis regarding the Company's accounting, internal control and audit matters.

In 2025, pursuant to the requirements of the governing laws and regulations of the places of listing and the Rules of Procedures of the Audit Committee, the Audit Committee fully assumed its responsibilities within the scope of the clear mandate from the Board and communicated independently with the external auditors twice a year. The Audit Committee proposed a number of practical and professional recommendations for improvement based on the Company's actual circumstances in order to promote the continuous improvement and perfection of corporate management. The Audit Committee has provided important support to the Board and played a significant role in protecting the interests of the independent shareholders.

The Audit Committee convened 6 meetings during the Reporting Period

Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2025-03-24	1. To consider the proposal on the financial reports of the Company for the year of 2024 prepared in accordance with IFRS Accounting Standards/Chinese Accounting Standard; 2. To consider the proposal on the provision for impairment for the year of 2024; 3. To consider the proposal on the risk management and internal control report of the Company for the year of 2024; 4. To consider the proposal on the annual reports of the Company for the year of 2024; 5. To consider the proposal on the Sustainability Report (ESG Report) 2024 of the Company; 6. To consider the report on the internal audit of the Company in 2024 and the work plan for year of 2025; 7. To consider the report on the implementation of related party (connected) transactions of the Company for the year of 2024; 8. To consider the risk assessment report on the related party transactions of China Telecom Group Finance Co., Ltd. for the year of 2024; 9. To consider the proposal on continuing to perform affiliated transaction agreement with China Tower Corporation Limited; 10. To consider the report of duty performance by the Audit Committee for the year of 2024; 11. To consider the report of duty performance by the auditors for the year of 2024; 12. To consider the proposal on the evaluation of performance of external auditors for the year of 2024 and the engagement of external auditors for the year of 2025; 13. To consider the proposal on the adjustment to the types of non-audit services; 14. To consider the report on the performance of supervisory duties by the Audit Committee over the accounting firms for the year of 2024.	Nil	Nil
2025-04-25	1. To consider the proposal on the 2025 First Quarterly Report; 2. To consider the report on the implementation of related party (connected) transactions of the Company for the first quarter of 2025.	Nil	Nil
2025-06-30	1. To consider the report on the internal audit of the Company for the first quarter of 2025; 2. To consider the review plan of external auditors on the 2025 interim results of the Company.	Nil	Nil

Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2025-08-13	1. To consider the proposal on the interim report of the Company for the year of 2025; 2. To consider the report on the implementation of related party (connected) transactions of the Company for the first half of 2025; 3. To consider the 2025 half-yearly continuous risk assessment report on the related party transactions of China Telecom Group Finance Co., Ltd.; 4. To consider the report on the internal audit of the Company for the second quarter of 2025; 5. To consider the report on the progress of the Company's ESG work in 2025.	Nil	Nil
2025-10-21	1. To consider the proposal on the Company's 2025 Third Quarterly Report; 2. To consider the proposal on the report on the implementation of related party (connected) transactions of the Company for the first three quarters of 2025.	Nil	Nil
2025-12-24	1. To consider the proposal on report of external auditor's audit work plan for the year of 2025; 2. To consider the proposal on report of external auditor's preliminary results on internal control assessment for the year of 2025; 3. To consider the proposal on external auditor's audit fees for the year of 2025; 4. To consider the proposal on the report on the internal audit for the third quarter of 2025; 5. To consider the proposal on the meeting plan of the Audit Committee for the year of 2026; 6. To consider the proposal on the expected annual caps in respect of affiliated transactions with China Tower Corporation Limited for the year of 2026.	Nil	Nil

The attendance of each member is as follows:

Name of Members	Actual attendance/Required attendance
Ng Kar Ling Johnny	6/6
Chen Dongqi	6/6
Lyu Wei^	5/6
Lee Sunny Wai Kwong	1/1
Yeung Chi Wai, Jason*	5/5

^ *Madam Lyu Wei, a member of the Audit Committee, could not attend a meeting of the Audit Committee due to other arrangement. She has reviewed the relevant meeting proposals before the meeting and authorised another member in writing to vote on her behalf so as to ensure her views were fully reflected in the meeting.*

* *Mr. Yeung Chi Wai, Jason resigned from his position as an Independent Non-Executive Director, the chairman and a member of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee with effect from 16 December 2025.*

(3) Remuneration Committee

As at 31 December 2025 and the date of this report, the Remuneration Committee comprised 4 Independent Non-Executive Directors, Mr. Lee Sunny Wai Kwong as the Chairman and Mr. Ng Kar Ling Johnny, Mr. Chen Dongqi and Madam Lyu Wei as the members. The Remuneration Committee is responsible to the Board. The Rules of Procedures of the Remuneration Committee clearly defines the status, structure and qualifications, work procedures, duties and responsibilities, funding and remuneration, etc. of the Remuneration Committee. The Remuneration Committee assists the Board to formulate overall remuneration policy and structure for the Company's Directors and senior management, and to establish related procedures that are standardised and transparent. The Remuneration Committee's principal duties include giving recommendations to the Board in respect of the overall remuneration policy and structure for the Company's Directors and senior management and the establishment of a formal and transparent procedure for developing remuneration policy, and determining, with delegated responsibility by the Board, the remuneration packages of individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment). Its responsibilities comply with the requirements of the Corporate Governance Code.

The Remuneration Committee convened 1 meeting during the Reporting Period

Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2025-11-21	To consider the proposal on the remuneration of the independent director candidate	Nil	Nil

The attendance of each member is as follows:

Name of Members	Actual attendance/Required attendance
Lee Sunny Wai Kwong	0/0
Ng Kar Ling Johnny	1/1
Chen Dongqi	1/1
Lyu Wei	1/1
Yeung Chi Wai, Jason*	1/1

* *Mr. Yeung Chi Wai, Jason resigned from his position as an Independent Non-Executive Director, the chairman and a member of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee with effect from 16 December 2025.*

(4) Nomination Committee

As at 31 December 2025 and the date of this report, the Nomination Committee comprised 4 Independent Non-Executive Directors, Mr. Chen Dongqi as the Chairman and Mr. Ng Kar Ling Johnny, Madam Lyu Wei and Mr. Lee Sunny Wai Kwong as the members. The Nomination Committee is responsible to the Board. The Rules of Procedures of the Nomination Committee clearly defines the status, structure and qualifications, work procedures, duties and responsibilities, funding and remuneration, etc. of the Nomination Committee, and it specifically requires that the Nomination Committee members shall have no significant connection with the Company, and comply with the regulatory requirements related to "independence". The Nomination Committee assists the Board to formulate standardised, prudent and transparent procedures for the appointment and succession plans of Directors, and to further optimise the composition of the Board. The principal duties of the Nomination Committee include regularly reviewing the structure, number of members, composition and diversity of the Board and assisting the Board in maintaining a board skills matrix; identifying candidates with the appropriate qualifications for the position of Directors and senior management and advising the Board on the same; reviewing the Board Diversity Policy as appropriate to ensure its effectiveness; evaluating the independence of Independent Non-Executive Directors; advising the Board on matters regarding the appointment or re-appointment of Directors and succession plans for the Directors; support the Company's regular evaluation of the Board's performance.

The Nomination Committee convened 4 meetings during the Reporting Period

Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2025-03-24	1. To consider the proposal on the structure and operation review of the Board for the year of 2024; 2. To consider the proposal on the appointment of Executive Vice President of the Company.	Nil	Nil
2025-04-25	To consider the proposal on the appointment of Non-Executive Director of the Company.	Nil	Nil
2025-05-16	1. To consider the proposal on the appointment of the President and Chief Operating Officer of the Company; 2. To consider the proposal on the appointment of Executive Vice President of the Company.	Nil	Nil
2025-11-21	To consider the proposal on the election of Independent Director of the Company.	Nil	Nil

The attendance of each member is as follows:

Name of Members	Actual attendance/Required attendance
Chen Dongqi	4/4
Ng Kar Ling Johnny	4/4
Lyu Wei	1/1
Lee Sunny Wai Kwong	0/0
Yeung Chi Wai, Jason*	4/4

* *Mr. Yeung Chi Wai, Jason resigned from his position as an Independent Non-Executive Director, the chairman and a member of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee with effect from 16 December 2025.*

6. INFORMATION ON EMPLOYEES AT THE END OF THE REPORTING PERIOD

(1) Employees

Total number of employees	277,911
Composition of professions	
Categories of professions	Number of professionals
Management, Finance and Administration	49,490
Sales and Marketing	104,910
Operations and Maintenance	76,347
Sci-tech Research and Product Development	47,164
Total	277,911
Education level	
Categories of education level	Number (person)
Doctoral degree and above	711
Master's degree	39,841
Bachelor's degree	169,168
Vocational school	51,748
High school and below	16,443
Total	277,911

As at the end of the Reporting Period, the percentages of female employees, female managers and female among new employees were 31.13%, 22.76% and 32.85%, respectively. The Company offers equal employment opportunities without discrimination against ethnicity, race, gender, age, region, marital status or physical condition, adheres to principles of equal pay for equal work, and provides employees with promotion in their positions and career development path. For details, please refer to the 2025 Sustainability (ESG) Report published by the Company on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinatelecom-h.com).

(2) Emolument policy

The Company optimises resource allocation in line with the overall principle of "driving development through benefit-linked mechanisms and advancing reform through strategic input". It continues to strengthen the construction of positive incentive mechanisms, directing salary and compensation resources to tilt toward sci-tech talents, business units, and grassroot front-line positions. The company standardises and effectively utilises medium- and long-term incentive policies such as equity, options, and dividend incentives, prioritising the inclusion of sci-tech talents — especially scientific research backbone talents undertaking key tasks in sci-tech innovation — in the incentive scope. It sets challenging performance assessment targets to stimulate the enthusiasm, initiative and creativity of the vast number of cadres and employees.

(3) Training program

The Company launched an AI-themed learning campaign, and developed a course about the "3-Stage and 8-Step" methodology for the implementation of AI applications, empowering more than 300,000 person-times. Targeting strategic scenarios such as customer services, channels, and cloud networks, the Company organised a training program themed "AI+", covering more than 190,000 participants. The Company launched an online learning zone in the AI course library, attracting more than 260,000 person-times of visitors and learners and accelerating the large-scale application of AI technology. The Company implemented a tiered skill certification training program for 97 disciplines, covering more than 400,000 person-times, and focusing on cultivating three engineer teams respectively dedicated to Industrial Digitalisation, R&D, and cloud network.

7. PROPOSAL FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE

(1) Formulation, implementation or adjustment of cash dividend policy

Pursuant to the Articles of Association, under the premise that the Company's profit distribution does not exceed the cumulative distributable profit and that the Company considers its continuous profitability, compliance with regulatory requirements, ability to operate normally and its long term developments, the Company will give priority to cash distribution of dividends. If the Company has no events such as major investment plans or significant cash expenditures, and the Company's risk control indicators can meet regulatory requirements and the normal operating capital requirements of the Company can be satisfied after the distribution of cash dividends, within any three consecutive years, the cumulative profit distributed by the Company in cash shall be no less than 30% of the annual average distributable profit realised in such three years.

Pursuant to the approval previously obtained at the shareholders' general meeting, within three years from 2024, the profit distributed in cash will gradually increase to above 75% of the profit attributable to equity holders of the Company for the year. After fully considering the Company's cash flow level, the cash return to shareholders and other relevant factors, 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 proposed to be distributed amounts to an aggregate 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. The dividend distribution is derived from net profit realised in the current period. Together with the 2025 interim dividend of RMB0.1812 per share (pre-tax) which has been distributed, the full year dividend of 2025 of the Company 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 profit distribution plan will be submitted to the Annual General Meeting of the Company for the year 2025 for consideration and approval.

(2) Specific description of cash dividend policy

Compliance with the Articles of Association or the resolutions of the shareholders' meeting	✓ Yes □ No
Clear and definite standards and proportion of dividend distribution	✓ Yes □ No
Complete decision-making procedures and mechanisms	✓ Yes □ No
Independent Directors fulfilled their duties and played their role	✓ Yes □ No
Minority shareholders have the opportunity to fully express their opinions and appeals, and their legitimate rights and interests have been fully protected	✓ Yes □ No

(3) Profit distribution and conversion of capital reserve into share capital during the Reporting Period

Unit: Yuan Currency: RMB

Number of bonus shares for every 10 shares (share)	0
Dividend per 10 shares (RMB) (pre-tax)	2.72
Number of shares converted for every 10 shares (share)	0
Amount of cash dividend (pre-tax)	24,889,941,726.13
Profit attributable to equity holders of the Company in the consolidated financial statements	33,184,733,428.28
Percentage of cash dividend amount to profit attributable to equity holders of the Company in the consolidated financial statements (%)	75.0
Amount of shares repurchased in cash included in cash dividend	0
Total amount of dividend (pre-tax)	24,889,941,726.13
Percentage of total dividend to profit attributable to equity holders of the Company in the consolidated financial statements (%)	75.0

8. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPLICATIONS

(1) Share appreciation rights

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

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 principle that share appreciation rights shall be performance-based and guided by sci-tech innovation and closely links the number of rights exercised with the Company's performance, effectiveness of sci-tech innovation 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. Further details of the share appreciation scheme are set out in note 46 of the audited consolidated financial statements.

(2) Establishment and implementation of the appraisal mechanism and incentive mechanism for senior management during the Reporting Period

During the Reporting Period, the incentives of senior management were closely linked to the overall operating results of the Company. The senior management are evaluated for work performance within their scope of duties, focusing on the financial performance, customer and market performance, compliance and risk control, completion of annual key tasks and cadre training in their areas of responsibilities.

9. ESTABLISHMENT AND IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

The Board attaches great importance to the establishment and perfection of the risk management and internal control systems. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems, and the Board acknowledges that it is responsible for the risk management and internal control systems and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board takes effective approaches to supervise the implementation of related control measures, whilst enhancing operation efficiency and effectiveness, and optimising corporate governance, risk assessment, risk management and internal control so that the Company can achieve long-term development goals.

The risk management and internal control systems of the Company are built on clear organisational structure and management duties, an effective delegation and accountability system, definite targets, policies and procedures, comprehensive risk assessment and management, a sound financial accounting system, and continuing analysis and supervision of operational performance, etc. which plays a pivotal role in the Company's overall operation. The Company has formulated a code of conduct for the senior management and employees which ensures their ethical value and competency. The Company attaches great importance to the prevention of fraud and has formulated its internal reporting system, which encourages anonymous reporting of situations where employees, especially Directors and senior management, breach the rules.

The internal control management system of the Company mainly includes internal control manual, implementation guidance, list of authority and relevant systems and measures. The Company continuously revises and improves the internal control system according to the changes in the internal control environment and the needs of business development. In accordance with the internal control management system of the Company and based on the management needs of the Company, each subsidiary has refined and improved its internal control manual, forming a complete, comprehensive and effective internal control system.

The Company views risk management as an important task within the Company's daily operation. Pursuant to regulatory requirements in capital markets where the shares of the Company are listed, the Company has achieved closed-loop management of risk identification, risk assessment, key risk analysis, risk response and tracking and monitoring of risk management based on risk management theory. In continuously strengthening the risk process control and management and focusing on significant risk which may be encountered, the Company follows, monitors and reports the status of risk management and control regularly to ensure risks are manageable and controllable. Following the efforts made over the years, the Company has established a structured and highly effective comprehensive risk management system and has gradually perfected its comprehensive risk monitoring and prevention mechanism.

In 2025, pursuant to the requirement of code provision D2 of the Corporate Governance Code promulgated by the Stock Exchange, the Company concentrated resources on the prevention of significant potential risks, and strived to reduce negative effect from significant risks. The Company was not confronted by any major risk event throughout the whole year.

The Company has identified, assessed and analysed potential major risks faced by the Company in 2026, including areas of economic and policy environment adaptation, sci-tech innovation, network and data security, strategic emerging businesses and future industries and international business operation etc., determined major risk points and put forward detailed response plans. For details of the major risks that the Company may face and the response measures thereof, please refer to the section headed "Management's Discussion and Analysis (Report of the Directors)" in this annual report. Through strict and appropriate risk management procedures, the Company will ensure the potential impact from the above risks on the Company is limited and within an expected range.

The Company highly values the compliance with the laws and regulations of the PRC as well as the places of listing of the Company and where the Company's business operations are located, strictly complies with all laws and regulations and timely and proactively incorporates the laws and regulations into the Company's rules and regulations to protect the Company's legitimate business management, maintain the Company's legitimate rights and interests and support the Company to achieve long-term healthy development target. Please refer to the section headed "Management's Discussion and Analysis (Report of the Directors)" of this annual report for the newly published policies, laws and regulations relating to the industry in which the Company operated during the Reporting Period.

Since 2003, the Company has formulated manuals, implementation rules and related rules in relation to internal control, and has developed the Policies on Internal Control Management and Internal Control Accountability Management to ensure the effective implementation of the above systems. The Company has all along continuously revised and improved the manuals and implementation rules in view of the ever changing internal and external operation environment as well as the requirements of business development over the years. While continuing to improve the internal control related policies, the Company has also been strengthening its IT internal control capabilities, which has improved the efficiency and effectiveness of internal control and enhanced the safety of the Company's information system so that the integrity, timeliness and reliability of data and information are maintained. At the same time, the Company attaches great importance to the control and monitoring of network information safety. The Company persistently optimises the relevant rules and guidance, further defines the responsible entities and regularly commences the inspection of network safety and information safety in order to promote the enhancement of the awareness of network information safety and relevant skills and knowledge.

The Company attaches great importance to the construction of its internal control system. In 2025, the Company continued to strengthen the establishment of the internal control organisational system, constantly enhanced the construction of internal control in key areas and important components and reinforced the rigid constraints of internal control. The Company conducted annual revision on the internal control manual and authority list in terms of external regulatory environment, internal supervision requirements and business development needs. The Company integrates internal control requirements into production and operations, forming a complete, comprehensive and effective internal control system.

The Internal Audit Department plays a vital role in supporting the Board, the management and the risk management and internal control systems. The functions of the Internal Audit Department are independent of the Company's business operations, complementary with the functions of the external auditors and plays an important role in the monitoring of the Company's internal management. The Internal Audit Department is responsible for internal control assessment of the Company, and provides reasonable assurance to the Audit Committee and the Board that the risk management and internal control systems are maintained and operated by the management in compliance with agreed processes and standards. The Internal Audit Department regularly reports the internal audit results to the Audit Committee on a quarterly basis, and reports the internal audit results to the Board through the Audit Committee.

Annual evaluation of risk management and internal control systems

The Company has been continuously improving the risk management and internal control systems to meet the regulatory requirements of the places where the Company's shares are listed and strengthening its internal control while guarding against operational risk.

With Specific Standards for Internal Audit No. 2201 issued by the China Institute of Internal Audit as guidance, the Company's internal control assessment system is composed of the self-assessment conducted by the persons responsible for internal control together with the independent assessment conducted by the Internal Audit Department. In order to evaluate the nature of internal control deficiencies, reach a conclusion as to the effectiveness of the internal control system and rectify any deficiencies found during the assessment, the Company mainly adopts the following 4 major steps of assessment: (1) analyse and identify areas which require assessment, (2) assess the effectiveness of the design of internal control, (3) assess the operating effectiveness of internal control, (4) analyse the impact of deficiencies in internal control. By formulating "Measures for the Internal Control Assessment", "Manual for the Self Assessment of Internal Control", "Manual for the Independent Assessment of Internal Control" and other systems, the Company has ensured the assessment procedures are standardised. In 2025, the Company's Internal Audit Department initiated and coordinated the assessment of internal control all over the Company, and reported the results to the Audit Committee and the Board. In response to the problems identified in the audit and evaluation, the Company carried out the rectification responsibility one by one, which effectively controlled and prevented risk and provided a strong guarantee for the healthy development of the Company.

In 2025, in terms of internal control self-assessment, the Company continued to insist on 100% coverage of all units. The Company further improved the mechanisms and systems for internal control self-assessment work, continuously strengthening the self-assessment responsibilities of management at all levels, enhancing the evaluation of self-assessment work, and driving the fulfilment of responsibilities by evaluation. Besides strengthening relevant responsibilities, the Company also formulated work plans with the focus on key processes and weak links in management, improving the pertinence and effectiveness of self-assessment. The Company strengthened process supervision and quality control, and pushed effective rectification and systematic governance of problems, effectively reducing risk levels. The Company advanced digital empowerment, optimised the support and analytical application of the internal control self-assessment system, and enhanced the capabilities in risk identification and trend analysis, boosting the efficiency and effect of self-assessment. As a major means for the Company to prevent risks and ensure the sustained and effective operation of internal control, internal control self-assessment has played a big role in raising the risk awareness of all employees, promoting the optimisation of systems and processes, and improving management efficiency.

In 2025, the Company conducted independent internal control assessments of two subordinate units. During the process, the Company systematically assessed the effectiveness of internal control design and execution, focusing on major national decisions and plans, and closely aligning with its needs for strategic upgrade and high-quality development. First, the Company consistently adopted a research-oriented audit approach to conduct an in-depth analysis of business data and management logic and explore the causes of problems at the institutional level, drove rectification to address root causes, and improved the operation of the internal control system in both quality and efficiency. Second, the Company made full use of information-based audit methods, strengthened pre-audit analysis through means such as remote audits, identified key risk areas in advance, and optimised the allocation of audit resources. Third, the Company stepped up quality control, kept a close eye on the major milestones of independent assessments, developed templates for quality deliverables, and promoted whole-process standardised operations. Fourth, the Company strengthened rectification responsibilities, further refined the classification of problem rectification and clarified rectification standards, and conducted reviews on the rectification results of key units and key problems. Through various means, the Company enhanced the effectiveness of independent internal control assessment in supervision, strongly supporting the Company's reform and development.

Furthermore, the Company organised the risk management and internal control assessment team and other relevant departments to closely coordinate with the external auditors' audit of internal control over financial reporting. The internal control audit performed by the external auditor covered the Company and all of its subsidiaries as well as the key processes and control points in relation to material financial statements items. The external auditors regularly communicated with the management in respect of the audit results.

The Company attached great importance to the rectification of defects in internal control, continuously improved the mechanism for implementing rectification responsibilities and tracking effectiveness, and ensured that rectification requirements were fully implemented and rectification results were solid and effective. For specific internal control defects, the Company clearly defined responsible units, rectification measures and completion deadlines, and strictly implemented closed-loop management of rectification. Meanwhile, the Company strengthened rectification acceptance work, banned superficial rectification and fraudulent rectification, and drove the effective governance of problems. The internal control deficiencies identified by the Company during the year have been basically rectified and passed the year-end attestation undertaken by the external auditors.

The Board oversees the Company's risk management and internal control systems on an on-going basis and the Board, through the Audit Committee, conducted an annual review of the risk management and internal control systems of the Company and its subsidiaries for the year ended 31 December 2025, which covered all material areas including financial controls, operational controls and compliance controls, as well as its risk management functions. After receiving the reports from the Internal Audit Department and other relevant departments and the confirmation from the management to the Board on the effectiveness of the Company's risk management and internal control systems (including Environmental, Social and Governance risk management and internal control systems), the Board is of the view that these systems are solid, well established, effective and sufficient. The annual review also confirms the adequacy of resources relating to the Company's accounting, internal control and financial reporting functions and Environmental, Social and Governance performance and reporting, the sufficiency of the qualifications and experience of staff, together with the adequacy of the staff's training programmes and the relevant budget.

10. MANAGEMENT CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

In order to make every effort to build a more mature and established modern enterprise system with Chinese characteristics and promote the modernisation of governance system and capabilities, China Telecom improved its corporate governance systems. Through increasing the power of authorisation and taking the improvement of the quality of operations of the board of directors of subsidiaries as a starting point, the Company guided subsidiaries at all levels to standardise and strengthen corporate governance and improve the level of market-oriented operation. Firstly, the Company established and improved the system with the Articles of Association as the core, prepared templates of articles of association in four categories of governance structure, guided subsidiaries at all levels to revise and improve their articles of association in combination with their governance practices to further clarify the boundaries of responsibilities and powers of the various governance bodies. The Company formulated and improved the relevant working systems for the operation of the board of directors, ensured that the board of directors exercises its powers in an accurate and clear manner to avoid misalignment, absence, and overreach of decision-making bodies, and ensured that the board of directors operates in a regulated manner and in accordance with the law. Secondly, the Company strengthened the establishment of the board of directors of subsidiaries to implement the terms of reference of the board of directors, standardise the operation of the board of directors, reasonably determine the size of the board of directors, scientifically allocate directors, and achieve a board composed of a majority of external directors. The Company guided various subsidiaries to improve the relevant systems of the board of directors, implement the terms of reference of the board of directors, and strengthen the support for directors to perform their duties. Through improving the management before, during and after the meeting, the holding of board meetings was standardised. Thirdly, the Company actively promoted the reform of the three systems of labour, personnel and distribution, formulated a contractual term system and implemented such system for management members in various subsidiaries, and continuously improved the market-oriented operation mechanism, stimulating the vitality of management members and effectively enhancing the efficiency of the Company.

11. EXPLANATION ON THE AUDIT REPORT ON INTERNAL CONTROL

KPMG Huazhen LLP engaged by the Company has issued an audit opinion on the effectiveness of the Company's internal control over financial reporting and issued the Internal Control Audit Report, and is of the view that the Company has maintained effective internal control over financial reporting in all material aspects in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations as at 31 December 2025. There was no disagreement between the 2025 Internal Control Assessment Report of China Telecom Corporation Limited disclosed by the Company and the Internal Control Audit Report.

For details of the above reports, please refer to the relevant documents disclosed by the Company on the websites of the SSE (www.sse.com.cn) and the Company (www.chinatelecom-h.com).

12. DIRECTOR NOMINATION POLICY AND PROCEDURES

The Company will identify suitable Director candidates through multiple channels such as internal recruitment and recruiting from the labour market. The criteria of identifying candidates include (but are not limited to) gender, age, educational background, professional experience, skills, knowledge and length of service and capability to commit to the affairs of the Company and, in the case of the appointment of Independent Non-Executive Directors, the candidates should fulfil the independence requirements set out in the Dual Listing Rules from time to time. After the Nomination Committee and the Board have reviewed and resolved to appoint the appropriate candidate for Director (excluding the Employee Director), the relevant proposal will be put forward in writing to the shareholders' meeting for approval.

Employee Directors shall be democratically elected or replaced by the employees' representative meeting of the Company or other means, and other Directors shall be elected or replaced at the shareholders' meeting for a term of three years. At the expiry of a Director's term, the Director may stand for re-election and re-appointment for a further term. However, Independent Directors shall not serve for more than six consecutive years. Pursuant to the Articles of Association, when the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee or shareholders, individually or jointly, holding 1% or more of the total shares of the Company shall have the right to propose new motions (such as election of Directors) in writing, and the Company shall place such proposed motions on the agenda for such shareholders' meeting if they are matters falling within the functions and powers of shareholders' meetings. Pursuant to the Articles of Association, shareholders individually or collectively holding 10% or more of the Company's issued voting shares shall have the right to request the Board of Directors in writing to convene an extraordinary general meeting and to add proposals to the meeting agenda. If the Board of Directors decides to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within five days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors. The Company shall convene an extraordinary general meeting for election of Directors within two months. The written notice concerning the nomination of the Director candidate and the intention of such candidate to accept the said nomination, shall be sent to the Company seven days before the shareholders' meeting is held. An ordinary resolution for election of Directors must be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

13. EXTERNAL AUDITORS

The Company's external auditors are KPMG and KPMG Huazhen LLP. A breakdown of the remuneration for audit and non-audit services provided to the Company for the year ended 31 December 2025 is as follows:

Service item	Fee (excluding value-added tax) (RMB million)
Audit services	49
Other specialised audit and assurance services	1
Non-audit services (mainly tax and other advisory services)	3
Total	53

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine as necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Directors were not aware of any material uncertainties relating to any events or conditions which may cast a serious impact upon the Group's ability to continue as a going concern. The statements by the external auditors of the Company, KPMG, regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 141 to 147 of this annual report.

Reference is made to the announcements of the Company dated 30 July 2024 and 21 August 2024. In consideration of the Company's needs for audit services and in accordance with the relevant requirements for the selection and appointment of accounting firms by state-owned enterprises including the Administrative Measures for the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies, after performing procedures for open selection and based on the results thereof, as recommended by the Audit Committee of the Company, the Board resolved to propose to the shareholders of the Company to approve, among other things, the appointments of KPMG and KPMG Huazhen LLP as the Company's external auditors for the year ended 31 December 2024 and to authorise the Board to fix the remuneration of the auditors. Shareholders of the Company have approved the resolution in relation to the change of external auditors of the Company for the year of 2024 at the extraordinary general meeting held on 21 August 2024. Accordingly, KPMG and KPMG Huazhen LLP have been appointed as the Company's external auditors for the year ended 31 December 2024. The re-appointment of KPMG and KPMG Huazhen LLP as the Company's external auditors for the year of 2025 has been approved at the Annual General Meeting for the year of 2024. The Audit Committee and the Board of the Company have agreed on the re-appointment of KPMG and KPMG Huazhen LLP as the external auditors of the Company for the year of 2026 and would propose the re-appointment of KPMG and KPMG Huazhen LLP at the Annual General Meeting for the year of 2025 of the Company for consideration.

14. INVESTOR RELATIONS AND TRANSPARENT INFORMATION DISCLOSURE MECHANISM

The Company established an Investor Relations Department, which is responsible for providing shareholders and investors with the necessary information, data and services. It also maintains proactive communications with shareholders, investors and other capital market participants, so as to allow them to timely and fully understand the operation and development of the Company. The Company formulated and published rules and measures such as the Administrative Measures of Investor Relations of China Telecom Corporation Limited and performed investor relations duties in strict accordance with relevant requirements. The Company's management personally attends the annual results and interim results briefings every year. Through various activities such as results briefings, investor presentations and investor road shows, the management provides the media and capital market with important information and responds to key questions which are currently of prime concern to investors. This has helped to reinforce the understanding of the Company's business and the overall development of the telecommunications industry in China. After the completion of A-share listing in 2021, the Company held annual general meetings through online or hybrid means to encourage its shareholders from both the mainland and Hong Kong, especially the public shareholders, to actively participate in the annual general meetings. In 2025, the Company's management team travelled to Hong Kong and participated in activities such as results briefings and the annual general meeting to communicate with the media, investors and shareholders in person. Meanwhile, the Company has set up an investor relations mailbox and hotline, establishing a direct channel of communication between the Company and the investors, facilitating the investors' inquiry of company information and better serving the shareholders and investors.

With value operation as the starting point, the Company proactively creates diversified interactive channels to promote the knowledge and understanding of the Company's emerging business development to the capital market, and comprehensively presents the Company's development achievements in building a sci-tech company as well as the accompanying future investment potential to investors. In December 2025, the Company held its annual Digital-Intelligent Technology Ecosystem Conference in Guangzhou, and proactively invited numerous domestic and international investors and analysts to participate in the event. This year's conference, themed "Guided by Intelligence, Forged with Inclusivity", focused on the achievements of China Telecom's strategic upgrade toward "Cloudification, Digital Transformation and AI for Good", comprehensively showcasing the technological breakthroughs and ecosystem applications of its Five-Sphere Integrated intelligent cloud system.

After the successful completion of A-share listing in 2021, the Company continued to strengthen communications with the capital market, especially domestic investors, through different channels and means. The Company has successfully launched and operated "China Telecom Investor Relations" official WeChat account and "China Telecom Investor Relations" WeChat mini programme, which continuously expanded channels of information disclosure and enabled investors to browse important information about the Company such as announcements, press releases and key financial data in a more timely and convenient manner. In addition, the Company continued to release "results-at-a-glance" together with its results announcements, to allow investors to learn about results highlights in one single picture. The Company also provided live webcast of results briefings and answered investors' questions in real time on the "e-Interaction" section of SSE. Through various channels and methods, the quality of the Company's information disclosure has been improved, effectively promoting communications between the Company, the capital market, and investors.

With an aim of continuously strengthening effective communications with the capital market and enhancing transparency of information disclosure, during the Reporting Period, the Company has provided quarterly disclosure of revenue, operating expenses, EBITDA, net profit figures and other key operational data, and quarterly announcements of relevant operational data. The Company

attaches great importance to maintaining daily communication with shareholders, investors and analysts. In 2025, the Company participated in a number of investor conferences held by some major international investment banks and domestic securities firms around the globe, which facilitated communications with institutional investors.

In 2025, the Company attended the following investor conferences held by major international investment banks and domestic securities firms:

Date	Name of Conference
January 2025	UBS Greater China Conference 2025
January 2025	Citi's 2025 China Technology and Telecom Corporate Day
February 2025	TF Securities Spring Listed Companies Conference 2025
March 2025	HSBC Global Investment Summit 2025
May 2025	China Securities "AI+ Robotics" Conference 2025
May 2025	GF Securities' Boutique Listed Company Conference 2025
May 2025	CITIC Securities Capital Market Forum 2025
June 2025	Nomura Investor Forum Asia 2025
June 2025	Changjiang Securities A/H Listed Companies Forum
June 2025	CICC Investment Strategy Conference 2H25
June 2025	TF Securities 2025 Mid Strategy Conference
August 2025	Citi China TMT Corporate Day 2025
August 2025	Huatai Securities 2025 Autumn Investment Summit
August 2025	GF Securities 2025 Autumn Capital Forum and Listed Company Conference
September 2025	HSBC 12th Annual China Conference
September 2025	Goldman Sachs Asia Leaders Conference 2025
September 2025	Guosen Securities 2025 Autumn Strategy Conference
September 2025	32nd CITIC CLSA Investors' Forum
November 2025	Citi's 2025 China Investor Conference
November 2025	Nomura China Investor Forum 2025
November 2025	Guotai Haitong Securities 2026 Annual Strategy Conference
November 2025	Huatai Securities 2026 Annual Investment Summit
November 2025	CICC 2025 Annual Strategy Conference

The Company's investor relations website (www.chinatelecom-h.com) not only serves as an important channel for the Company to disseminate press releases and corporate information to investors, media and the capital market, but also plays a significant role in the Company's valuation and its compliance with regulatory requirements for information disclosure. The Company launched a responsive website with the latest technology, which allows automatic adjustment to fit for different screen resolution and user interface, assuring the best browsing experience of website content with desktop computers, laptops or mobile devices. This allows investors, shareholders, reporters and the general public to browse the latest information on the Company's website with any device more easily and promptly anytime anywhere. The Company's website is equipped with a number of useful functions including interactive stock quote, interactive KPI, interactive FAQs, downloading to excel, html version annual report, financial highlights, historical stock quote, adding investor events to calendars and content sharing to social media, etc. In addition, the Company's website has adopted cutting-edge design features such as video homepage banner, one-page scrolling and dark/light mode. This has further enhanced the appearance, interactivity and visual comfort of the website. In 2025, the Company optimised the layout of its website sections to better suit investors' reading and information access habits. Meanwhile, the underlying software system of the website was also continuously upgraded by introducing features such as quick access, effectively ensuring the stability, security and accessibility of the website.

The Company also strives to enhance the disclosure quality and format of its annual report. The Company further enhanced the transparency of disclosure in environmental, social and governance areas, by following the guidelines of *Environmental, Social and Governance Reporting Code*, Appendix C2 of the Listing Rules as well as other relevant regulatory requirements of its places of listing, to report the Company's achievements and key performance indicators on environmental protection. For details, please refer to the *2025 Sustainability (ESG) Report* which is published on HKEx website (www.hkexnews.hk) and the Company's website (www.chinatelecom-h.com). Relevant indicators and data were analysed and assessed by an independent third party to ensure compliance with relevant requirements.

The Company also actively seeks opinions on how to improve the Company's annual report from shareholders through surveys, and prepared and distributed the annual report in a more environmentally-friendly and cost-saving manner according to the opinions received. Shareholders can choose to receive the annual reports and communications by electronic means, or receive printed versions in English and/or Chinese. The Company clearly and precisely delivered the messages about its strategies and goals in its 2024 Annual Report "Embrace AI, Embark on New Journey with Cloud", so that shareholders and investors can easily understand the Company's development directions and focus. Its printed and online versions received four platinum awards and a technical achievement award in the "Vision Awards" launched by the League of American Communications Professionals LLC (LACP), and ranked No.4 of "Top 100 Reports Worldwide". Meanwhile, the annual report also stood out from the reports of over 440 companies worldwide in the 2025 Galaxy Awards, winning multiple honours including three Gold Awards and two Grand Awards. These prestigious accolades won by China Telecom reflect the market's recognition and commendation of the Company's tireless pursuit of excellence, innovative philosophies and globally leading performance in areas such as corporate governance, as well as disclosure of important information and development strategy of the Company through both conventional and digital channels.

The Company has always maintained a sound and effective information disclosure mechanism while keeping highly transparent communications with media, analysts and investors. Meanwhile, we attach great importance to the handling of inside information and have formulated rules on information disclosures and guidelines on inside information, which encompass (including but not limited to) disclosure and confidentiality principles for sensitive information, identifying the scope of inside information, procedure and management guidelines on handling inside information. In general, the authorised speakers only clarify and explain information that is available on the market, and avoid providing or divulging any unpublished inside information either to an individual or a group. Before conducting any external interview, if the authorised speaker has any doubt about the information to be disclosed, he/she would seek verification from the relevant person or the person-in-charge of the relevant department, so as to determine if such information is accurate. In addition, discussions on the Company's key financial data or other financial indicators are avoided during the blackout periods.

The Company formulated the *Shareholders Communication Policy of China Telecom Corporation Limited*, which is available on the Company's website (www.chinatelecom-h.com). The Company conducted review of the implementation of such shareholders communication policy during the Reporting Period and confirmed its effectiveness.

15. SHAREHOLDERS' RIGHTS

Procedures for convening of an extraordinary general meeting

According to the Articles of Association, shareholders individually or collectively holding 10% or above of the Company's issued voting shares (the "Requesting Shareholders") have the right to request the Board of Directors in writing to convene an extraordinary general meeting and to add proposals to the meeting agenda. Shareholders who request for the convening of an extraordinary general meeting shall comply with the following procedures:

(1) The Board of Directors shall reply in writing agreeing or disagreeing to convene an extraordinary general meeting within ten days upon receipt of such request in accordance with laws, regulations and the Articles of Association.

If the Board of Directors decides to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within five days after the resolution to convene an extraordinary general meeting is adopted by the Board of Directors. Any changes to the original request in the notice require the consent of the Requesting Shareholders.

(2) If the Board of Directors decides not to convene an extraordinary general meeting or does not reply within ten days upon receipt of such request, the Requesting Shareholders proposing to the Audit Committee to convene an extraordinary general meeting should do so by way of written request(s).

If the Audit Committee decides to convene an extraordinary general meeting, a notice to convene such meeting shall be issued within five days upon receipt of such request. Any changes to the original request in the notice require the consent of the relevant Requesting Shareholders.

(3) If the Audit Committee does not issue the notice of the shareholders' meeting within the required period, it will be deemed as having failed to convene and preside over the shareholders' meeting, and shareholders individually or jointly holding 10% or more of the issued voting shares of the Company for ninety consecutive days or more (the "Convening Shareholder") have the right to convene and preside over the meeting on their own.

In the event where shareholders convene a shareholders' meeting on their own initiative, the Convening Shareholder must hold no lower than 10% of the issued voting shares in the Company immediately before the resolution of such meeting is announced.

Procedures for proposing resolutions at the shareholders' meeting

When the Company convenes a shareholders' meeting, shareholders who individually or jointly hold 1% or more of the shares of the Company shall have the right to propose new motions in writing, and the Company shall place such proposed motions on the agenda for such meeting if they are matters falling within the functions and powers of shareholders' meetings.

Process of forwarding shareholders' enquiries to the Board or requesting for convening of an extraordinary general meeting or proposing new motions

Shareholders may at any time send their enquiries, requests, proposals and concerns to the Board in writing through the Company Secretary and the Investor Relations Department.

The contact details of the Company Secretary are as follows:

The Company Secretary
China Telecom Corporation Limited
28th Floor, Everbright Centre,
108 Gloucester Road, Wanchai,
Hong Kong

Email:	ir@chinatelecom-h.com
Tel No.:	(852) 2877 9777
IR Enquiry:	(852) 2582 0388
Fax No.:	(852) 2877 0988

A dedicated "Investor" section is available on the Company's website (www.chinatelecom-h.com). There is a FAQ function in the "Investor" section designated to enable timely, effective and interactive communication between the Company, shareholders and investors. Company Secretary and the Investor Relations Department of the Company handle both telephone and written enquiries from shareholders of the Company from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or the relevant Board Committees of the Company, where appropriate, which will answer the shareholders' questions. Information on the Company's website is updated regularly.

16. AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ABOLITION OF THE SUPERVISORY COMMITTEE

In light of the following changes in applicable laws and regulations and the regulatory requirements in the places where the shares of the Company are listed, and taking into account the actual circumstances of the Company, the Board proposed to make certain amendments to the Articles of Association:

(i) the requirements under the Company Law of the People's Republic of China (2023 Revision) (《中華人民共和國公司法(2023修訂)》) (the "New Company Law"), the regulatory rules promulgated by the CSRC (including the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》), the Rules of Shareholders' Meetings of Listed Companies (《上市公司股東會規則》) and the Code of Corporate Governance for Listed Companies (《上市公司治理準則》)), other applicable laws and regulations and the relevant rules of the stock exchanges and regulatory authorities in the places where the shares of the Company are listed;

(ii) the New Company Law and the Notice on the Transitional Arrangements for the Implementation of the Supporting Institutional Rules under the New Company Law (《關於新〈公司法〉配套制度規則實施相關過渡期安排》) issued by the CSRC, which require that listed companies shall, by 1 January 2026, in accordance with the New Company Law, the Regulations of the State Council on the Implementation of the Registered Capital Registration Administration System under the Company Law of the People's Republic of China (《國務院關於實施〈中華人民共和國公司法〉註冊資本登記管理制度的規定》) and the supporting institutional rules of the CSRC, provide in their articles of association for the establishment of an audit committee under the board of directors to perform the functions and powers of the supervisory committee, and to abolish the supervisory committee or supervisors; and

(iii) the Decision of the State Council on Repealing Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) issued by the State Council of the People's Republic of China (the "State Council"), and the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) together with the related guidelines issued by the CSRC (collectively, the "New Rules"), which came into effect on 31 March 2023. Upon the effective date of the New Rules, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) were repealed. Pursuant to the New Rules, PRC issuers shall formulate their articles of association in accordance with the Guidelines on the Articles of Association of Listed Companies issued by the CSRC, and the relevant provisions concerning class shareholders will no longer apply. In view of the New Rules, Hong Kong Stock Exchange also made certain amendments to the Listing Rules, which came into effect on 1 August 2023.

In addition, in light of the actual operational needs of the Company, the Board proposed to amend the relevant provisions of the Articles of Association regarding the scope of business.

For details of the amendments, please refer to the announcement of the Company in relation to the proposed amendments to the Articles of Association dated 21 November 2025 and circular of the Company dated 24 November 2025. Resolutions in relation to amendments to the Articles of Association and abolition of the Supervisory Committee were considered and approved at the extraordinary general meeting, H shareholders' class meeting and A shareholders' class meeting held on 16 December 2025. Upon the approval by the shareholders at the meetings in respect of the relevant resolutions, the Company no longer maintains a Supervisory Committee. The Audit Committee of the Board assumed the functions and powers of the Supervisory Committee, and the Rules of Procedures of the Meeting of the Supervisory Committee of China Telecom Corporation Limited were abolished simultaneously.

17. SOCIAL RESPONSIBILITIES

External donation, public welfare projects	Quantity/content
Total investment (RMB0'000)	26,291.63

For details, please refer to the 2025 Sustainability (ESG) Report published by the Company on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinatelecom-h.com).

18. CONSOLIDATION AND EXPANSION OF ACHIEVEMENTS IN POVERTY ALLEVIATION AND REVITALISATION OF RURAL VILLAGES

Poverty Alleviation and Rural Revitalisation Projects	Quantity/Content
Total investment (RMB0'000)	25,423.41
Forms of assistance (e.g. industrial assistance, employment assistance, and education assistance)	**Industrial assistance:** China Telecom deepened the "industry + employment + consumption" assistance model. In the "4+2" counties receiving its assistance, the Company supported 18 industrial assistance projects, including establishment of an intelligent agricultural product factory in Yanyuan County, a digital pasture in Muli County, a 5G+ smart textile factory in Shufu County, and a public brand building project in Tianlin County; and helped forge two brands, namely "Jiang Guo Guo" in Shufu County, Xinjiang and "Dao Se Tian Xiang" in Babu District, Guangxi, which have been selected as "Outstanding Rural Industrial Revitalisation Brands Empowered by State-Owned Central Enterprises" by the State-owned Assets Supervision and Administration Commission of the State Council. During project implementation, employment opportunities were provided to people lifted out of poverty. In the four counties receiving targeted assistance, the Company supported the development of 17 leading enterprises and 19 rural cooperatives and the establishment of 20 workshops, helping lift 42,000 people out of poverty. Across the Group, a total of 357 industrial assistance projects were implemented, supporting 166 leading enterprises and 349 rural cooperatives.

Poverty Alleviation and Rural Revitalisation Projects	Quantity/Content
	Consumption assistance: Having always taken consumption assistance as an important path to promote the quality, efficiency and sustainable development of featured industries in poverty-stricken areas, China Telecom hosted one session and participated in all eight sessions of the "Central Enterprises' Cohesion Actions on Consumption Assistance" and "Agricultural Revitalisation Week". The Company successively dispatched more than 100 person-times of e-commerce professionals to the areas receiving its assistance, holding over 500 e-commerce skills training sessions, training more than 8,000 e-commerce talents and helping farmers open more than 1,300 online stores. Nearly 50 special events such as "Agricultural Products in Canteens" and "Spring Festival Shopping Festival", as well as 148 live-stream sales events were organised. Across the Group, direct purchase of agricultural products from the areas lifted out of poverty totaled RMB402 million. The Company further upgraded Bestpay, a digital consumption e-commerce platform, fully connecting with the needs of 832 counties lifted out of poverty nationwide for assistance in sales, and helping sell agricultural products worth RMB485 million from areas lifted out of poverty. **Employment training:** Upholding the priority of talent development in rural revitalisation, China Telecom gathered the training strengths of telecommunication colleges, postal academies and external teachers, and innovatively built a three-pronged training system featuring full online coverage, intensive offline practice and strong employment support. The Company produced four episodes of the signature program "Master Lectures on Rural Revitalisation"; and launched an "online college" zone for rural revitalisation, adding 35 high-quality courses and bringing the total number of online courses to 165. In 2025, the Company trained 153,000 person-times of "talents in three categories", and secured jobs for 12,000 person-times through direct recruitment and transfer assistance. **AI + Rural Revitalisation:** China Telecom pushed ahead with the "AI + Rural Revitalisation" initiative, promoting the deep integration of AI with agriculture and rural areas, and supporting the development of smart villages. E-Surfing Digital Village covered more than 470,000 administrative villages, with scenario-based AI applications covering more than 170,000 administrative villages, and serving over 100 million villagers. 100 Mbps broadband has been connected to 500,000 classes across the country. The self-developed teaching video cloud platform covered 20,000 classes in 5,708 schools across more than 238 remote counties and districts, promoting equitable access to and balanced development of education. The Company provided information-based medical services to 620 counties nationwide, with the "5G + Telemedicine" program covering 839 hospitals across the country.

2025 marked the final year of the 14th Five-Year Plan period. China Telecom learned from and applied the experience of the "Green Rural Revival Program", and consistently regarded rural revitalisation as a major task. In accordance with the "12345" strategy for rural revitalisation, the Company aimed to promote all-round rural revitalisation (1 goal), focused on driving the "AI + Rural Revitalisation" initiative and strengthening the "general assistance" work system (2 enhancements), strove to improve rural industrial development, rural construction and rural governance (3 improvements), promoted the upgrades of industrial development, consumption assistance, education and training, and digital-intelligent rural areas (4 upgrades); and strengthened organisational leadership, policy support, resource investment, talent team, and discipline inspection and supervision (5 guarantees). In doing so, the Company contributed its strength to empowering farmers in their advancement toward a better future of Chinese modernisation.

In 2025, China Telecom continuously undertook the task of assisting 12 counties, 46 towns and 1,312 villages nationwide, dispatching a total of 3,621 full-time and part-time cadres to support rural revitalisation. The Company invested RMB294 million of free assistance funds and introduced RMB239 million of free assistance funds in total. It subsidised about RMB1.7 billion of construction costs for the 10th batch of universal services, and invested over RMB2 billion in the "Broadband to Border Areas" network construction initiative. It provided 9.6 million affordable terminals and waived RMB10.6 billion of communication fees, benefiting 8.58 million households in total. The digital village services covered more than 470,000 administrative villages, serving more than 100 million villagers, with AI capabilities covering over170,000 villages.

In particular, China Telecom continued to provide targeted assistance to four counties, including Yanyuan County and Muli County in Sichuan, Tianlin County in Guangxi, and Shufu County in Xinjiang. The ten major indicators of targeted assistance achieved breakthroughs at high levels, setting historical highs again. The Company invested RMB188 million of free assistance funds and RMB420 million of paid assistance funds, and introduced RMB105 million of free assistance funds and RMB450 million of paid assistance funds. It trained 153,000 person-times of "talents in three categories", directly purchased RMB402 million of agricultural products and assisted in selling RMB485 million of agricultural products, completing all target tasks with high quality.

Note: The above sub-sections headed "social responsibilities" and "consolidation and expansion of achievements in poverty alleviation and revitalisation of rural villages" contain the environmental and social responsibilities work of China Telecommunications Corporation, the Company's controlling shareholder, in 2025.

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 in 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 voluntarily lock-up their shares	2021-08-20	Yes	36 months from the date of A Share listing of the Company[1]	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
	Others	The Company, controlling shareholder, the then directors and senior management	Undertaking to adopt remedial measures for dilution of the immediate returns by the issuance of shares	2021–08–20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company, controlling shareholder, the then 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, the then 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

[1] *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.*

2. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: 0'000 Currency: RMB

	Currently appointed
Name of the domestic accounting firm	KPMG Huazhen LLP
Remuneration of the domestic accounting firm	5,200
Duration of audit of the domestic accounting firm	2 years
Names of certified public accountants of the domestic accounting firm	Kuang Lin, Tan Yahong
Duration of audit services provided by certified public accountants of the domestic accounting firm	Kuang Lin (2 years), Tan Yahong (1 year)
Name of overseas accounting firm	KPMG
Duration of audit of the overseas accounting firm	2 years

	Name	Remuneration
Accounting firm for internal control auditing	KPMG Huazhen LLP	1,280

3. MATERIAL CONNECTED TRANSACTIONS

(1) Continuing connected transactions

The following table sets out the amounts of the Group's continuing connected transactions for the year ended 31 December 2025:

TRANSACTIONS	Transaction amounts (RMB million)	Annual monetary cap for continuing connected transactions (RMB million)
(1) CONTINUING CONNECTED TRANSACTIONS ENTERED INTO BETWEEN THE GROUP AND CHINA TELECOMMUNICATIONS[1] AND/OR ITS ASSOCIATES (EXCLUDING THE GROUP)		
Engineering Framework Agreement		
Provision of engineering services by China Telecommunications and/or its associates	18,350	26,000
Ancillary Telecommunications Services Framework Agreement		
Provision of ancillary telecommunications services by China Telecommunications and/or its associates	23,391	29,000
Community Services Framework Agreement		
Provision of community services by China Telecommunications and/or its associates	4,562	6,200
Centralised Services Agreement		
Provision of centralised services by China Telecommunications and/or its associates	128	1,500
Provision of centralised services by the Group	4,168	5,700
Property and Land Use Right Leasing Framework Agreement		
Total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group	467	1,050
Total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group	566	1,200
Amount payable for properties leased by China Telecommunications and/or its associates	73	130
IT Services Framework Agreement		
Provision of IT services by China Telecommunications and/or its associates	7,498	13,000
Provision of IT services by the Group	3,456	6,000

TRANSACTIONS	Transaction amounts (RMB million)	Annual monetary cap for continuing connected transactions (RMB million)
Supplies Procurement Services Framework Agreement		
Provision of supplies procurement services by China Telecommunications and/or its associates	3,678	6,700
Provision of supplies procurement services by the Group	4,665	7,800
Lease Financing Framework Agreement		
Provision of lease financing services by China Telecommunications and/or its associates	8,551	14,000
Telecommunications Resources Leasing Agreement		
Provision of telecommunications resources leasing services by China Telecommunications and/or its associates	419	820
(2) CONTINUING CONNECTED TRANSACTIONS ENTERED INTO BETWEEN CHINA TELECOM FINANCE AND THE GROUP, THE PARENT GROUP[2], THE CCS GROUP[3], GUOMAI CULTURE GROUP[4] AND SAFETY TECHNOLOGY GROUP[5] RESPECTIVELY		
Maximum daily balance of deposits (including accrued interest) deposited by the Group with China Telecom Finance	46,302	60,000
Maximum daily loan and bill discounting balance (including accrued interest) provided by China Telecom Finance to the Parent Group	4,012	15,000
Maximum daily loan and bill discounting balance (including accrued interest) provided by China Telecom Finance to the CCS Group	–	1,000
Maximum daily loan and bill discounting balance (including accrued interest) provided by China Telecom Finance to Guomai Culture Group	–	1,500
Maximum daily loan and bill discounting balance (including accrued interest) provided by China Telecom Finance to Safety Technology Group	105	800
(3) CONTINUING CONNECTED TRANSACTIONS ENTERED INTO BETWEEN THE GROUP AND BESTPAY TECHNOLOGY AND ITS SUBSIDIARIES		
Payment and digital finance related services	737	1,700

Notes:

1. *China Telecommunications refers to China Telecommunications Corporation, the Company's controlling shareholder which held approximately 63.90% of the issued share capital of the Company as at 31 December 2025.*
2. *The Parent Group refers to China Telecommunications Corporation, its associates and its commonly held entity held with the Group, excluding the Group, the CCS Group, Guomai Culture Group and Safety Technology Group.*
3. *The CCS Group refers to China Communications Services Corporation Limited and its subsidiaries.*
4. *Guomai Culture Group refers to New Guomai Digital Culture Co.,Ltd ("Guomai Culture") and its subsidiaries.*
5. *Safety Technology Group refers to Beijing Global Safety Technology Co., Ltd ("Safety Technology") and its subsidiaries.*

Continuing connected transactions entered into among the Group and China Telecommunications and/or its associates (excluding the Group)

On 12 July 2024, the Company and China Telecommunications entered into the Engineering Framework Agreement, the Ancillary Telecommunications Services Framework Agreement, the Interconnection Settlement Agreement, the Community Services Framework Agreement, the Centralised Services Agreement, the Property and Land Use Right Leasing Framework Agreement, the IT Services Framework Agreement, the Supplies Procurement Services Framework Agreement, the Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement, the Telecommunications Resources Leasing Agreement, the Trademark License Agreement and the Intellectual Property License Framework Agreement (the "Agreements") with a term from 1 January 2025 to 31 December 2027. China Telecommunications is the controlling shareholder of the Company. Accordingly, pursuant to Chapter 14A of the Listing Rules, China Telecommunications is a connected person of the Company and the transactions contemplated under each of the Agreements constitute continuing connected transactions of the Company.

As certain applicable percentage ratios (excluding the profits ratio) of the annual caps for the transactions contemplated under the Engineering Framework Agreement and the Ancillary Telecommunications Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 exceed 5% but are less than 25%, such continuing connected transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The independent shareholders of the Company considered and approved the Engineering Framework Agreement and the Ancillary Telecommunications Services Framework Agreement and the annual caps applicable thereto at the extraordinary general meeting of the Company held on 21 August 2024.

As certain applicable percentage ratios (excluding the profits ratio) of the annual caps for the transactions contemplated under the Community Services Framework Agreement, the Centralised Services Agreement, the Property and Land Use Right Leasing Framework Agreement, the IT Services Framework Agreement, the Supplies Procurement Services Framework Agreement, the Lease Financing Framework Agreement and the Telecommunications Resources Leasing Agreement for each of the years ended 31 December 2025, 2026 and 2027 exceed 0.1% but are less than 5%, such continuing connected transactions are only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (excluding the profits ratio) of the annual caps for the transactions contemplated under the Internet Applications Channel Services Framework Agreement, the Interconnection Settlement Agreement, the Trademark License Agreement and the Intellectual Property License Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 is less than 0.1%, such continuing connected transactions are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Agreements are shown below:

Engineering Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Engineering Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Engineering Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Engineering Framework Agreement, China Telecommunications and/or its associates provide to the Group services such as engineering design, engineering construction and/or engineering supervision services. The charges payable for such engineering services shall be determined by reference to market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Engineering Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business over the corresponding period for reference. According to applicable laws, the charges payable for the design or supervision of engineering projects with a value of over RMB1,000,000 or engineering construction projects with a value of over RMB4,000,000 shall be the tender award price, which is determined in accordance with the "Bidding Law of the PRC" and the "Regulations on the Implementation of the Bidding Law of the PRC" or the final confirmed price in the relevant tender process. In the event that, during the validity period of the agreement, there are amendments to the PRC laws and regulations in respect of the tender scope and scale of the engineering construction projects, the amended laws and regulations shall be implemented.

In terms of the same service provided under the Engineering Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates for such service, if the terms and conditions offered by an independent third party to the Group are no better than those offered by China Telecommunications and/or its associates. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications and/or its associates fail to meet the Group's demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party.

Ancillary Telecommunications Services Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Ancillary Telecommunications Services Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Ancillary Telecommunications Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement. However, if the Group has to obtain the same type of services from a third party at a greater cost, China Telecommunications and/or its associates cannot terminate the provision of such services to the Group.

Pursuant to the Ancillary Telecommunications Services Framework Agreement, China Telecommunications and/or its associates provide the Group with ancillary telecommunications services such as installation of telephones and residential telephone lines, repair of residential telephone lines, customer services, telecommunications terminal equipment, air conditioners and telephone booths, maintenance of fire equipment, production and consignment of sim cards and collection of telephone tariff on the Group's behalf. The charges payable for the services under the Ancillary Telecommunications Services Framework Agreement are calculated on the following basis:

(1) market prices, which shall mean the prices at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Ancillary Telecommunications Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business over the corresponding period for reference;

(2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, "reasonable profit margin" is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the "reasonable profit margin" for any transaction under the Ancillary Telecommunications Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with independent third parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service provided under the Ancillary Telecommunications Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates to provide such service, if the terms and conditions offered by an independent third party to the Group are no better than those offered by China Telecommunications and/or its associates. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications and/or its associates fail to meet the Group's demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party.

Interconnection Settlement Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Interconnection Settlement Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Interconnection Settlement Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Interconnection Settlement Agreement, both parties agree to achieve the interconnection between various types of telecommunications networks. The interconnection settlement charges will be calculated according to the "Notice Concerning the Issue of the Measures on Interconnection Settlement between Public Telecommunications Networks and Sharing of Relaying Fees" (Xin Bu Dian [2003] No. 454) promulgated by the Ministry of Information Industry of the PRC. The Ministry of Industry and Information Technology of the PRC may, from time to time, take into account the relevant regulatory rules and market conditions, amend or promulgate new rules or regulations in respect of interconnection settlement which will be announced on its official website at www.miit.gov.cn. If the Ministry of Industry and Information Technology of the PRC amends the existing, or promulgates new rules or regulations in respect of interconnection settlement, the parties shall apply such amended or new rules and regulations as acknowledged by both parties. The settlement regions include Tianjin Municipality, Hebei Province, Heilongjiang Province, Jilin Province, Liaoning Province, Shanxi Province, Henan Province, Shandong Province, Inner Mongolia Autonomous Region and Xizang Autonomous Region.

Community Services Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Community Services Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Community Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement. However, if the Group has to obtain the same type of services from a third party at a greater cost, China Telecommunications and/or its associates cannot terminate the provision of such services to the Group.

Pursuant to the Community Services Framework Agreement, China Telecommunications and/or its associates provide the Group with community services such as culture, education, property management, vehicle service, medical care, hotel and conference service, community and sanitary service. The community services under the Community Services Framework Agreement are provided at:

(1) the prices and/or the fees standards under the agreement shall refer to market prices, which shall mean the prices at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Community Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business over the corresponding period for reference;

(2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, "reasonable profit margin" is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the "reasonable profit margin" for any transaction under the Community Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with independent third parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service under the Community Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates to provide such service, if the terms and conditions offered by an independent third party to the Group are no better than those offered by China Telecommunications and/or its associates. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications and/or its associates fail to meet the Group's demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party.

Centralised Services Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Centralised Services Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Centralised Services Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to Centralised Services Agreement, centralised services include services provided by the Group to China Telecommunications and/or its associates in relation to key corporate customers, management and operational services such as network management and business support services, and the common use of international facilities by both parties.

In accordance with the Centralised Services Agreement, the aggregate costs incurred by the Group and China Telecommunications and/or its associates for the provision of management and operation services such as services in relation to key corporate customers, network management and business support services will be apportioned between the Group and China Telecommunications on a pro rata basis according to the revenues generated by each party. Associated costs, such as restoration maintenance costs when both parties use international facilities provided by third parties and accept services by such third parties and usage costs when both parties use the international facilities of China Telecommunications and/or its associates, shall be shared on a pro rata basis according to volume of the inbound and outbound voice calls to and from international regions, Hong Kong, Macau and Taiwan originating from each party divided by the proportion of the aggregate volume of the inbound and outbound voice calls to and from international regions, Hong Kong, Macau and Taiwan originating from both parties. When the two parties use international facilities provided by a third party and accept restoration maintenance costs, such fees shall be determined according to the actual utilisation fee of each year. The utilisation fee associated with the shared use of the international facilities provided by China Telecommunications and/or its associates shall be determined through negotiation between the two parties based on market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Centralised Services Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business in the corresponding period for reference.

Property and Land Use Right Leasing Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Property and Land Use Right Leasing Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Property and Land Use Right Leasing Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Property and Land Use Right Leasing Framework Agreement, the Group and China Telecommunications and/or its associates can lease properties and/or land use right (the "Leased Properties") from the other party for conducting business activities according to the laws. The rental charges for the Leased Properties under the Property and Land Use Right Leasing Framework Agreement shall be agreed by both parties according to comparable market rates. Market rates shall mean the rental charges at which the same or similar type of the Leased Properties or adjacent Leased Properties are leased by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the rental charges for any Leased Property under the Property and Land Use Right Leasing Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business in the corresponding period for reference.

IT Services Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the IT Services Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new IT Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the IT Services Framework Agreement, China Telecommunications and/or its associates and the Group can provide the other party with IT services, such as office automation, software testing, network upgrade, research and development on new businesses and development and upgrade of support systems. Each of the Group and China Telecommunications and/or its associates is entitled to provide services to the other party in accordance with the IT Services Framework Agreement. The charges payable for such services shall be determined by reference to market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the IT Services Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business over the corresponding period for reference. In the circumstances where the relevant laws or regulations in the PRC specify that the prices and/or the fee standards for particular services to be provided pursuant to such agreement are to be determined by a tender process, the charges payable for such services shall be finally determined in accordance with the "Bidding Law of the PRC" and the "Regulations on the Implementation of the Bidding Law of the PRC" or the relevant tender procedures.

In terms of the same service under the IT Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates for such service, if the terms and conditions offered by an independent third party to the Group are no better than those offered by China Telecommunications and/or its associates. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If China Telecommunications and/or its associates fail to meet the Group's demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party. Where the above tender process is applicable, the Group does not accord any priority to China Telecommunications and/or its associates to provide such services, and the tender may be awarded to an independent third party. However, if the terms of an offer from China Telecommunications and/or its associates are at least as favourable as those offered by other tenderers, the Group is entitled to award the tender to China Telecommunications and/or its associates.

Supplies Procurement Services Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Supplies Procurement Services Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Supplies Procurement Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Supplies Procurement Services Framework Agreement, China Telecommunications and/or its associates and the Group provide each other with supplies procurement services, including procurement services for imported telecommunications supplies, domestic telecommunications supplies and domestic non-telecommunications supplies, the sale of proprietary telecommunications equipment, resale of third-party equipment, management of tenders, verification of technical specifications, storage and transportation and installation services.

Where the procurement services are provided on an agency basis, the fees shall be paid in commission which shall be calculated at:

(1) not more than 1% of the contract value for the procurement of imported telecommunications supplies; or

(2) not more than 3% of the contract value for the procurement of domestic telecommunications supplies and domestic non-telecommunications supplies.

The services for the provision of supplies procurement other than on an agency basis under the Supplies Procurement Services Framework Agreement are provided at:

(1) market prices, which shall mean the prices at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Supplies Procurement Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business in the corresponding period for reference;

(2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, "reasonable profit margin" is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the "reasonable profit margin" for any transaction under the Supplies Procurement Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with independent third parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service under the Supplies Procurement Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates to provide such service, if the terms and conditions of services offered by China Telecommunications and/or its associates are at least as favourable as those offered by an independent third party to the Group. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If China Telecommunications and/or its associates fail to meet the Group's demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party.

Internet Applications Channel Services Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Internet Applications Channel Services Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Internet Applications Channel Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Internet Applications Channel Services Framework Agreement, the Group provides Internet applications channel services to China Telecommunications and/or its associates. The channel services mainly include the provision of telecommunications channel and applications support platform, provision of billing and deduction services, coordination of sales promotion and development of customers services, etc.

The charges payable for the services under the Internet Applications Channel Services Framework Agreement are calculated on the following basis:

(1) the prices and/or the fees standards under the agreement shall refer to market prices, which shall mean the prices at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Internet Applications Channel Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business in the corresponding period for reference;

(2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, "reasonable profit margin" is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the "reasonable profit margin" for any transaction under the Internet Applications Channel Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with independent third parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service under the Internet Applications Channel Services Framework Agreement, China Telecommunications and/or its associates is entitled to accord priority to the Group to provide such service, if the terms and conditions offered by an independent third party to China Telecommunications are no better than those offered by the Group. The Group undertakes to China Telecommunications and/or its associates that the Group will not provide services to China Telecommunications and/or its associates which are less favourable than the terms offered by the Group to a third party. The Group is entitled to provide relevant services to a third party only if the services provided to China Telecommunications and/or its associates under the agreement are not affected. However, if the Group fails to meet the demand of China Telecommunications and/or its associates under the agreement or terms offered by an independent third party are more favourable than those offered by the Group, China Telecommunications and/or its associates is entitled to obtain such service from an independent third party.

Lease Financing Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Lease Financing Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Lease Financing Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Lease Financing Framework Agreement, China Telecommunications and/or its associates provides the Group with lease financing services including sale and leaseback, direct lease, etc. and the associated lease financing consulting services.

The pricing policies of the lease financing services under the Lease Financing Framework Agreement are set out below:

The fees charged by China Telecommunications and/or its associates shall comply with the relevant standards promulgated by the People's Bank of China or National Financial Regulatory Administration ("NFRA") (if applicable) with reference to the standards of fees charged by major lease financing companies in cooperation with the Group for the same type of services provided to the Group on normal commercial terms or better. Such fees shall be equal to or lower than those of other major lease financing companies in cooperation with the Group.

In terms of the same service under the Lease Financing Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates to provide such service, if the terms and conditions of services offered by China Telecommunications and/or its associates are at least as favourable as those offered by an independent third party to the Group. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications and/or its associates fail to meet the Group's demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party.

Telecommunications Resources Leasing Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Telecommunications Resources Leasing Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Telecommunications Resources Leasing Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Telecommunications Resources Leasing Agreement, the Group leases telecommunications resources including transmission network telecommunications resources, wireless network telecommunications resources, wireline access network telecommunications resources, etc. from China Telecommunications and/or its associates.

The rental charges for the leasing of telecommunications resources from China Telecommunications and/or its associates are based on the annual depreciation charges and determined with reference to market prices as agreed by both parties. When determining the fee standard or reasonable profit margin, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with independent third parties in the corresponding period or the relevant industry profit margin for reference. The Group carries out maintenance of the leased telecommunications resources in accordance with the relevant procedures and standards as confirmed by both parties. Such maintenance fees shall be borne by the Group.

Trademark License Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Trademark License Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Trademark License Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Trademark License Agreement, China Telecommunications and/or its associates grants the Group the license for the use of the trademarks with trademark registration certificates as registered by China Telecommunications and/or its associates at China National Intellectual Property Administration and the trademarks for which China Telecommunications and/or its associates is applying to China National Intellectual Property Administration for registration and has not obtained trademark registration certificates yet. During the term of the agreement, China Telecommunications and/or its associates will not charge the Group any royalty fee for the grant of trademark license.

Intellectual Property License Framework Agreement

On 12 July 2024, the Company and China Telecommunications entered into the Intellectual Property License Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Intellectual Property License Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Intellectual Property License Framework Agreement, each of the Group or China Telecommunications and/or its associates is entitled to grant to the other party the license for the use of intellectual property (excluding trademarks). Royalty fee for such license shall be determined by both parties based on market prices, which shall mean the prices to be determined on normal commercial terms and by the following mechanism: the royalty fee at which the same or similar type of intellectual property licenses are provided by Independent Third Parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Intellectual Property License Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by Independent Third Parties in the ordinary course of business in the corresponding period for reference. Where there is no or it is not possible to determine the market prices according to the pricing and/or fee standards under the agreement in the course of performing the agreement, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, "reasonable profit margin" is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the "reasonable profit margin" for any transaction under the agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with Independent Third Parties in the corresponding period or the relevant industry profit margin for reference.

Continuing connected transactions entered into between China Telecom Finance and the Group, the Parent Group, the CCS Group, Guomai Culture Group and Safety Technology Group respectively

On 12 July 2024, China Telecom Finance entered into the financial services framework agreement with each of the Company, China Telecommunications (together with its associates and its commonly held entity held with the Group, excluding the Group, the CCS Group, Guomai Culture Group and Safety Technology Group, the "Parent Group"), CCS (together with its subsidiaries, "CCS Group"), Guomai Culture (together with its subsidiaries, "Guomai Culture Group") and Safety Technology (together with its subsidiaries, "Safety Technology Group"). As China Telecommunications is the Company's controlling shareholder, and CCS, Guomai Culture and Safety Technology are subsidiaries of China Telecommunications, pursuant to Chapter 14A of the Listing Rules, China Telecommunications, CCS, Guomai Culture and Safety Technology and/or their associates are connected persons of the Company. As the Company holds 70% of the issued share capital of China Telecom Finance, China Telecom Finance is a subsidiary of the Company. Meanwhile, China Telecommunications and CCS each respectively holds 15% of the issued share capital of China Telecom Finance. Pursuant to Chapter 14A of the Listing Rules, China Telecom Finance is a connected subsidiary of the Company and an associate of China Telecommunications, CCS, Guomai Culture and Safety Technology, which is also a connected person of the Company. Accordingly, the transactions under the respective financial services framework agreements constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance

On 12 July 2024, the Company and China Telecom Finance entered into the financial services framework agreement ("China Telecom Financial Services Framework Agreement"). Pursuant to the agreement, China Telecom Finance agreed to provide financial services to the Group, including deposit services, loan and bill discounting services and other financial services.

As each of the applicable percentage ratios of the annual caps for the deposit services provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 exceeds 5% but is less than 25%, such continuing connected transaction is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The independent shareholders of the Company considered and approved the deposit services and the applicable annual caps under the China Telecom Financial Services Framework Agreement at the extraordinary general meeting of the Company held on 21 August 2024.

As the loan and bill discounting services provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant loan and bill discounting services will not be secured by the assets of the Group, such loan and bill discounting services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the service fees of other financial services provided by China Telecom Finance to the Group under the China Telecom Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 is less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the 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 the Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the Group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of the Group and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of the Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the Group shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to the Group do not require the Group to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) Other Financial Services

China Telecom Finance provides other financial services (other than deposit, loan and bill discounting services) including fund settlement, collection and payment, financial advice, credit authentication, consulting and agency and acceptance of bills to the Group under the China Telecom Financial Services Framework Agreement.

The fees charged for other financial services provided by China Telecom Finance to the Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the NFRA (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the Group. Under the same conditions, the fees standard charged to the Group by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

For the respective specific transactions under the China Telecom Financial Services Framework Agreement entered into between the Company and China Telecom Finance, under the same conditions, the Group should, in principle, choose the services provided by China Telecom Finance. If the Group considers it is appropriate and beneficial to the Group, the Group has the discretion to engage one or more major cooperative commercial banks of the Group as its financial services providers.

The China Telecom Financial Services Framework Agreement became effective from 1 January 2025 and will expire on 31 December 2027. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties would negotiate and agree on the renewal arrangement.

China Telecommunications Corporation Financial Services Framework Agreement entered into between China Telecom Finance and China Telecommunications

On 12 July 2024, China Telecom Finance and China Telecommunications entered into the financial services framework agreement ("China Telecommunications Corporation Financial Services Framework Agreement"). Pursuant to the agreement, China Telecom Finance agreed to provide financial services to the Parent Group, including deposit services, loan and bill discounting services and other financial services.

As the deposit services provided by China Telecom Finance to the Parent Group under the China Telecommunications Corporation Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the loan and bill discounting services provided by China Telecom Finance to the Parent Group under the China Telecommunications Corporation Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 exceeds 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the service fees of other financial services provided by China Telecom Finance to the Parent Group under the China Telecommunications Corporation Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 is less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the Parent 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 the Parent Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the Parent Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the Parent Group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the Parent Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of the Parent Group and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of the Parent Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the Parent Group shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to the Parent Group do not require the Parent Group to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) Other Financial Services

China Telecom Finance provides other financial services (other than deposit, loan and bill discounting services) including fund settlement, collection and payment, financial advice, credit authentication, consulting and agency and acceptance of bills to the Parent Group under the China Telecommunications Corporation Financial Services Framework Agreement.

The fees charged for other financial services provided by China Telecom Finance to the Parent Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the NFRA (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the Parent Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the Parent Group. Under the same conditions, the fees standard charged to the Parent Group by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

For the respective specific transactions under the China Telecommunications Corporation Financial Services Framework Agreement entered into between China Telecommunications and China Telecom Finance, under the same conditions, the Parent Group should, in principle, choose the services provided by China Telecom Finance. If the Parent Group considers it is appropriate and beneficial to the Parent Group, the Parent Group has the discretion to engage one or more major cooperative commercial banks of the Parent Group as its financial services providers.

The China Telecommunications Corporation Financial Services Framework Agreement became effective from 1 January 2025 and will expire on 31 December 2027. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties would negotiate and agree on the renewal arrangement.

CCS Financial Services Framework Agreement entered into between China Telecom Finance and CCS

On 12 July 2024, China Telecom Finance and CCS entered into the financial services framework agreement ("CCS Financial Services Framework Agreement"). Pursuant to the agreement, China Telecom Finance agreed to provide financial services to the CCS Group, including deposit services, loan and bill discounting services and other financial services.

As the deposit services provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for loan and bill discounting services provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 exceeds 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the service fees of other financial services provided by China Telecom Finance to the CCS Group under the CCS Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 is less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the CCS 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 the CCS Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the CCS Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the CCS Group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the CCS Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of the CCS Group and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of the CCS Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the CCS Group shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to the CCS Group do not require the CCS Group to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) Other Financial Services

China Telecom Finance provides other financial services (other than deposit, loan or bill discounting services) including fund settlement, collection and payment, financial advice, credit authentication, consulting and agency and acceptance of bills to the CCS Group under the CCS Financial Services Framework Agreement.

The fees charged for other financial services provided by China Telecom Finance to the CCS Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the NFRA (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the CCS Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the CCS Group. Under the same conditions, the fees standard charged to the CCS Group by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

For the respective specific transactions under the CCS Financial Services Framework Agreement entered into between CCS and China Telecom Finance, provided that it is in compliance with the terms and conditions of the CCS Financial Services Framework Agreement, China Telecom Finance will be appointed as one of the financial institutions providing financial services to the CCS Group. Prior to the signing of any specific agreement with China Telecom Finance in respect of respective transactions under the CCS Financial Services Framework Agreement, the CCS Group will compare the interest rates and terms or fees charged and other relevant transactions terms offered by China Telecom Finance with the interest rates and terms of the same type of deposit or loan and bill discounting services for the same period or fees charged and other relevant transaction terms for the same type of financial services offered by the major cooperative commercial banks of the CCS Group. Only when the interest rates and terms or fees charged or other relevant transactions terms offered by China Telecom Finance are equivalent to or better than those interest rates and terms offered or fees charged or other relevant transactions terms (e.g. transaction approval terms, procedures or time limit, etc) offered by the major cooperative commercial banks of the CCS Group, the CCS Group has the discretion to enter into the transactions with China Telecom Finance. Under the circumstances which the CCS Group considers appropriate, the CCS Group may engage additional or other financial institutions other than China Telecom Finance to provide financial services.

The CCS Financial Services Framework Agreement became effective from 1 January 2025 and will expire on 31 December 2027. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties would negotiate and agree on the renewal arrangement.

Guomai Culture Financial Services Framework Agreement entered into between China Telecom Finance and Guomai Culture

On 12 July 2024, China Telecom Finance and Guomai Culture entered into the financial services framework agreement ("Guomai Culture Financial Services Framework Agreement"). Pursuant to the agreement, China Telecom Finance agreed to provide financial services to Guomai Culture Group, including deposit services, loan and bill discounting services and other financial services.

As the deposit services provided by China Telecom Finance to Guomai Culture Group under the Guomai Culture Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the loan and bill discounting services provided by China Telecom Finance to Guomai Culture Group under the Guomai Culture Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 exceeds 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the service fees of other financial services provided by China Telecom Finance to Guomai Culture Group under the Guomai Culture Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 is less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the Guomai Culture 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 the Guomai Culture Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the Guomai Culture Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the Guomai Culture Group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by China Telecom Finance to other member units.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the Guomai Culture Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services and bill discounting services for the same period offered by the major cooperative commercial banks of the Guomai Culture Group and are conducted on normal commercial terms or better. The loan interest rates and the bill discounting interest rates offered shall be equivalent to or lower than those offered by the major cooperative commercial banks of the Guomai Culture Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the Guomai Culture Group shall be the same as those interest rates and terms of the same type of loan services and bill discounting services for the same period offered by China Telecom Finance to other member units.

The above loan and bill discounting services provided by China Telecom Finance to the Guomai Culture Group do not require the Guomai Culture Group to pledge any security over its assets or make other arrangements for the loan and bill discounting services as guarantee.

(iii) Other Financial Services

China Telecom Finance provides other financial services (other than deposit, loan or bill discounting services) including fund settlement, collection and payment, financial advice, credit authentication, consulting and agency and acceptance of bills to the Guomai Culture Group under the Guomai Culture Financial Services Framework Agreement.

The fees charged for other financial services provided by China Telecom Finance to the Guomai Culture Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the NFRA (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the Guomai Culture Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the Guomai Culture Group. Under the same conditions, the fees standard charged to the Guomai Culture Group by China Telecom Finance shall be the same as those fees standard for the same type of other financial services charged by China Telecom Finance to other member units.

The Guomai Culture has the discretion to choose other financial institutions to provide financial services. For the respective specific transactions under the Guomai Culture Financial Services Framework Agreement entered into between Guomai Culture and China Telecom Finance and under the same conditions, the Guomai Culture Group shall, in principle, take the financial services provided by China Telecom Finance as priority. Under the circumstances which the Guomai Culture Group considers appropriate and beneficial to the Guomai Culture Group, the Guomai Culture Group may engage one or more financial institutions which are the major cooperative commercial banks of the Guomai Culture Group to provide financial services.

The Guomai Culture Financial Services Framework Agreement became effective from 1 January 2025 and will expire on 31 December 2027. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties would negotiate and agree on the renewal arrangement.

Safety Technology Financial Services Framework Agreement entered into between China Telecom Finance and Safety Technology

On 12 July 2024, China Telecom Finance and Safety Technology entered into the financial services framework agreement ("Safety Technology Financial Services Framework Agreement"). Pursuant to the agreement, China Telecom Finance agreed to provide financial services to Safety Technology Group, including deposit services, loan and bill discounting services and other financial services.

As the deposit services provided by China Telecom Finance to Safety Technology Group under the Safety Technology Financial Services Framework Agreement are conducted on normal commercial terms or better and the relevant deposit services will not be secured by the assets of the Group, such deposit services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the loan and bill discounting services provided by China Telecom Finance to Safety Technology Group under the Safety Technology Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 exceeds 0.1% but is less than 5%, such loan and bill discounting services are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios of the annual caps for the service fees of other financial services provided by China Telecom Finance to Safety Technology Group under the Safety Technology Financial Services Framework Agreement for each of the years ended 31 December 2025, 2026 and 2027 is less than 0.1%, such other financial services are exempt from all reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pricing Policy

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the Safety Technology 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 the Safety Technology Group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the Safety Technology Group. During the term of the agreement, the maximum daily balance of deposits (including accrued interest) to be deposited by Safety Technology Group with China Telecom Finance shall not exceed the maximum caps (including accrued interest) reviewed by the shareholders' meeting of Safety Technology. In the event that Safety Technology Group's deposits with China Telecom Finance exceeds the maximum caps due to settlement and other reasons, Safety Technology Group shall confirm the remittance of funds on deposits that exceed the maximum caps to the designated bank account by issuing a legally valid written notice to China Telecom Finance within three working days. China Telecom Finance shall complete the remittance of the due amount in accordance with the confirmation on such written notice by the Safety Technology Group within three working days.

(ii) Loan and Bill Discounting Services

The loan interest rates and the bill discounting interest rates offered by China Telecom Finance to the Safety Technology Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates of the same type of loan services for the same period and bill discounting services for the same period offered by the major cooperative commercial banks of the Safety Technology Group, and are conducted on normal commercial terms or better. During the term of the agreement, the maximum daily balance of loan and bill discounting (including accrued interest) provided by China Telecom Finance to Safety Technology shall not exceed the maximum caps reviewed by the shareholders' meeting of Safety Technology. The terms for loan and bill discounting services offered by China Telecom Finance to the Safety Technology Group shall be equivalent to or better than those offered on normal commercial terms or better.

(iii) Other Financial Services

China Telecom Finance provides other financial services (other than deposit, loan and bill discounting services) including fund settlement, collection and payment, financial advice, credit authentication, consulting and agency and acceptance of bills to the Safety Technology Group under the Safety Technology Financial Services Framework Agreement.

The fees charged for other financial services provided by China Telecom Finance to the Safety Technology Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the NFRA (if applicable), and be with reference to the handling fees standard for the same type of other financial services charged by the major cooperative commercial banks of the Safety Technology Group and are conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the Safety Technology Group.

The Safety Technology has the discretion to choose financial services provided by other financial institutions. For the respective specific transactions under the Safety Technology Financial Services Framework Agreement entered into between Safety Technology Group and China Telecom Finance and under the same conditions, the Safety Technology Group shall, in principle, take the financial services provided by China Telecom Finance as priority. Under the circumstances which the Safety Technology Group considers appropriate and beneficial to the Safety Technology Group, the Safety Technology Group may engage one or more financial institutions which are the major cooperative commercial banks of the Safety Technology Group to provide financial services.

The Safety Technology Financial Services Framework Agreement became effective from 1 January 2025 and will expire on 31 December 2027. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties would negotiate and agree on the renewal arrangement.

Continuing connected transactions entered into between the Group and Bestpay Technology and its subsidiaries

Payment and Digital Finance Related Services Framework Agreement

On 12 July 2024, the Company and Bestpay Technology entered into the Payment and Digital Finance Related Services Framework Agreement with a term from 1 January 2025 to 31 December 2027. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Payment and Digital Finance Related Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement. However, if the Group has to obtain the same type of services from a third party at a greater cost, Bestpay Technology and its subsidiaries cannot terminate the provision of such services to the Group.

Pursuant to the Payment and Digital Finance Related Services Framework Agreement, Bestpay Technology and its subsidiaries provide payment and digital finance related services to the Group. The service scope includes the recharged payment services as well as the issuance and operation and settlement services for rechargeable payment cards such as 11888 card; internet payment services and mobile phone payment services; bank card payment and barcode payment services; issuance and handling services for prepaid cards; bill payment and other integrated payment enabled services; establishment and maintenance services of the payment system of the Group's subscribers; other related payment and digital finance services within the scope of businesses permitted by or as filed with the relevant regulatory authorities; and the establishment, operation, expansion and maintenance services for fundamental capabilities and systems in fulfilment of the aforesaid services.

In term of the same service provided under the Payment and Digital Finance Related Services Framework Agreement, if the terms and conditions offered by an independent third party to the Group are no better than those offered by the Bestpay Technology and its subsidiaries, the Group is entitled to accord priority to Bestpay Technology and its subsidiaries for such service. Bestpay Technology and its subsidiaries undertake to the Group that Bestpay Technology and its subsidiaries will not provide services to the Group which are less favourable than the terms offered by Bestpay Technology and its subsidiaries to a third party. Bestpay Technology and its subsidiaries are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If Bestpay Technology and its subsidiaries fail to meet the Group's demand under the agreement, or if an independent third party offers more favourable terms than Bestpay Technology and its subsidiaries do, the Group may obtain such services from an independent third party.

Pursuant to Chapter 14A of the Listing Rules, as China Telecommunications is the Company's controlling shareholder, holding approximately 94.43% of the issued share capital of Bestpay Technology as of the date on which the Payment and Digital Finance Related Services Framework Agreement was entered into, China Telecommunications and Bestpay Technology are connected persons of the Company and the transactions contemplated under the Payment and Digital Finance Related Services Framework Agreement constitute continuing connected transactions of the Company.

As certain applicable percentage ratios (except for the profit ratio) of the annual cap for each of the years ended 31 December 2025, 2026 and 2027 for the transactions contemplated under the Payment and Digital Finance Related Services Framework Agreement exceed 0.1% but are less than 5%, the continuing connected transactions of the payment and digital finance related services are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The services fees under the Payment and Digital Finance Related Services Framework Agreement shall be calculated on the following basis:

(1) market price, which shall mean the prices at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Payment and Digital Finance Related Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business over the corresponding period for reference;

(2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, "reasonable profit margin" is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the "reasonable profit margin" for any transaction under the Payment and Digital Finance Related Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with independent third parties in the corresponding period or the relevant industry profit margin for reference;

(3) where there are government-prescribed prices, the prices and/or pricing standards shall be determined in accordance with the government-prescribed prices; where there are government-guided prices, the prices and/or pricing standards shall be determined with reference to the government-guided prices. Government-prescribed prices means the prices prescribed by the government department in charge of pricing or other relevant departments within the pricing authority and scope in accordance with the Price Law of the PRC. Government-guided prices means the prices determined by the operators as guided by the government department in charge of pricing or other relevant departments which regulate the base price and floating range within the pricing authority and scope in accordance with the Price Law of the PRC.

(2) Review of continuing connected transactions

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions the Company conducted in the year 2025.

The Company's external auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2025 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

(3) Confirmation from the auditors

The auditors of the Group have reviewed the continuing connected transactions of the Group for the year ended 31 December 2025 and have confirmed to the Board that nothing has come to their attention that causes them to believe that the relevant continuing connected transactions:

(1) have not been approved by the Board;

(2) (for transactions involving the provision of goods or services by the Group) were not entered into, in all material respects, in accordance with the pricing policies of the Group;

(3) were not entered into, in all material respects, in accordance with the terms of the agreements governing such transactions; and

(4) have exceeded the annual caps as set by the Company.

(4) Confirmation from independent non-executive directors

The Independent Non-Executive Directors of the Company have confirmed that all continuing connected transactions for the year ended 31 December 2025 to which the Group was a party:

(1) had been entered into, and the agreements governing those transactions were entered into, by the Group in the ordinary and usual course of business;

(2) had been entered into either:

  (i) on normal commercial terms or better; or

  (ii) if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than those available to or (if applicable) from independent third parties; and

(3) had been entered into in accordance with the relevant agreements governing those transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Independent Non-Executive Directors have further confirmed that: the continuing connected transactions for the year ended 31 December 2025 entered into between the Group and its connected persons which are subject to annual caps have not exceeded their respective annual caps.

4. MATERIAL CONTRACTS AND PERFORMANCE

Guarantees

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)	
Total amount of guarantees incurred during the Reporting Period (excluding those provided to subsidiaries)	0
Total balance of guarantees as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	0
Guarantees provided by the Company and its subsidiaries to its subsidiaries	
Total amount of guarantees provided to subsidiaries incurred during the Reporting Period	89,421,132.37
Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)	90,668,858.70
Aggregate guarantees of the Company (including those guarantees provided to its subsidiaries)	
Aggregate amount of guarantees (A + B)	90,668,858.70
Percentage of total aggregate amount of guarantee to net assets of the Company (%)	0.0194
Representing:	
Amount of guarantees provided for shareholders, ultimate controller and their related parties (C)	0
Amount of debt guarantees directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	0
Amount of total guarantee exceeding 50% of net assets (E)	0
Aggregate amount of the above three guarantees (C + D + E)	0
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 Finance and China Telecom Global, 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 31 December 2025.

(1) Description of guarantees in 2025

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 controlled 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 are 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 Co., Ltd. ("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 was 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.

(2) The progress of guarantees during the fourth quarter of 2025

During the fourth quarter of 2025 and within the scope of the above guarantee limits, China Telecom Finance provided 32 guarantees to China Telecom Digital Intelligence Technology, China Telecom Digital City Technology Co., Ltd. and China Telecom Intelligent Network Technology Co., Ltd. in the aggregate amount of RMB42.1058 million. China Telecom Global provided 1 guarantee to China Telecom (Malaysia) Sdn. Bhd. in the aggregate amount of RMB1.1265 million. Details of 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.	2,998,500.00	October 24, 2025 to February 28, 2031	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	111,939.09	October 31, 2025 to June 26, 2029	Non-financing guarantee	Quality Guarantee
	China Telecom Digital City Technology Co., Ltd.	98,000.00	November 4, 2025 to August 31, 2026	Non-financing guarantee	Performance guarantee
	China Telecom Digital City Technology Co., Ltd.	13,450.00	November 5, 2025 to December 31, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	7,617,440.70	November 7, 2025 to June 30, 2026	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Intelligent Network Technology Co., Ltd.	380,856.73	November 11, 2025 to September 23, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Inner Mongolia Branch	592,928.04	November 13, 2025 to December 30, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital City Technology Co., Ltd.	15,000,000.00	November 21, 2025 to November 21, 2030	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Hebei Branch	242,100.00	December 12, 2025 to October 13, 2027	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	855,458.84	December 16, 2025 to January 15, 2027	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	39,810.00	December 16, 2025 to November 20, 2026	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Guangxi Branch	43,815.00	December 18, 2025 to January 31, 2031	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	3,525,000.00	December 18, 2025 to December 17, 2026	Non-financing guarantee	Advance Payment Guarantee

Guarantor	Guaranteed Party	Amount of Guarantee (RMB)	Guarantee period	Type of guarantee	Method of guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	323,946.80	December 18, 2025 to December 3, 2026	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	22,106.10	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	30,187.90	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	68,622.50	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	19,016.00	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	27,723.00	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	23,770.00	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	23,770.00	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	9,082.35	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	18,602.50	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	18,778.30	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	2,377.00	December 22, 2025 to December 22, 2028	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Hebei Branch	40,800.00	December 25, 2025 to May 7, 2026	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	420,361.00	December 26, 2025 to February 3, 2027	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	7,155,311.88	December 26, 2025 to April 14, 2026	Non-financing guarantee	Advance Payment Guarantee

Guarantor	Guaranteed Party	Amount of Guarantee (RMB)	Guarantee period	Type of guarantee	Method of guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	1,436,500.00	December 26, 2025 to December 8, 2026	Non-financing guarantee	Performance guarantee
	China Telecom Digital City Technology Co., Ltd.	149,850.00	December 29, 2025 to January 29, 2032	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Liaoning Branch	713,745.00	December 30, 2025 to December 14, 2026	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Guizhou Branch	81,994.00	December 30, 2025 to April 24, 2026	Non-financing guarantee	Advance Payment Guarantee
China Telecom Global Limited	China Telecom (Malaysia) Sdn. Bhd.	1,126,459.41	December 3, 2025 to July 30, 2028	Non-financing guarantee	Performance guarantee

(3) The progress of guarantees during the first to the third quarters of 2025

For details of guarantee progress in 2025, please refer to the 2025 First Quarter Report of China Telecom Corporation Limited, the 2025 Interim Report of China Telecom Corporation Limited and the 2025 Third Quarter Report of China Telecom Corporation Limited.

(4) 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 RMB90.6689 million, accounting for 0.0194% of the Company's latest audited net assets (as of 31 December 2025), 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 31 December 2025.

5. EXPLANATION ON OTHER SIGNIFICANT EVENTS WITH MATERIAL IMPACT ON INVESTORS' VALUE ASSESSMENT AND INVESTMENT DECISIONS

On 30 January 2026, the Ministry of Finance and the State Taxation Administration of the People's Republic of China issued the "Announcement on Matters Relating to Specific Scope for Assessment of Value-Added Tax" (Ministry of Finance and State Taxation Administration Announcement No. 9 of 2026) (《關於增值税徵税具體範圍有關事項的公告》(財政部　税務總局公告2026年第9號)), stipulating that starting 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%. The adjustment to the applicable scope of these value-added tax classification items is expected to have an impact on the Company's revenue and profit. The Company will comprehensively implement the Cloudification, Digital Transformation and AI for Good Strategy and accelerate the building of technology-oriented enterprise. While fully advancing the "AI+" Action and continuously developing integrated intelligent cloud services encompassing "computing power + platform + data + model + application", the Company will expedite the cultivation of new momentum for development and promote quality improvement, cost reduction and efficiency enhancement, continuously advancing the high-quality development of the Company. Please refer to the announcement published by the Company on 1 February 2026 in relation to adjustment to the applicable scope of value-added tax classification items for telecommunications services.

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		0.00
	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		0.00
	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						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 period	Number of shares released during the year	Increase in lock-up shares during the year	Number of lock-up shares at the end of the year	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	–	–	/	/

2. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER

(1) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period	284,496
Total number of ordinary shareholders as at the end of February 2026	349,146

(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		Nature of shareholder
					Status of shares	Quantity	
China Telecommunications Corporation	–	58,476,519,174	63.90	–	Nil	–	State-owned legal person
HKSCC Nominees Limited	–23,681,409	13,823,035,908	15.11	–	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 Group 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	190,386,444	1,170,437,401	1.28	–	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
State Grid Yingda International Holdings Group Co., Ltd.	–	441,501,000	0.48	–	Nil	–	State-owned legal person
Guangdong Rising Holdings Group Co., Ltd. — Special account for pledge of non-public issuance of exchangeable company bonds (first phase) for professional investors in 2024	–9,009,624	410,990,376	0.45	–	Pledge	410,990,376	Unknown

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	13,823,035,908	Overseas-listed foreign-invested shares	13,823,035,908
Guangdong Rising Holdings Group Co., Ltd.	4,794,082,653	RMB ordinary shares	4,794,082,653
Zhejiang Provincial Financial Development Group 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	1,170,437,401	RMB ordinary shares	1,170,437,401
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
State Grid Yingda International Holdings Group Co., Ltd.	441,501,000	RMB ordinary shares	441,501,000
Guangdong Rising Holdings Group Co., Ltd. — Special account for pledge of non-public issuance of exchangeable company bonds (first phase) for professional investors in 2024	410,990,376	RMB ordinary shares	410,990,376
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	

(3) Strategic investors or other legal persons who became top ten shareholders due to allotment of new shares

Names of strategic investors or other legal persons	Agreed shareholding start date	Agreed shareholding end date
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	

3. INFORMATION ON CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

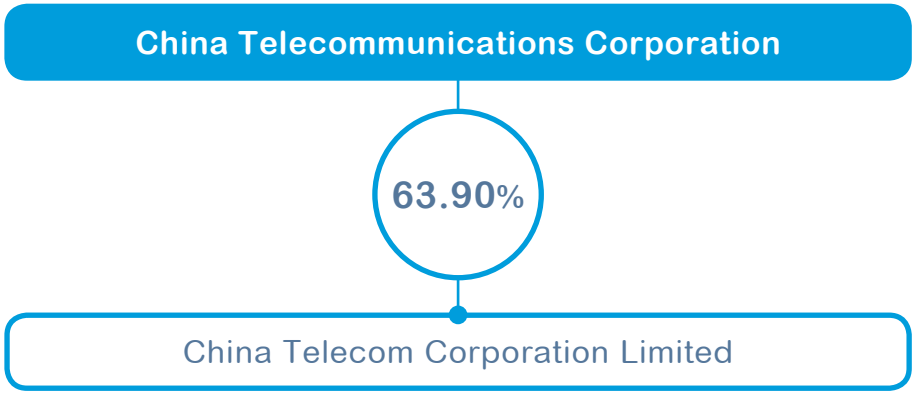
(1) Information on controlling shareholder

1. Legal person

Name	China Telecommunications Corporation
Person in charge or legal representative	Ke Ruiwen
Date of incorporation	27 April 1995

Principal business	Licensed items: basic telecommunications businesses; value-added telecommunications businesses (category I); value-added telecommunications businesses (category II); dissemination of audiovisual programs via information networks; radio and television program production and operation; engineering design, engineering construction. (For items subject to approval in accordance with the law, business activities shall be carried out after approval by relevant authorities. Specific business items shall be consistent with and subject to the approval document or license issued by relevant authorities.) General items: enterprise management; enterprise headquarters management; investment activities with self-owned funds; asset management services using self-owned funds; contracting external engineering projects; information system integration services; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; sales of communication equipment; advertising production; advertising release; advertising design and agency; information consulting services (excluding licensed information consulting services); import and export of goods; technology import and export; import and export agency; conference and exhibition services; production of commercial cryptographic products; sales of commercial cryptographic products; cloud computing equipment technology services; business outsourcing services based on cloud platforms; big data services; internet data services; industrial internet data services; artificial intelligence industry application system integration services; artificial intelligence general application systems; artificial intelligence basic software development; network and information security software development; internet security services; security consultation services; sales of information security equipment; quantum computing technology services; digital technology services. (Except for items subject to approval in accordance with the law, the entity may independently conduct business activities with its business license in accordance with the law.) (Business activities prohibited and restricted by the industrial policies of the State and the city shall not be carried out.)
Shareholdings in other domestic and overseas listed companies controlled or invested during the Reporting Period	China Telecommunications directly holds 51.16% equity interest in New Guomai Digital Culture Co., Ltd and indirectly holds 18.23% equity interest in New Guomai Digital Culture Co., Ltd through China Telecom Group Sideline Industrial Asset Management Co., Ltd and China Telecom Corporation Limited. It also directly holds 48.99% equity interest in CCS, directly holds 22.50% equity interest in China Broadcasting and Television Guangzhou Network Co., Ltd., and directly holds shares in Postal Savings Bank of China Co., Ltd., China Publishing & Media Corporation Limited, Jiangsu Expressway Company Limited and Fiberhome Telecommunication Technologies Co., Ltd.
Other information	N/A

2. Ownership and controlling relationship between the Company and the controlling shareholder

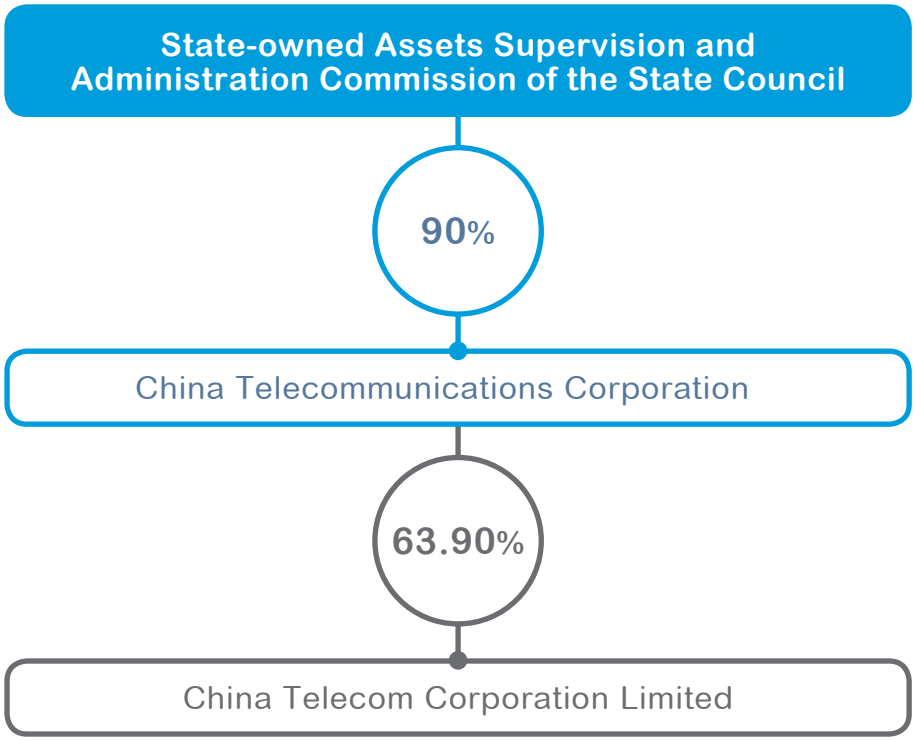


(2) Ultimate controller

1. Legal person

Name	State-owned Assets Supervision and Administration Commission of the State Council

2. Ownership and controlling relationship between the Company and the ultimate controller



4. MATTERS REGARDING THE RESTRICTIONS ON THE REDUCTION OF SHAREHOLDING

(1) Restrictions on the circulation of shares and undertakings by shareholders to voluntarily lock-up their shares

The Company's controlling shareholder, China Telecommunications, undertakes that:

Within 36 months from the date on which the A Shares of the Company are listed and traded on the SSE, it shall not transfer or entrust others to manage the shares held by China Telecommunications prior to the initial public offering of A Shares of the Company, nor shall the Company repurchase such shares. China Telecommunications undertakes to strictly comply with the Company Law, the Securities Law, the SSE Listing Rules and other laws and regulations, policy requirements and the relevant requirements of the CSRC for prudent supervision, and to determine the lock-up period by adopting a longer applicable period; In the event of future changes in the above laws and regulations and policies, China Telecommunications undertakes to determine the lock-up period in strict accordance with the requirements after the changes. If the shares held by China Telecommunications are reduced within two years after the expiration of the above-mentioned shareholding period, the price of such reduction shall not be lower than the issue price of the Company's initial public offering of A Shares; if the closing price of the Company's shares is lower than the issue price for 20 consecutive trading days within 6 months after the listing of the Company, or the closing price at the end of 6 months after the listing of the Company (if such date is not a trading day, the first trading day thereafter) is lower than the issue price, the shareholding period of China Telecommunications shall be automatically extended for at least 6 months.

(2) Undertaking on the intention of shareholding and the intention of shareholding reduction by shareholders holding more than 5% of the shares before the initial public offering of A shares

Each of China Telecommunications, being the controlling shareholder of the Company, and Guangdong Rising, the shareholder holding more than 5% of the shares of the Company, undertakes that:

1. After the initial public offering and listing of A Shares of the Company, it will strictly comply with its undertakings on the lock-up period of its shares. After the expiration of the committed lock-up period, in compliance with the relevant laws and regulations, regulatory documents and the business rules of the stock exchange, it will determine whether to reduce its shareholding in the Company based on factors such as the overall conditions of the securities market, the Company's operating results and stock trends, and its business development needs.

2. After the initial public offering and listing of A Shares of the Company and the expiration of the committed lock-up period, if it decides to reduce its shareholding in the Company, it will be processed through the block trading system of the stock exchange, the centralised bidding trading system or by agreement as permitted by laws and regulations.

3. If it intends to reduce its shareholding, it shall notify the Company in writing in advance on the information such as the number of shares to be reduced and the reasons for such reduction, and the Company shall perform the information disclosure obligations in accordance with the relevant laws and regulations and regulatory rules. It may implement the reduction after three trading days from the date on which the Company discloses its intention to reduce its shareholding.

4. Reduction of shareholding in the Company will be implemented in accordance with the requirements of laws, administrative regulations, *the Several Provisions on Reduction of Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies and the Implementation Rules for Reduction of Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies of the Shanghai Stock Exchange*. If there are changes in the relevant laws and regulations, regulatory documents and the business rules of the stock exchange, the then effective provisions shall prevail.

5. Reduction of shares of the Company acquired through the secondary market after the initial public offering and listing of A Shares of the Company shall not be subject to the above undertakings.

In the event of failure to perform the above undertakings, it shall take the relevant liabilities in accordance with the relevant laws and regulations, regulatory documents, business rules of stock exchanges and requirements of regulatory authorities.

to the shareholders of China Telecom Corporation Limited
(incorporated in People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Telecom Corporation Limited ("the Company") and its subsidiaries (together, "the Group") set out on pages 148 to 242, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 3(h) and Note 27 of the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is primarily generated from the provision of Mobile communications, Wireline and Smart Family and Industrial Digitalisation services ("service revenue") and from sales of goods. There is an inherent risk on the accuracy of service revenue recorded in the consolidated financial statements due to the complexity of the related information technology systems, which process large volumes of data with a combination of different services. In addition, revenue is one of the key performance indicators, which gives rise to a risk that manual adjustments may be incorrectly recorded outside the billing systems. We identified service revenue recognition as a key audit matter because of the risks on the accuracy of service revenue and recording of revenue in the incorrect period.	Our audit procedures to assess the recognition of service revenue included the following: • assessing, with the assistance of our IT specialists, the design, implementation and operating effectiveness of management's key internal controls including: – the general IT controls for the billing systems, including access to program controls, program change controls, program development controls and computer operation controls; – the key IT application controls for the completeness and accuracy of bill generation and the end-to-end reconciliation from the billing systems to the accounting system; • evaluating the appropriateness of the accounting policies adopted in service revenue recognition for different revenue streams and assessing the appropriateness of the management's determination of the impact of terms and conditions on revenue recognition by inspecting the main terms and conditions in selected customer contracts;

KEY AUDIT MATTERS (continued)

Revenue recognition (continued)

The Key Audit Matter (continued)	How the matter was addressed in our audit (continued)
	• selecting service packages, on a sample basis, and comparing the services offered in the packages and the package prices with the relevant settings in the billing systems; • selecting bills issued to customers, on a sample basis, and comparing with the contracts setting out the services subscribed by the customers, the corresponding accounts receivable details and collection records in billing system; • reconciling selected revenue records in the Group's accounting system to cash collection records; • recalculating the balances of accounts receivable and advances from customers with the use of computer assisted audit techniques using data from the billing systems and reconciling the results to the Group's financial records; and; • inspecting journals entries relating to revenue which met specific risk-based criteria, and comparing details of these journals entries with relevant underlying documentation.

KEY AUDIT MATTERS (continued)

Impairment assessment of goodwill

Refer to Note 3(f) and Note 7 of the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2025, the Group's goodwill arising from acquisition of the mobile communications business in 2008 was RMB29,923 million. In accordance with International Accounting Standards ("IAS") 36 "Impairment of Assets", the Group is required to perform goodwill impairment assessment both annually and whenever there is an indication of impairment. Management compares the carrying amount of the assets group containing goodwill with the recoverable amounts of the relevant cash-generating unit ("CGU") to determine any amount of impairment loss. In performing the impairment assessment, management assess the recoverable amount, which is determined based on the higher of the fair value less costs of disposal and value-in-use. The Group determines the value-in-use by preparing discounted cash flow forecast and the preparation of the discounted cash flow forecast involves significant judgment and estimation by management, especially the key assumptions, including revenue growth rate, terminal growth rate and pre-tax discount rate. We identified the goodwill impairment assessment as a key audit matter because the amount of goodwill was significant as at 31 December 2025, and there were significant judgements and estimates made by management in determining the discounted cash flow forecast, which were inherently uncertain and may be affected management bias.	Our audit procedures to assess the impairment assessment of goodwill included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the managements' impairment assessment of goodwill; • with the assistance of our internal valuation specialist, assessing the appropriateness of the valuation methodology and the reasonableness of the pre-tax discount rate and the terminal growth rate adopted in the preparation of discounted cash flow forecast; • based on our understanding of the telecommunications industry, combined with the historical performance and available market data, evaluating the reasonableness of revenue growth rate adopted in the preparation of the discounted cash flow forecast; • comparing the key assumptions used in prior year's discounted cash flow forecast with the current year's actual performance to consider if there was any indication of management bias; • evaluating the sensitivity analyses prepared by management for the key assumptions adopted in the discounted cash flow forecast and considering if there is any indication of management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai, Chi Yin, Frankie.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
24 March 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025 (Amounts in million)

	Notes	31 December 2025 RMB	31 December 2024 RMB
ASSETS			
Non-current assets			
Property, plant and equipment, net	4	**416,183**	427,079
Construction in progress	5	**56,481**	58,801
Right-of-use assets	6	**58,103**	69,068
Goodwill	7	**30,914**	29,925
Intangible assets	8	**28,439**	25,513
Interests in associates and joint ventures	10	**45,280**	44,177
Financial assets at fair value through profit or loss	40	**923**	363
Financial assets at fair value through other comprehensive income	11	**1,878**	1,015
Deferred tax assets	12	**1,002**	673
Other assets	13	**25,306**	21,886
Total non-current assets		**664,509**	678,500
Current assets			
Inventories	15	**3,431**	3,267
Income tax recoverable		**74**	111
Accounts receivable, net	16	**53,146**	42,867
Contract assets	17	**4,123**	4,731
Prepayments and other current assets	18	**33,845**	35,140
Financial assets at fair value through profit or loss	40	**11,709**	–
Short-term bank deposits and restricted cash		**38,413**	19,802
Cash and cash equivalents	19	**61,394**	82,207
Total current assets		**206,135**	188,125
Total assets		**870,644**	866,625

	Notes	31 December 2025 RMB	31 December 2024 RMB
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debts	20	**2,448**	2,835
Current portion of long-term debts	20	**1,466**	1,238
Accounts payable	21	**149,704**	160,550
Accrued expenses and other payables	22	**87,180**	78,790
Contract liabilities	23	**67,113**	65,185
Income tax payable		**1,563**	2,410
Current portion of lease liabilities	24	**14,239**	14,369
Total current liabilities		**323,713**	325,377
Net current liabilities		**(117,578)**	(137,252)
Total assets less current liabilities		**546,931**	541,248
Non-current liabilities			
Long-term debts	20	**6,109**	7,459
Lease liabilities	24	**25,051**	34,842
Deferred tax liabilities	12	**39,294**	34,107
Other non-current liabilities		**8,217**	8,288
Total non-current liabilities		**78,671**	84,696
Total liabilities		**402,384**	410,073
Equity			
Share capital	25	**91,507**	91,507
Reserves	26	**369,321**	360,883
Total equity attributable to equity holders of the Company		**460,828**	452,390
Non-controlling interests		**7,432**	4,162
Total equity		**468,260**	456,552
Total liabilities and equity		**870,644**	866,625

Approved and authorised for issue by the Board of Directors on 24 March 2026 and are signed on its behalf by:

Ke Ruiwen
Executive Director,
Chairman and Chief Executive Officer

Li Yinghui
Executive Director, Executive Vice President
Chief Financial Officer and Secretary of the Board

The notes on pages 156 to 242 form part of these consolidated financial statements.

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	27	**529,559**	529,417
Operating expenses			
Depreciation and amortisation		**(104,198)**	(101,044)
Network operations and support	28	**(162,054)**	(165,598)
Selling, general and administrative	29	**(66,182)**	(66,663)
Personnel expenses	30	**(97,826)**	(98,279)
Other operating expenses	31	**(59,625)**	(58,030)
Total operating expenses		**(489,885)**	(489,614)
Operating profit		**39,674**	39,803
Net finance costs	32	**(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	33	**(9,457)**	(9,197)
Profit for the year		**33,223**	32,975
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
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)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of subsidiaries outside mainland China		**(139)**	130
Changes in fair value of other debt investments		**(1)**	–
		(140)	130
Other comprehensive income for the year, net of tax		**(89)**	(207)
Total comprehensive income for the year		**33,134**	32,768

	Notes	2025 RMB	2024 RMB
Profit attributable to			
Equity holders of the Company		**33,185**	33,012
Non-controlling interests		**38**	(37)
Profit for the year		**33,223**	32,975
Total comprehensive income attributable to			
Equity holders of the Company		**33,096**	32,805
Non-controlling interests		**38**	(37)
Total comprehensive income for the year		**33,134**	32,768
Basic earnings per share (RMB)	38	**0.36**	0.36
Diluted earnings per share (RMB)	38	**0.36**	0.36
Number of shares (in million)	25	**91,507**	91,507

The notes on pages 156 to 242 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025 (Amounts in million)

		Attributable to equity holders of the Company										
	Notes	Share capital RMB	Capital reserve RMB	Share premium RMB	Surplus reserves RMB	General risk reserve RMB	Other reserves RMB	Exchange reserve RMB	Retained earnings RMB	Total RMB	Non-Controlling interests RMB	Total equity 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 year		–	–	–	–	–	–	–	33,012	33,012	(37)	32,975
Other comprehensive income for the year		–	–	–	–	–	(337)	130	–	(207)	–	(207)
Total comprehensive income for the year		–	–	–	–	–	(337)	130	33,012	32,805	(37)	32,768
Contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	48	48
Distribution to non-controlling interests		–	–	–	–	–	–	–	–	–	(90)	(90)
Share of associates and joint ventures' other changes in reserves and others		–	186	–	–	–	–	–	–	186	–	186
Dividends	37	–	–	–	–	–	–	–	(23,527)	(23,527)	–	(23,527)
Appropriations to statutory surplus reserve	26	–	–	–	3,163	–	–	–	(3,163)	–	–	–
Appropriations to general risk reserve	26	–	–	–	–	274	–	–	(274)	–	–	–
Balance as at 31 December 2024		91,507	19,908	47,687	90,924	661	167	(265)	201,801	452,390	4,162	456,552
Profit for the year		–	–	–	–	–	–	–	33,185	33,185	38	33,223
Other comprehensive income for the year		–	–	–	–	–	50	(139)	–	(89)	–	(89)
Total comprehensive income for the year		–	–	–	–	–	50	(139)	33,185	33,096	38	33,134
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	2,816	2,816
Contribution from non-controlling interests		–	–	375	–	–	–	–	–	375	485	860
Distribution to non-controlling interests		–	–	–	–	–	–	–	–	–	(69)	(69)
Share of associates and joint ventures' other changes in reserves and others		–	31	–	–	–	–	–	–	31	–	31
Dividends	37	–	–	–	–	–	–	–	(25,064)	(25,064)	–	(25,064)
Appropriations to statutory surplus reserve	26	–	–	–	3,117	–	–	–	(3,117)	–	–	–
Appropriations to general risk reserve	26	–	–	–	–	121	–	–	(121)	–	–	–
Balance as at 31 December 2025		91,507	19,939	48,062	94,041	782	217	(404)	206,684	460,828	7,432	468,260

The notes on pages 156 to 242 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025 (Amounts in million)

	Notes	2025 RMB	2024 RMB
Net cash from operating activities	(a)	**125,069**	145,049
Cash flows used in investing activities			
Capital expenditure		**(73,115)**	(89,928)
Purchase of investments		**(94,324)**	(1,919)
Payments for right-of-use assets		**(34)**	(343)
Proceeds from disposal of property, plant and equipment		**1,461**	1,346
Proceeds from disposal of right-of-use assets		**530**	65
Proceeds from disposal of investments		**83,071**	52
Payments for equity instruments at fair value through other comprehensive income		**(1,201)**	(40)
Placement of bank deposits		**(48,038)**	(41,655)
Maturity of bank deposits		**30,432**	22,972
Short-term loans granted to China Telecom Group by Finance Company	(b)	**(2,600)**	(4,075)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	**2,064**	10,093
Net cash inflow from acquisition of subsidiaries		**1,466**	–
Net cash used in investing activities		**(100,288)**	(103,432)
Cash flows used in financing activities			
Repayments of principal of lease liabilities		**(16,792)**	(15,428)
Proceeds from bank and other loans		**6,922**	6,613
Repayments of bank and other loans		**(12,888)**	(8,647)
Payments of dividends		**(25,064)**	(23,527)
Distribution to non-controlling interests		**(69)**	(90)
Contribution from non-controlling interests		**859**	48
Net deposits by China Telecom Group to Finance Company	(b)	**2,043**	951
Increase in statutory deposit reserves placed by Finance Company	(b)	**(519)**	(465)
Others		**19**	–
Net cash used in financing activities		**(45,489)**	(40,545)
Net (decrease)/increase in cash and cash equivalents		**(20,708)**	1,072
Cash and cash equivalents as at 1 January		**82,207**	81,046
Effect of changes in foreign exchange rate		**(105)**	89
Cash and cash equivalents as at 31 December		**61,394**	82,207

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

	2025 RMB	2024 RMB
Profit before taxation	**42,680**	42,172
Adjustment for:		
Depreciation and amortisation	**104,198**	101,044
Impairment losses for financial assets and contract assets, net of reversal	**5,738**	3,861
Write-down of inventories, net of reversal	**53**	4
Investment income and others	**(747)**	(114)
Share of profits of associates and joint ventures	**(2,674)**	(2,525)
Interest income	**(1,825)**	(2,242)
Net interest expense	**2,054**	2,391
Net foreign exchange gain or loss and others	**159**	79
Net loss on retirement and disposal of long-lived assets and others	**1,840**	1,869
	151,476	146,539
Increase in accounts receivable	**(16,312)**	(15,027)
Decrease/(Increase) in contract assets	**573**	(168)
Decrease in inventories	**64**	146
Decrease/(Increase) in prepayments and other current assets	**1,872**	(5,980)
(Increase)/Decrease in restricted cash	**(57)**	244
(Increase)/Decrease in other assets	**(3,658)**	994
(Decrease)/Increase in accounts payable	**(9,126)**	18,194
Increase in accrued expenses and other payables	**2,556**	2,290
Increase/(Decrease) in contract liabilities	**1,879**	(245)
Cash generated from operations	**129,267**	146,987
Interest received	**735**	1,661
Interest paid	**(1,898)**	(2,358)
Investment income received	**2,448**	2,138
Income tax paid	**(5,483)**	(3,379)
Net cash from operating activities	**125,069**	145,049

(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 years ended 31 December 2025 and 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, see Note 42 for details.

The notes on pages 156 to 242 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2025

1. PRINCIPAL ACTIVITIES AND ORGANISATION

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 AND CHANGES IN ACCOUNTING POLICIES

2.1 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

For the purpose of the preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 ("Listing Rules").

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.

The consolidated financial statements are prepared on the historical cost basis as modified by the revaluation of certain financial instruments measured at fair value (Note 3(g)).

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are based on historical experience and various other factors that management believes are reasonable under certain circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 47.

2.2 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.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

2.3 Possible impact of new standards and amendments to standards issued but not yet effective for the annual accounting period ended 31 December 2025

Up to the date of issue of the consolidated financial statements, the IASB has issued the following new standards and amendments to standards which are not yet effective and not early adopted by the Group for the annual accounting period ended 31 December 2025:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 "*Financial Instruments*" and IFRS 7 "*Financial Instruments: Disclosures*" – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 "*Presentation and Disclosure in Financial Statements*"	1 January 2027
IFRS 19 "*Subsidiaries without Public Accountability: Disclosures*"	1 January 2027

The Group is in the process of making an assessment of the impact that will result from adopting the new standards and amendments to standards issued by the IASB which are not yet effective for the accounting period ended 31 December 2025. So far, the Group believes that the adoption of these new standards and amendments to standards is unlikely to have a significant impact on its financial position and the results of operations.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of consolidation and equity accounting

The consolidated financial statements comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

A subsidiary is an entity controlled by the Company. When fulfilling the following conditions, the Company has control over an entity: (a) has power over the investee, (b) has exposure, or rights, to variable returns from its involvement with the investee, and (c) has the ability to use its power over the investee to affect the amount of the investor's returns.

When assessing whether the Company has power over that entity, only substantive rights (held by the Company and other parties) are considered.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(a) Basis of consolidation and equity accounting (continued)

The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases, and the profit attributable to non-controlling interests is separately presented on the face of the consolidated statement of comprehensive income as an allocation of the profit or loss for the year between the non-controlling interests and the equity holders of the Company. Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly to the Company. For each business combination, other than business combination under common control, the Group measures the non-controlling interests at the proportionate share, of the acquisition date, of fair value of the subsidiary's net identifiable assets. Non-controlling interests at the end of the reporting period are presented in the consolidated statement of financial position within equity and consolidated statement of changes in equity, separately from the equity of the Company's equity holders. Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised. When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

An associate is an entity, not being a subsidiary, in which the Group exercises significant influence, but not control, over its management. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's net identifiable assets over the cost of the investment (if any) after reassessment. Thereafter, the investment is adjusted for the Group's equity share of the post-acquisition changes in the associate's net assets and any impairment loss relating to the investment. When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

All significant intercompany balances and transactions and unrealised gains arising from intercompany transactions are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) Property, plant and equipment

Property, plant and equipment, including investment properties, are initially recorded at cost, less subsequent accumulated depreciation and impairment losses (Note 3(f)). The cost of an asset comprises its purchase price, any costs directly attributable to bringing the asset to working condition and location for its intended use and the cost of borrowed funds used during the periods of construction. Expenditure incurred after the asset has been put into operation, including cost of replacing part of such an item, is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and the cost can be measured reliably. All other expenditure is expensed as it is incurred.

Gains or losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the respective asset and are recognised as income or expense in the profit or loss on the date of retirement or disposal.

Depreciation is provided to write off the cost of each asset over its estimated useful life on a straight-line basis, after taking into account its estimated residual value, as follows:

	Depreciable lives primarily range from	Residual rate
Buildings and improvements	8 to 30 years	3%
Communications network plant and equipment	5 to 10 years	0%-3%
Furniture, fixture, motor vehicles and other equipment	3 to 10 years	0%-3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value are reviewed annually and any change will be accounted for as change in accounting estimate.

(c) Construction in progress

Construction in progress represents buildings, communications network plant and equipment and other equipment and intangible assets under construction and pending installation, and is stated at cost less impairment losses (Note 3(f)). The cost of an item comprises direct costs of construction, capitalisation of interest charge, and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest charges during the periods of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment and intangible assets when the asset is substantially ready for its intended use.

No depreciation is provided in respect of construction in progress.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(d) Goodwill

Goodwill represents the excess of the investment cost over the Group's interest in the fair value of the net assets acquired in the mobile communications business acquisition (as defined in Note 7).

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (Note 3(f)). On disposal of a cash-generating unit during the year, any attributable amount of the goodwill is included in the calculation of the profit or loss on disposal.

(e) Intangible assets

The Group's intangible assets are primarily software.

Software that is not an integral part of any tangible assets, is recorded at cost less subsequent accumulated amortisation and impairment losses (Note 3(f)). Amortisation of software is mainly calculated on a straight-line basis over the estimated useful lives.

The useful lives of intangible assets range from 2 to 5 years.

(f) Impairment of goodwill and long-lived assets

The carrying amounts of the Group's long-lived assets, including property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and construction in progress, etc., are reviewed periodically to determine whether there is any indication of impairment. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. For goodwill, the impairment testing is performed annually at each year end, or more frequently if events or changes in circumstances indicate that they might be impaired.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"), the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(f) Impairment of goodwill and long-lived assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and value in use. The recoverable amount of a tangible and an intangible asset is estimated individually. When an asset does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). In determining the value in use, expected future cash flows generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The goodwill arising from a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised as an expense in profit or loss. Impairment loss recognised in respect of cash-generating units is allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised for an asset in prior years may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A subsequent increase in the recoverable amount of an asset, when the circumstances and events that led to the write-down cease to exist, is recognised as an income in profit or loss. The reversal is reduced by the amount that would have been recognised as depreciation and amortisation had the write-down not occurred. An impairment loss in respect of goodwill is not reversed. For the years presented, no reversal of impairment loss was recognised in profit or loss.

(g) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All regular-way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

(i) Financial assets measured subsequently at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")

At initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income, and accumulate in other reserves, if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3, "Business Combinations" applies. These equity instruments are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividend from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "investment income and others" line item in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "investment income and others" line item in profit or loss.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable, financial assets included in prepayments and other current assets, short-term bank deposits and restricted cash, cash and cash equivalents) and other item (contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable and contract assets (excluding long-term receivables arising from instalment sale). The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired debtors, and collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics, including nature of services provided as well as type of customers, such as receivable from telephone and Internet subscribers and from enterprise customers.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

At the reporting date, if the Group considers that the financial instruments has only lower credit risk, the Group will assume that the credit risk of the financial instruments has not been significantly increased since initial recognition. The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on the historical data and forward-looking information. The Group uses a practical expedient in estimating ECL on accounts receivable using a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for accounts receivable and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments measured at amortised cost by adjusting their carrying amount, with the exception of accounts receivable and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(g) Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities including short-term and long-term debts, accounts payable and financial liabilities included in accrued expenses and other payables are subsequently measured at amortised cost, using the effective interest method.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(h) Revenue from contract with customers

The Group recognises revenue when (or as) a performance obligation is satisfied. i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Revenue from contract with customers (continued)

- the Group's performance creates or enhances an asset that the customer controls as the Groups performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

As such, revenues from contracts with customers of telecommunications services are generally recognised over time during which the services are provided to customers.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service. As such, revenues from sales of equipment are recognised at a point in time when the equipment is delivered to the customers and when the control over the equipment have been transferred to the customers.

Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer but the right is conditioned on the Group's future performance. A contract asset is transferred to accounts receivable when the right becomes unconditional. A contract asset is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. When the Group receives an advance payment before the performance obligation is satisfied, this will give rise to a contract liability, until the operating revenues recognised on the relevant contract exceed the amount of the advance payment.

The Group provides subscriber points reward program, which rewards customers based on their consumption amounts and loyalty. Under the reward program, the Group allocates part of the transaction price to subscriber points according to the stand-alone selling prices of subscriber points and relevant goods or services. The stand-alone selling price of each point in the customer point rewards is based on its fair value. The allocated portion of transaction price for the subscriber points reward is recorded as contract liability when the rewards are granted and recognised as revenue when the goods or services of points redemption are delivered or the points are expired.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Revenue from contract with customers (continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is generally measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Revenue from contract with customers (continued)

Consideration payable to a customer

Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer, and also includes credit or other items that can be applied against amounts owed to the Group. The Group accounted for such consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group and the fair value of the good or service received from the customer can be reasonably estimated. Accordingly, if consideration payable to a customer is accounted for as a reduction of the transaction price, the Group recognises the reduction of revenue when (or as) the later of either of the following events occurs: (i) the Group recognises revenue for the transfer of the related goods or services to the customer; and (ii) the Group pays or promises to pay the consideration (even if the payment is conditional on a future event).

Certain subsidies payable to third party agent incurred by the Group in respect of customer contracts, which will be ultimately enjoyed by end customers, and other subsidies incurred by the Group directly payable to its customers, are qualified as consideration payable to a customer and accounted for as a reduction of operating revenues.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Costs to fulfil a contract

When the Group incurs costs to fulfil a contract, it first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of assessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

Except for rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(i) Leases (continued)

The Group as a lessor (continued)

Classification and measurement of leases (continued)

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Allocation of consideration to components of a contract

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease components on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modifications

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(j) Income tax

Income tax for the year comprises current tax and movement in deferred tax assets and liabilities. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax is calculated on the basis of the enacted or substantively enacted tax rates that are expected to apply in the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged or credited to profit or loss, except for the effect of a change in tax rate on the carrying amount of deferred tax assets and liabilities which were previously recognised in other comprehensive income, in such case the effect of a change in tax rate is also recognised in other comprehensive income.

A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(k) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) The entity is an associate or joint venture of the Group (or an associate or joint venture of a member of a group of which the Group is a member); or the Group is an associate or joint venture of the entity (or an associate or joint venture of a member of a group of which the entity is a member);

(iii) The entity and the Group are joint ventures of the same third party;

(iv) The entity is a joint venture of a third entity and the Group is an associate of the third entity; or the Group is a joint venture of a third entity and the entity is an associate of the third entity;

(v) The entity is controlled or jointly controlled by a person identified in (a);

(vi) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(l) 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(m) Foreign currencies translation

The accompanying consolidated financial statements are presented in Renminbi ("RMB"). The functional currency of the Company and its subsidiaries in mainland China is RMB. The functional currency of the Group's foreign operations is the currency of the primary economic environment in which the foreign operations operate. Transactions denominated in currencies other than the functional currency during the year are translated into the functional currency at the applicable rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into the functional currency using the applicable exchange rates at the end of the reporting period. The resulting exchange differences, other than those capitalised as construction in progress (Note 3(c)), are recognised as income or expense in profit or loss. For the years presented, no exchange differences were capitalised.

When preparing the Group's consolidated financial statements, the results of operations of the Group's foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rate ruling at the dates of transactions. Assets and liabilities of the Group's foreign operations are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(n) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have the rights to the assets, and obligation for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(o) Inventories

Inventories consist of materials and supplies used in maintaining the telecommunications network and goods for sale. Inventories are valued at cost using the specific identification method or the weighted average cost method, less a provision for obsolescence.

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs to make the sale and the related tax expenses.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and time deposits with original maturities of three months or less when purchased. Cash equivalents are stated at cost, which approximates fair value.

(q) Net finance costs

Net finance costs comprise interest income on bank deposits, interest costs on borrowings, interest expense on lease liabilities and foreign exchange gains and losses. Interest income from bank deposits is recognised as it accrues using the effective interest method.

Interest costs incurred in connection with borrowings are calculated using the effective interest method and are expensed as incurred, except to the extent that they are capitalised as being directly attributable to the construction of an asset which necessarily takes a substantial period of time to get ready for its intended use.

(r) Research and development expense

Research and development expenditure is expensed as incurred if the criteria of recognition as intangible assets were not met. For the year ended 31 December 2025, research and development expense, other than those related personnel expenses and depreciation was RMB4,910 million (2024: RMB4,661 million). Research and development related personnel expenses and depreciation for the year ended 31 December 2025 amounted RMB10,459 million (2024: RMB9,703 million) and RMB225 million (2024: RMB163 million), respectively.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(s) Employee benefits

The Group's contributions to defined contribution retirement plans administered by the PRC government and defined contribution retirement plans administered by independent external parties are recognised in profit or loss as incurred. Further information is set out in Note 45.

Compensation expense in respect of the share appreciation rights granted is accrued as a charge to the profit or loss over the applicable vesting period based on the fair value of the share appreciation rights. The liability of the accrued compensation expense is re-measured to fair value at the end of each reporting period with the effect of changes in the fair value of the liability charged or credited to profit or loss. Further details of the Group's share appreciation rights scheme are set out in Note 46.

(t) Government grants

Government grants shall only be recognised until there is reasonable assurance that:

- the Group will comply with all the conditions attaching to them; and
- the grants will be received.

Government grants that compensate expenses incurred are recognised in the consolidated statement of comprehensive income in the same periods in which the expenses are incurred.

Government grants relating to assets are recognised in accrued expenses and other payables and other non-current liabilities and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

(u) Provisions and contingent liabilities

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(v) Value-added tax ("VAT")

Output VAT rate for basic telecommunications services (including voice communication, lease or sale of network resources) is 9% since 1 April 2019, while the output VAT rate for value-added telecommunications services (including Internet access services, short and multimedia messaging services, transmission and application service of electronic data and information) is 6%, and the output VAT for sales of telecommunications terminals and equipment is 13% since 1 April 2019. Input VAT rate depends on the type of services received and the assets purchased as well as the VAT rate applicable to a specific industry, and ranges from 3% to 13% since 1 April 2019.

Output VAT is excluded from operating revenues while input VAT is excluded from operating expenses or the original cost of equipment purchased and can be netted against the output VAT, arriving at the net amount of VAT recoverable or payable. As the VAT obligations are borne by branches and subsidiaries of the Company, input and output VAT are set off at branches and subsidiaries levels which are not offset at the consolidation level. Such net amount of VAT recoverable or payable is recorded in the financial statement line items of prepayments and other current assets and accrued expenses and other payables, respectively, in the consolidated statement of financial position.

(w) Dividends

Dividends are recognised as a liability in the period in which they are declared.

4. PROPERTY, PLANT AND EQUIPMENT, NET

	Buildings and improvements RMB million	Communications network plant and equipment RMB million	Furniture, fixture, motor vehicles and other equipment RMB million	Total RMB million
Cost/Deemed cost:				
Balance as at 1 January 2024	111,241	890,784	29,744	1,031,769
Additions	1,503	296	334	2,133
Transferred from construction in progress	3,756	88,941	2,660	95,357
Retirement and disposal	(1,035)	(48,437)	(1,973)	(51,445)
Balance as at 31 December 2024	115,465	931,584	30,765	1,077,814
Acquisitions through business combination	**171**	**–**	**130**	**301**
Additions	**860**	**147**	**161**	**1,168**
Transferred from construction in progress	**3,575**	**65,052**	**2,263**	**70,890**
Retirement and disposal	**(847)**	**(46,558)**	**(2,217)**	**(49,622)**
Balance as at 31 December 2025	**119,224**	**950,225**	**31,102**	**1,100,551**
Accumulated depreciation and impairment:				
Balance as at 1 January 2024	(72,732)	(527,086)	(22,008)	(621,826)
Depreciation and impairment charge for the year	(3,674)	(70,414)	(1,956)	(76,044)
Written back on retirement and disposal	906	44,330	1,899	47,135
Balance as at 31 December 2024	(75,500)	(553,170)	(22,065)	(650,735)
Depreciation and impairment charge for the year	**(3,717)**	**(73,074)**	**(2,036)**	**(78,827)**
Written back on retirement and disposal	**726**	**42,604**	**1,864**	**45,194**
Balance as at 31 December 2025	**(78,491)**	**(583,640)**	**(22,237)**	**(684,368)**
Net book value as at 31 December 2025	**40,733**	**366,585**	**8,865**	**416,183**
Net book value as at 31 December 2024	39,965	378,414	8,700	427,079

5. CONSTRUCTION IN PROGRESS

	RMB million
Balance as at 1 January 2024	72,238
Additions	89,039
Transferred to property, plant and equipment	(95,357)
Transferred to intangible assets	(7,119)
Balance as at 31 December 2024	58,801
Additions	**76,423**
Transferred to property, plant and equipment	**(70,890)**
Transferred to intangible assets	**(7,853)**
Balance as at 31 December 2025	**56,481**

6. RIGHT-OF-USE ASSETS

	Leasehold land RMB million	Buildings RMB million	Communications towers and related assets RMB million	Equipment RMB million	Others RMB million	Total RMB million
As at 31 December 2025						
Carrying amount	**21,297**	**10,080**	**18,584**	**7,705**	**437**	**58,103**
As at 31 December 2024						
Carrying amount	22,194	12,175	25,418	8,819	462	69,068
For the year ended 31 December 2025						
Depreciation charge	**(840)**	**(4,772)**	**(8,065)**	**(3,078)**	**(161)**	**(16,916)**
For the year ended 31 December 2024						
Depreciation charge	(852)	(5,075)	(7,848)	(2,865)	(173)	(16,813)

The Group leases communications towers and related assets, land and buildings, equipment and other assets for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For the year ended 31 December 2025, expenses relating to short-term leases and expenses relating to leases of low value assets amounting to RMB1,334 million (2024: RMB1,310 million) and variable lease payments not included in the measurement of lease liabilities amounting to RMB6,043 million (2024: RMB5,836 million), are recognised in profit or loss.

For the year ended 31 December 2025, total cash outflow for leases was RMB25,682 million (2024: RMB24,709 million), and additions to right-of-use assets were RMB9,405 million (2024: RMB11,669 million).

7. GOODWILL

	Notes	31 December 2025 RMB million	2024 RMB million
Cost:			
Goodwill arising from acquisition of mobile communications business	(i)	29,923	29,925
Goodwill arising from acquisition of Quantumctek Co., Ltd.	(ii)	991	–
Goodwill arising from acquisition of Suzhou Low Altitude Technology Co., Ltd.		*	–
		30,914	29,925

* *Amount less than 1 million.*

Notes:

(i) On 1 October 2008, the Group acquired the mobile communications business and related assets and liabilities (collectively "mobile communications business"), which also included the entire equity interests of China Unicom (Macau) Company Limited (currently known as China Telecom (Macau) Company Limited) and 99.5% equity interests of Unicom Huasheng Telecommunications Technology Company Limited (currently known as Tianyi Telecom Terminals Company Limited) from China Unicom Corporation Limited and China Unicom Limited (collectively "Unicom Group"). The purchase price of the business combination was RMB43,800 million, which was fully settled as at 31 December 2010. In addition, pursuant to the acquisition agreement, the Group acquired the customer-related assets and assumed the customer-related liabilities of mobile communications business for a net settlement amount of RMB3,471 million due from Unicom Group. This amount was subsequently settled by Unicom Group in 2009. The business combination was accounted for using the purchase method.

The goodwill recognised in the business combination is attributable to the skills and technical talent of the acquired business's workforce, and the synergies expected to be achieved from integrating and combining the mobile communications business into the Group's telecommunications business.

For the purpose of goodwill impairment testing, the goodwill arising from the acquisition of mobile communications business was allocated to the appropriate cash-generating unit of the Group, which is the Group's telecommunications business. The recoverable amount of the Group's telecommunications business is estimated based on the value in use model, which considers the Group's financial budgets covering a five-year period, revenue growth rate of ranged from -3.0% to 0.9% (2024: 1.4%) and a pre-tax discount rate of 8.1% (2024: 9.8%). Cash flows beyond the five-year period are extrapolated using a steady 1.0% growth rate (2024: 1.0%). The Group performed impairment tests for the goodwill at the end of the reporting period and determined that goodwill was not impaired. The Group believes any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its recoverable amount to be less than carrying amount.

(ii) 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"). Through an acting-in-concert agreement with other shareholders, the Group collectively holds 40.43% of Quantumctek's voting rights. 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, and Quantumctek became a consolidated subsidiary of the Group.

The acquisition consideration of RMB1,775 million exceeded the fair value of Quantumctek's identifiable net assets by RMB991 million. This excess was recognized as goodwill attributable to the acquisition of Quantumctek. The goodwill is allocated to the CGU comprising Quantumctek's operations.

At the reporting date, the Group performed an impairment test on the goodwill. The recoverable amount was determined based on fair value less costs of disposal. The test concluded that the goodwill was not impaired.

8. INTANGIBLE ASSETS

	Software and others RMB million
Cost:	
Balance as at 1 January 2024	68,180
Additions	4,078
Transferred from construction in progress	7,119
Retirement and disposal	(2,948)
Balance as at 31 December 2024	76,429
Additions	**4,239**
Transferred from construction in progress	**7,853**
Retirement and disposal	**(1,892)**
Balance as at 31 December 2025	**86,629**
Accumulated amortisation and impairment:	
Balance as at 1 January 2024	(45,478)
Amortisation charge for the year	(8,189)
Written back on retirement and disposal	2,751
Balance as at 31 December 2024	(50,916)
Amortisation charge for the year	**(8,853)**
Written back on retirement and disposal	**1,579**
Balance as at 31 December 2025	**(58,190)**
Net book value as at 31 December 2025	**28,439**
Net book value as at 31 December 2024	25,513

Intangible assets of the Group arising from acquisitions through a business combination was RMB525 million, mainly consisting of proprietary technology (Note 7(ii)).

9. INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries which principally affected the operating results, assets and liabilities of the Group as at 31 December 2025 are as follows:

Name of company	Type of legal entity	Date of incorporation	Place of incorporation and operation	Registered/issued capital (in RMB million unless otherwise stated)	Principal activity
China Telecom Digital Intelligence Technology Co., Ltd.	Limited Company	13 September 2001	PRC	3,000	Provision of system integration and consulting services
China Telecom Global Limited	Limited Company	25 February 2000	Hong Kong Special Administrative Region of the PRC	HK$168 million	Provision of telecommunications services
China Telecom Best Tone Information Service Co., Ltd.	Limited Company	15 August 2007	PRC	350	Provision of Best Tone information services
Tianyi Telecom Terminals Company Limited	Limited Company	1 July 2005	PRC	500	Sales of telecommunications terminals
iMUSIC Culture & Technology Co., Ltd.	Limited Company	9 June 2013	PRC	250	Provision of music production and related information services
Tianyi Capital Holding Co., Ltd.	Limited Company	30 November 2017	PRC	5,000	Capital investment and provision of consulting services
China Telecom Group Finance Co., Ltd. ("Finance Company")	Limited Company	8 January 2019	PRC	5,000	Provision of capital and financial management services
China Telecom Cloud Technology Co., Ltd.	Limited Company	1 July 2021	PRC	4,764	Provision of cloud products and services
E-surfing Digital Life Technology Co., Ltd.	Limited Company	6 July 2021	PRC	900	Provision of comprehensive solutions related to the digital life
Lingang Suanli (Shanghai) Technology Co., Ltd.	Limited Company	29 April 2021	PRC	2,350	Provision of computing power services

9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Type of legal entity	Date of incorporation	Place of incorporation and operation	Registered/issued capital (in RMB million unless otherwise stated)	Principal activity
Shanghai Information Industry (Group) Co., Ltd.	Limited Company	14 December 1994	PRC	297	Provision of communication engineering design and system terminal development services
Tianyi IoT Technology Co., Ltd.	Limited Company	2 February 2019	PRC	1,000	Provision of IoT services
China Telecom Intelligent Network Technology Co., Ltd.	Limited Company	26 January 2022	PRC	900	Provision of operation and support technical services
Tianyi Safety Technology Co., Ltd.	Limited Company	9 September 2021	PRC	500	Provision of network information security services
China Telecom Digital City Technology Co., Ltd.	Limited Company	18 June 2021	PRC	3,500	Provision of information system integration and technical services
China Telecom Artificial Intelligence Technology (Beijing) Co., Ltd.	Limited Company	28 November 2023	PRC	3,000	Provision of AI technology services
Tianyi Shilian Technology Co., Ltd.	Limited Company	28 November 2023	PRC	710	Provision of Vision network services
China Telecom Quantum Information Technology Group Limited	Limited Company	26 May 2023	PRC	3,000	Provision of quantum communication and quantum computing technology services

Except Finance Company which is 70% owned by the Company, China Telecom Cloud Technology Co., Ltd. which is 89% owned by the Company, and China Telecom Artificial Intelligence Technology (Beijing) Co., Ltd. which is 89% owned by the Company, all of the above subsidiaries are directly or indirectly wholly-owned by the Company. No subsidiaries of the Group have material non-controlling interests.

10. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	31 December	
	2025 RMB million	2024 RMB million
Cost of investment in associates and joint ventures	**37,175**	37,083
Share of post-acquisition changes in net assets	**8,105**	7,094
	45,280	44,177

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

Name of company	**Attributable equity interest**	**Principal activities**
China Tower Corporation Limited (Note (i))	20.5%	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.

10. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

Summarised financial information of the Group's principal associate and reconciliation to the carrying amounts of interests in associates in the Group's consolidated financial statements are disclosed below:

China Tower

	31 December	
	2025 RMB million	2024 RMB million
Current assets	**104,069**	91,360
Non-current assets	**232,510**	241,474
Current liabilities	**80,565**	75,799
Non-current liabilities	**52,106**	57,056

	2025 RMB million	2024 RMB million
Operating revenues	**100,411**	97,772
Profit for the year	**11,631**	10,730
Other comprehensive income for the year	**(2)**	(3)
Total comprehensive income for the year	**11,629**	10,727
Dividend received from China Tower	**1,589**	1,743

10. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

China Tower (continued)

Reconcile to the Group's interests in the associate:

	31 December	
	2025 RMB million	2024 RMB million
Net assets of China Tower	**203,908**	199,979
Non-controlling interests of China Tower	**2**	1
The Group's effective interest in China Tower	**20.5%**	20.5%
The Group's share of net assets of China Tower	**41,744**	40,995
Adjustment for the remaining balance of the deferred gain from the Tower Assets Disposal	**–**	(139)
Carrying amount of the interest in China Tower in the consolidated financial statements of the Group	**41,744**	40,856
Fair value of China Tower calculated based on quoted price	**37,679**	37,428

As at 31 December 2025, the fair value of investment in China Tower was RMB37,679 million based on its quoted market price, which was below its carrying amount by 9.7%. After assessment, management concluded that the impairment was not required for the equity investment in China Tower.

10. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

Aggregate financial information of the Group's associates and joint ventures that are not individually material is disclosed below:

	2025 RMB million	2024 RMB million
The Group's share of profit of these associates and joint ventures	197	136
The Group's share of total comprehensive income of these associates and joint ventures	197	136

	31 December	
	2025 RMB million	2024 RMB million
Aggregate carrying amount of interests in these associates and joint ventures in the consolidated financial statements of the Group	3,536	3,321

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		31 December	
	Notes	2025 RMB million	2024 RMB million
Equity securities of listed companies	(i)	952	919
Unlisted equity securities	(ii)	627	96
Others		299	–
		1,878	1,015

Notes:

(i) The above listed equity instruments represent ordinary shares of listed entities. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

(ii) The above unlisted equity securities represent the Group's equity interests in various private entities. The directors of the Company have elected to designate these investments in equity instruments as FVTOCI as they believe that the Group will hold these investments for long-term strategic purposes.

12. DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets and deferred tax liabilities before offsetting are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2025 RMB million	31 December 2024 RMB million	**31 December 2025 RMB million**	31 December 2024 RMB million
Accrued salaries, wages and other benefits	**4,077**	3,595	**–**	–
Temporary receipts of demolition and modification and deferred revenues	**2,234**	2,508	**–**	–
Depreciation, write-off and impairment of property, plant and equipment, etc.	**2,920**	2,852	**(53,673)**	(47,596)
Allowance for expected credit loss of accounts receivable	**3,192**	2,385	**–**	–
Subscriber points reward program	**870**	1,003	**–**	–
Right-of-use assets	**–**	–	**(7,750)**	(10,016)
Lease liabilities	**8,659**	10,906	**–**	–
Equity instruments at fair value through other comprehensive income	**28**	30	**(158)**	(151)
Others	**1,378**	1,050	**(69)**	–
Deferred tax assets/(liabilities)	**23,358**	24,329	**(61,650)**	(57,763)

As at 31 December 2025, the offsetting amount of deferred tax assets and deferred tax liabilities was RMB22,356 million (31 December 2024: RMB23,656 million). As at 31 December 2025, net deferred tax assets and deferred tax liabilities after offsetting were RMB1,002 million (31 December 2024: RMB673 million) and RMB39,294 million (31 December 2024: RMB34,107 million), respectively.

12. DEFERRED TAX ASSETS AND LIABILITIES (continued)

The movement of deferred tax assets and deferred tax liabilities are as follows:

	Balance as at 1 January 2025 RMB million	Recognised in consolidated statement of comprehensive income RMB million	Balance as at 31 December 2025 RMB million
Accrued salaries, wages and other benefits	3,595	482	4,077
Temporary receipts of demolition and modification and deferred revenues	2,508	(274)	2,234
Depreciation, write-off and impairment of property, plant and equipment, etc.	2,852	68	2,920
Allowance for expected credit loss of accounts receivable	2,385	807	3,192
Subscriber points reward program	1,003	(133)	870
Lease liabilities	10,906	(2,247)	8,659
Equity instruments at fair value through other comprehensive income	30	(2)	28
Others	1,050	328	1,378
Deferred tax assets	24,329	(971)	23,358
Depreciation, write-off and impairment of property, plant and equipment, etc.	(47,596)	(6,077)	(53,673)
Right-of-use assets	(10,016)	2,266	(7,750)
Equity instruments at fair value through other comprehensive income	(151)	(7)	(158)
Others	–	1	(69)
Deferred tax liabilities	(57,763)	(3,817)	(61,650)

12. DEFERRED TAX ASSETS AND LIABILITIES (continued)

	Balance as at 1 January 2024 RMB million	Recognised in consolidated statement of comprehensive income RMB million	Balance as at 31 December 2024 RMB million
Accrued salaries, wages and other benefits	2,264	1,331	3,595
Temporary receipts of demolition and modification and deferred revenues	2,745	(237)	2,508
Depreciation, write-off and impairment of property, plant and equipment, etc.	2,809	43	2,852
Allowance for expected credit loss of accounts receivable	1,889	496	2,385
Subscriber points reward program	997	6	1,003
Lease liabilities	12,550	(1,644)	10,906
Equity instruments at fair value through other comprehensive income	30	–	30
Others	950	100	1,050
Deferred tax assets	24,234	95	24,329
Depreciation, write-off and impairment of property, plant and equipment, etc.	(41,932)	(5,664)	(47,596)
Right-of-use assets	(11,714)	1,698	(10,016)
Equity instruments at fair value through other comprehensive income	(266)	115	(151)
Deferred tax liabilities	(53,912)	(3,851)	(57,763)

Deferred tax assets are recognised for deductible temporary differences and tax losses carry-forwards only to the extent that the realisation of the related tax benefit through future taxable profits is probable. Certain subsidiaries of the Group did not recognise deferred tax assets of RMB2,860 million (31 December 2024: RMB3,255 million) in respect of deductible temporary differences and tax losses amounting to RMB18,505 million (31 December 2024: RMB13,968 million) that can be carried forward against future taxable profits as at 31 December 2025. The deductible tax losses of the Group's subsidiaries in mainland China are allowed to be carried forward within next five years against future taxable profits, while those of high-tech enterprises are allowed to be within next ten years.

13. OTHER ASSETS

	Notes	31 December 2025 RMB million	2024 RMB million
Term deposits	(i)	11,210	10,299
Contract costs	(ii)	3,737	974
Prepayment for equity investment		–	1,775
Other long-term prepaid expenses and receivables	(iii)	10,359	8,838
		25,306	21,886

Notes:

(i) Term deposits comprise primarily bank deposits which will mature over one year.

(ii) Contract costs capitalised as at 31 December 2025 and 2024 mainly relate to the direct cost of the provision of terminal equipment provided by the Group. The amount of capitalised costs recognised in profit or loss for the year ended 31 December 2025 was RMB1,178 million (2024: RMB1,120 million). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during this year.

(iii) Other long-term prepaid expenses and receivables mainly include prepayments of construction and materials, etc.

14. JOINT OPERATION

On 9 September 2019, the Group entered into a framework cooperation agreement (the "Cooperation Agreement") with China United Network Communications Corporation Limited ("China Unicom") to co-build and co-share certain 5G access network. Pursuant to the Cooperation Agreement, the Group and China Unicom delineate and designate the regions to jointly construct and operate one 5G access network nationwide. In certain regions where the 5G access network is constructed, operated and maintained by China Unicom, the Group operates its 5G business relying on China Unicom's network; whereas in other regions where the 5G access network is constructed, operated and maintained by the Group, China Unicom operates its 5G business relying on the Group's network.

Pursuant to the Cooperation Agreement, the Group and China Unicom co-share 5G spectrum resources while the 5G core network is respectively constructed, operated and maintained by each party. Both parties jointly ensure a unified standard on network planning, construction, operation, maintenance and service quality in the 5G network co-build and co-share regions, and assure the same service level be delivered.

14. JOINT OPERATION (continued)

The 5G network co-build and co-share arrangement is agreed by the Group and China Unicom through coordination and promotion institution jointly established by both parties, in order to set up the relevant mechanism, system and rules with unanimous consensus reached by both parties. The main function of such joint coordination and promotion institution is to carry out joint network planning and investment decision, project initiation and acceptance and other related works, such as the determination of the location of 5G base stations and the types of equipment to be used, and coordinate the operation and maintenance of 5G co-build and co-share network in order to ensure the effective implementation of the Cooperation Agreement. For example, the timing, scale and location of the 5G base station construction, selection of equipment and appointment of maintenance suppliers across all regions are all negotiated and agreed by both parties with unanimous consensus.

Under the joint operation, the business and branding of each party continue to operate independently, and the subscribers to the services are owned by each party, respectively. Revenues derived from each party's subscribers are recognised by each party independently; cost and expenses are assumed by each party respectively; while assets constructed by each party and the related liabilities are also recognised and assumed by each party respectively.

15. INVENTORIES

	31 December	
	2025	2024
	RMB million	RMB million
Materials and supplies	**1,345**	1,333
Goods for sale	**2,086**	1,934
	3,431	3,267

16. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

	31 December	
	2025	2024
	RMB million	RMB million
Third parties	**62,694**	49,726
China Telecom Group	**3,801**	2,556
China Tower	**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

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

	31 December	
	2025	2024
	RMB million	RMB million
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

Details of impairment assessment of accounts receivable for the years ended 31 December 2025 and 2024 are set out in Note 40.

17. CONTRACT ASSETS

	31 December	
	2025 RMB million	2024 RMB million
Third parties	4,341	4,916
China Telecom Group	189	181
China Tower	–	1
	4,530	5,098
Less: Provision for impairment loss	(407)	(367)
	4,123	4,731

Contract assets mainly arise from contracts for the provision of Industrial Digitalisation services and Wireline and Smart Family services. The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle which is generally within a year.

18. PREPAYMENTS AND OTHER CURRENT ASSETS

		31 December	
	Note	2025 RMB million	2024 RMB million
Amounts due from China Telecom Group	(i)	4,253	3,962
Amounts due from China Tower		70	22
Amounts due from other telecommunications operators in the PRC		178	310
Other receivables		10,619	10,028
Less: Allowance for credit losses		(1,231)	(786)
Prepayments in connection with terminal equipment purchases		4,730	4,187
Prepaid expenses and deposits		3,005	3,303
Prepaid VAT and input VAT to be deducted		12,221	14,114
		33,845	35,140

Note:

(i) As at 31 December 2025, amounts due from China Telecom Group included short-term loans granted to China Telecom Group and its subsidiaries by Finance Company (31 December 2025: RMB2,599 million, and an impairment allowance recognised at RMB35 million; 31 December 2024: RMB2,062 million, and an impairment allowance recognised at RMB45 million), interest rate was 2.30%-2.80%, both with a maturity period of one year.

19. CASH AND CASH EQUIVALENTS

	31 December	
	2025 RMB million	2024 RMB million
Cash at bank and in hand	**41,173**	45,938
Time deposits with original maturity within three months	**20,221**	36,269
	61,394	82,207

20. SHORT-TERM AND LONG-TERM DEBTS

Short-term debts comprise:

	31 December	
	2025 RMB million	2024 RMB million
Loans from banks – unsecured	**2,448**	2,835

The weighted average interest rate of the Group's total short-term debts as at 31 December 2025 was 2.1% (31 December 2024: 2.6%) per annum, and the loans bear interests at rates ranging from 1.1% to 2.7% (31 December 2024: 1.1% to 2.9%) per annum, which are repayable within one year.

Long-term debts comprise:

		31 December	
	Note	**2025 RMB million**	2024 RMB million
Bank loans – unsecured			
Renminbi denominated	(i)	**7,383**	8,479
US Dollars denominated		**123**	145
Euro denominated		**69**	73
		7,575	8,697
Less: Current portion		**(1,466)**	(1,238)
Non-current portion		**6,109**	7,459

20. SHORT-TERM AND LONG-TERM DEBTS (continued)

Long-term debts comprise (continued):

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.

The aggregate maturities of the Group's long-term debts subsequent to 31 December 2025 are as follows:

	31 December	
	2025	2024
	RMB million	RMB million
Within 1 year	**1,466**	1,238
Between 1 to 2 years	**1,083**	1,430
Between 2 to 3 years	**2,513**	1,076
Between 3 to 4 years	**1,282**	2,508
Between 4 to 5 years	**793**	1,310
Thereafter	**438**	1,135
	7,575	8,697

The Group's short-term and long-term debts do not contain any financial covenants. As at 31 December 2025, the Group had unutilised credit facilities amounting to RMB207,111 million (31 December 2024: RMB196,413 million).

21. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	31 December	
	2025	2024
	RMB million	RMB million
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
	149,704	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:

	31 December	
	2025	2024
	RMB million	RMB million
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
	149,704	160,550

22. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December	
	2025 RMB million	2024 RMB million
Amounts due to China Telecom Group	37,896	32,364
Amounts due to China Tower	1,548	1,727
Amounts due to other telecommunications operators in the PRC	26	34
Accrued expenses	20,867	20,350
VAT payable	1,692	1,016
Deposits and rental receipt in advance	5,123	5,188
Accrued salaries, wages and other benefits	20,028	18,111
	87,180	78,790

23. CONTRACT LIABILITIES

	31 December	
	2025 RMB million	2024 RMB million
Third parties	66,834	65,006
China Telecom Group	279	178
China Tower	–	1
	67,113	65,185

Majority of contract liabilities as at 31 December 2024 was recognised as operating revenues for the year ended 31 December 2025.

24. LEASE LIABILITIES

	31 December	
	2025 RMB million	2024 RMB million
Within one year	**14,239**	14,369
Within a period of more than one year but not more than two years	**12,487**	13,579
Within a period of more than two years but not more than five years	**10,118**	18,186
Within a period of more than five years	**2,446**	3,077
	39,290	49,211
Less: Current portion	**(14,239)**	(14,369)
Non-current portion	**25,051**	34,842

25. SHARE CAPITAL

	31 December	
	2025 RMB million	2024 RMB million
Registered, issued and fully paid		
77,629,728,699 A shares of RMB1.00 each	**77,630**	77,630
13,877,410,000 H shares of RMB1.00 each	**13,877**	13,877
	91,507	91,507

26. RESERVES

The Group

	Capital reserve RMB million (Note (i))	Share premium RMB million	Surplus reserves RMB million (Note (iii))	General risk reserve RMB million (Note (v))	Other reserves RMB million (Note (ii))	Exchange reserves RMB million	Retained earnings RMB million	Total RMB million
Balance as at 1 January 2024	19,722	47,687	87,761	387	504	(395)	195,753	351,419
Total comprehensive income for the year	–	–	–	–	(337)	130	33,012	32,805
Share of associates and joint ventures' other changes in reserves and others	186	–	–	–	–	–	–	186
Dividends (Note 37)	–	–	–	–	–	–	(23,527)	(23,527)
Appropriations to statutory surplus reserve (Note (iii))	–	–	3,163	–	–	–	(3,163)	–
Appropriations to general risk reserve (Note (v))	–	–	–	274	–	–	(274)	–
Balance as at 31 December 2024	19,908	47,687	90,924	661	167	(265)	201,801	360,883
Total comprehensive income for the year	–	–	–	–	50	(139)	33,185	33,096
Share of associates and joint ventures' other changes in reserves and others	31	–	–	–	–	–	–	31
Contribution from non-controlling interests	–	375	–	–	–	–	–	375
Dividends (Note 37)	–	–	–	–	–	–	(25,064)	(25,064)
Appropriations to statutory surplus reserve (Note (iii))	–	–	3,117	–	–	–	(3,117)	–
Appropriations to general risk reserve (Note (v))	–	–	–	121	–	–	(121)	–
Balance as at 31 December 2025	19,939	48,062	94,041	782	217	(404)	206,684	369,321

26. RESERVES (continued)

The Company

	Capital reserve RMB million (Note (i))	Share premium RMB million	Surplus reserves RMB million (Note (iii))	Other reserves RMB million (Note (ii))	Retained earnings RMB million (Note (iv))	Total RMB million
Balance as at 1 January 2024	28,771	47,687	87,761	524	161,486	326,229
Total comprehensive income for the year	–	–	–	(344)	31,623	31,279
Share of associates and joint ventures' other changes in reserves	186	–	–	–	–	186
Dividends (Note 37)	–	–	–	–	(23,527)	(23,527)
Appropriations to statutory surplus reserve (Note (iii))	–	–	3,163	–	(3,163)	–
Balance as at 31 December 2024	28,957	47,687	90,924	180	166,419	334,167
Total comprehensive income for the year	–	–	–	20	31,174	31,194
Share of associates and joint ventures' other changes in reserves and others	30	–	–	–	–	30
Dividends (Note 37)	–	–	–	–	(25,064)	(25,064)
Appropriations to statutory surplus reserve (Note (iii))	–	–	3,117	–	(3,117)	–
Balance as at 31 December 2025	28,987	47,687	94,041	200	169,412	340,327

Notes:

(i) Capital reserve of the Group mainly represents the sum of (a) the difference between the carrying amount of the Company's net assets and the par value of the Company's shares issued upon its formation; (b) the difference between the consideration paid by the Group for the companies acquired, from China Telecom Group which were accounted for as equity transactions, and the historical carrying amount of the net assets of these acquired companies; and (c) the difference between the consideration paid by the Group for the acquisition of non-controlling interests and the carrying amount of the non-controlling interests acquired.

Capital reserve of the Company represents the difference between the carrying amount of the Company's net assets and the par value of the Company's shares issued upon its formation.

(ii) Other reserves of the Group and the Company represent primarily the change in the fair value of investment in equity instruments at FVTOCI and the deferred tax recognised due to the change in fair value of those investment in equity instruments.

26. RESERVES (continued)

Notes (continued):

(iii) The surplus reserves consist of statutory surplus reserve and discretionary surplus reserve.

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit, as determined in accordance with the lower of the amount determined under China Accounting Standards for Business Enterprises and the amount determined under IFRS Accounting Standards, to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of any dividend to shareholders. For the years ended 31 December 2025 and 2024, the net profit of the Company determined in accordance with China Accounting Standards for Business Enterprises and IFRS Accounting Standards are the same. For the year ended 31 December 2025, the Company transferred RMB3,117 million (2024: RMB3,163 million), being 10% of the year's net profit, to this reserve. As at 31 December 2025, the amount of statutory surplus reserve was RMB47,962 million (31 December 2024: RMB44,845 million).

The Company did not make any appropriations to discretionary surplus reserve for the years ended 31 December 2025 and 2024. As at 31 December 2025 and 2024, the amount of discretionary surplus reserve was RMB46,079 million.

The statutory and discretionary surplus reserves are non-distributable other than in liquidation and can be used to make good of previous years' losses, if any, and may be utilised for business expansion or converted into share capital by issuing new shares to existing shareholders in proportion to their shareholdings or by increasing the par value of the shares currently held by them, provided that the remaining statutory surplus reserve balance after such issue is not less than 25% of the registered capital.

(iv) According to the Company's Articles of Association, the amount of retained earnings available for distribution to shareholders of the Company is the lower of the amount of the Company's retained earnings determined in accordance with China Accounting Standards for Business Enterprises and the amount determined in accordance with IFRS Accounting Standards. As at 31 December 2025, the amount of retained earnings available for distribution was RMB169,412 million (31 December 2024: RMB166,419 million), being the amount determined in accordance with IFRS Accounting Standards. Final dividend of approximately RMB8,309 million in respect of the financial year 2025 proposed after the end of the reporting period has not been recognised as a liability in the consolidated financial statements at the end of the reporting period (Note 37).

(v) Pursuant to "Requirements on Impairment Allowance for Financial Institutions" (Caijin [2012] No. 20) issued by the Ministry of Finance of the PRC effective on 1 July 2012 (the "Requirements"), the Group's subsidiaries, mainly Finance Company, established a general risk reserve within equity, through appropriation of retained earnings, to address unidentified potential losses relating to risk assets. The general risk reserve balance should not be less than 1.5% of the ending balance of risk assets, as defined in the Requirements.

27. OPERATING REVENUES

Disaggregation of revenue

	Notes	2025 RMB million	2024 RMB million
Type of goods or services			
Service revenues		**485,424**	482,033
Mobile communications service revenues	(i)	**204,528**	202,524
Wireline and Smart Family service revenues	(ii)	**125,979**	125,680
Industrial Digitalisation service revenues	(iii)	**147,307**	146,588
Other service revenues	(iv)	**7,610**	7,241
Sales of goods and others	(v)	**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.

28. NETWORK OPERATIONS AND SUPPORT

	Note	2025 RMB million	2024 RMB million
Operating and maintenance		103,728	106,760
Utility		19,911	19,573
Network resources usage and related fees	(i)	31,390	32,363
Others		7,025	6,902
		162,054	165,598

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.

29. SELLING, GENERAL AND ADMINISTRATIVE

	Note	2025 RMB million	2024 RMB million
Channel commission and customer services expenses		45,655	47,265
Advertising and promotion expenses		2,250	2,370
Property and transportation related expenses		2,752	2,972
Research and development expenses	(i)	4,910	4,661
Auditors' remuneration			
— Audit services		49	46
— Other special audit and assurance services		1	–
— Non-audit services		3	3
Others		10,562	9,346
		66,182	66,663

Note:

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

30. PERSONNEL EXPENSES

Personnel expenses are attributable to the following functions:

	2025 RMB million	2024 RMB million
Network operations and support	58,178	57,878
Selling, general and administrative	39,648	40,401
	97,826	98,279

31. OTHER OPERATING EXPENSES

	Notes	2025 RMB million	2024 RMB million
Interconnection charges	(i)	17,251	15,938
Cost of goods sold	(ii)	36,719	39,710
Donations		6	3
Others		5,649	2,379
		59,625	58,030

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.

32. NET FINANCE COSTS

	2025 RMB million	2024 RMB million
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)
Net interest expense	2,054	2,391
Interest income	(1,825)	(2,242)
Net foreign exchange gain or loss and others	159	79
	388	228

33. INCOME TAX

Income tax in the profit or loss comprises:

	2025 RMB million	2024 RMB million
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
	9,457	9,197

33. INCOME TAX (continued)

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

	Notes	2025 RMB million	2024 RMB million
Profit before taxation		42,680	42,172
Expected income tax expense at statutory tax rate of 25%	(i)	10,670	10,543
Differential tax rate on mainland China subsidiaries' and branches' income	(i)	(971)	(1,068)
Differential tax rate on other subsidiaries' income	(ii)	(48)	(55)
Non-taxable income	(iii)	(737)	(716)
Non-deductible expenses	(iv)	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	(v)	(239)	(125)
Income tax expense		9,457	9,197

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.

34. DIRECTORS' AND SUPERVISORS' REMUNERATION

The following table sets out the remuneration of the Company's directors and supervisors:

2025	Directors'/ supervisors' fees RMB thousand	Salaries, allowances and benefits in kind RMB thousand	Discretionary bonuses[12] RMB thousand	Retirement scheme contributions RMB thousand	Total RMB thousand
Executive directors					
Ke Ruiwen	–	250	375	126	751
Liu Guiqing	–	244	366	123	733
Liang Baojun[1]	–	20	20	10	50
Tang Ke	–	225	338	120	683
Li Yinghui	–	223	334	119	676
Li Jun[2]	–	–	–	–	–
Executive vice presidents					
Liu Ying[3]	–	185	278	108	571
Huang Zhiyong[4]	–	148	223	80	451
Non-executive directors					
Lyu Yongzhong[5]	–	–	–	–	–
Chen Shengguang[6]	–	–	–	–	–
Independent non-executive directors[7]					
Ng Kar Ling Johnny	497	–	–	–	497
Yeung Chi Wai, Jason[8]	311	–	–	–	311
Lee Sunny Wai Kwong[9]	6	–	–	–	6
Chen Dongqi	–	–	–	–	–
Lyu Wei	–	–	–	–	–
Employee director					
Guan Lixin[10]	–	–	–	–	–
Supervisors[11]					
Huang Xudan	–	209	317	109	635
Luo Laifeng	–	217	348	121	686
Guan Lixin	–	181	380	118	679
Luo Zhendong	–	133	241	104	478
Wang Yibing	–	–	–	–	–
	814	2,035	3,220	1,138	7,207

34. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

1 *Mr. Liang Baojun resigned as an executive director of the Company on 10 February 2025.*

2 *Mr. Li Jun resigned as an executive director of the Company on 22 January 2025.*

3 *Madam Liu Ying was appointed as an executive vice president of the Company on 25 March 2025.*

4 *Mr. Huang Zhiyong was appointed as an executive vice president of the Company on 16 May 2025.*

5 *Mr. Lyu Yongzhong was appointed as a non-executive director of the Company on 21 May 2025.*

6 *Mr. Chen Shengguang resigned as a non-executive director of the Company on 21 May 2025.*

7 *The independent non-executive directors' remunerations were for their services as directors of the Company.*

8 *Mr. Yeung Chi Wai, Jason resigned as an independent non-executive director of the Company on 16 December 2025.*

9 *Mr. Lee Sunny Wai Kwong was appointed as an independent non-executive director of the Company on 16 December 2025.*

10 *Madam Guan Lixin was appointed as an employee director of the Company on 25 December 2025.*

11 *The Group cancelled supervisory board on 16 December 2025.*

12 *The discretionary bonuses of the executive directors, executive vice presidents and supervisors were determined based on the Group's performance.*

13 *During year 2025, the Company also settled the bonus for year 2024, including RMB367 thousand for Ke Ruiwen, RMB339 thousand for Liu Guiqing, RMB332 thousand for Tang Ke, RMB329 thousand for Li Yinghui, RMB164 thousand for Liu Ying.*

14 *During year 2025, the Company also settled the term incentive for 2022-2024, including RMB837 thousand for Ke Ruiwen, RMB754 thousand for Liu Guiqing, RMB751 thousand for Tang Ke, RMB704 thousand for Li Yinghui, RMB124 thousand for Liu Ying.*

15 *During year 2025, the Company also settled the bonus for year 2024 and other bonus, including RMB346 thousand for Huang Xudan, RMB409 thousand for Luo Laifeng, RMB346 thousand for Guan Lixin, RMB273 thousand for Luo Zhendong.*

16 *The remuneration of all directors and supervisors were calculated based on their respective actual terms of office within this year. None of the directors or supervisors received any inducements for joining the Company or compensation for loss of office, or waived or agreed to waive any emoluments during this year.*

34. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

2024	Directors'/ supervisors' fees RMB thousand	Salaries, allowances and benefits in kind RMB thousand	Discretionary bonuses[8] RMB thousand	Retirement scheme contributions RMB thousand	Share-based payments RMB thousand	Total RMB thousand
Executive directors						
Ke Ruiwen	–	245	368	145	–	758
Liang Baojun[1]	–	102	174	52	–	328
Shao Guanglu[2]	–	100	100	69	–	269
Liu Guiqing	–	221	331	137	–	689
Tang Ke	–	221	331	136	–	688
Xia Bing[3]	–	18	18	13	–	49
Li Yinghui	–	218	327	136	–	681
Li Jun[4]	–	218	327	136	–	681
Non-executive director						
Chen Shengguang	–	–	–	–	–	–
Independent non-executive directors[5]						
Ng Kar Ling Johnny	509	–	–	–	–	509
Yeung Chi Wai, Jason	324	–	–	–	–	324
Chen Dongqi	–	–	–	–	–	–
Lyu Wei	–	–	–	–	–	–
Supervisors						
Huang Xudan[6]	–	114	348	54	234	750
Luo Laifeng[6]	–	111	396	54	–	561
Han Fang[7]	–	323	129	86	–	538
Zhang Jianbin[7]	–	154	443	85	–	682
Guan Lixin	–	208	760	127	273	1,368
Luo Zhendong	–	159	593	108	152	1,012
Wang Yibing	–	–	–	–	–	–
	833	2,412	4,645	1,338	659	9,887

34. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

1 *Mr. Liang Baojun was appointed as an executive director of the Company on 21 August 2024, and resigned as an executive director of the Company on 10 February 2025.*

2 *Mr. Shao Guanglu resigned as an executive director of the Company on 23 May 2024.*

3 *Mr. Xia Bing resigned as an executive director of the Company on 19 January 2024.*

4 *Mr. Li Jun resigned as an executive director of the Company on 22 January 2025.*

5 *The independent non-executive directors' remunerations were for their services as directors of the Company.*

6 *Madam Huang Xudan and Mr. Luo Laifeng were appointed as supervisors of the Company on 21 August 2024.*

7 *Madam Han Fang and Mr. Zhang Jianbin resigned as supervisors of the Company on 21 August 2024.*

8 *The discretionary bonuses of the executive directors and supervisors were determined based on the Group's performance.*

9 *During year 2024, the Company also settled the bonus for year 2023, including RMB360 thousand for Ke Ruiwen, RMB327 thousand for Liu Guiqing, RMB327 thousand for Tang Ke, RMB317 thousand for Li Yinghui, RMB317 thousand for Li Jun.*

10 *The remuneration of all directors and supervisors were calculated based on their respective actual terms of office within this year. None of the directors or supervisors received any inducements for joining the Company or compensation for loss of office, or waived or agreed to waive any emoluments during this year.*

35. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT REMUNERATION

(a) Five highest paid individuals

None of the five highest paid individuals of the Group for the years ended 31 December 2025 and 2024 were directors of the Company.

The aggregate of the emoluments in respect of the five (2024: five) individuals (non-directors) with the highest emoluments are as follows:

	2025 RMB thousand	2024 RMB thousand
Salaries, allowances and benefits in kind	7,409	5,065
Discretionary bonuses	8,413	9,904
Retirement scheme contributions	909	535
	16,731	15,504

The emoluments of the five (2024: five) individuals (non-directors) with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
RMB2,500,001 – RMB3,000,000	3	3
RMB3,000,001 – RMB3,500,000	1	1
RMB3,500,001 – RMB4,000,000	–	1
More than RMB4,000,001	1	–

None of these employees received any inducements for joining the Company or compensation for loss of office, or waived any emoluments during the years presented.

35. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT REMUNERATION (continued)

(b) Senior management remuneration

The emoluments of the Group's senior management are within the following bands:

	2025 Number of individuals	2024 Number of individuals
RMB0 – RMB1,000,000	21	18
RMB1,000,001 – RMB1,500,000	–	2

36. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

For the year ended 31 December 2025, the consolidated profit attributable to equity holders of the Company includes a profit of RMB31,174 million which has been dealt with in the stand-alone financial statements of the Company.

For the year ended 31 December 2024, the consolidated profit attributable to equity holders of the Company includes a profit of RMB31,623 million which has been dealt with in the stand-alone financial statements of the Company.

37. 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.

38. 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.

39. COMMITMENTS AND CONTINGENCIES

Capital commitments

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

	31 December	
	2025	2024
	RMB million	RMB million
Contracted for but not provided		
Property	**2,193**	3,214
Telecommunications network plant and equipment	**14,578**	17,012
	16,771	20,226

Contingent liabilities

(a) The Group, with the assistance of its legal counsels, assessed and concluded that no material contingent liabilities existed as at 31 December 2025.

(b) As at 31 December 2025 and 2024, the Group did not have contingent liabilities in respect of guarantees given to banks in respect of banking facilities granted to other parties.

Legal contingencies

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and based on such assessment, believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

40. FINANCIAL INSTRUMENTS

Financial assets of the Group include cash and cash equivalents, bank deposits and restricted cash, financial assets 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.

(a) 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.

The monetary funds, the national bonds, the listed equity securities investments not within the restricted trading period 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 31 December 2025, the fair value of the Group's listed equity securities investments not within the restricted trading period is RMB955 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 and the listed equity securities investments within the restricted trading period included in financial assets at fair value through profit or loss, and investments in listed equity securities included in equity instruments at fair value through other comprehensive income, are classified as financial instruments categorised as level 3. As at 31 December 2025, the fair value of the Group's financial instruments categorised as level 3 is RMB12,755 million (31 December 2024: RMB456 million).

40. FINANCIAL INSTRUMENTS (continued)

(a) Fair Value Measurements (continued)

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 31 December 2025 and 31 December 2024, the carrying amounts and fair values of the Group's long-term debts were as follows:

	31 December 2025		31 December 2024	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Long-term debts	7,575	7,396	8,697	8,514

During the year, there were no transfers among instruments in level 1, level 2 or level 3.

The movements during the period in the balance of these Level 3 fair value measurements are as follows

	As at 31 December 2024 RMB million	Purchase/ transfer RMB million	Disposal/ transfer RMB million	Others RMB million	Recognised in Profit or loss RMB million	Recognised in other comprehensive income RMB million	As at 31 December 2025 RMB million
Financial assets measured at FVPL	361	93,737	(82,637)	256	411	–	12,128
Financial assets measured at FVOCI	95	501	(6)	10	–	27	627
	456	94,238	(82,643)	266	411	27	12,755

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks

The Group's financial instruments are exposed to three main types of risks, namely, credit risk, liquidity risk and market risk (which mainly comprises interest rate risk and foreign currency exchange rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as liquidity risk, credit risk, and market risk, etc. The Board regularly reviews these policies and authorises changes if necessary based on operating and market conditions and other relevant risks. The following summarises the qualitative and quantitative disclosures for each of the three main types of risks:

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. For the Group, this arises mainly from deposits it maintains at financial institutions and credit it provides to customers for the provision of telecommunications services.

Cash and cash equivalents, bank deposits and restricted cash

To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large state-owned financial institutions in the PRC with acceptable credit ratings. The credit risks on bank balances are limited because the counterparties are banks with high credit ratings.

Accounts receivable and contract assets arising from contracts with customers

For accounts receivable and contract assets, management performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on accounts receivable and contract assets. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. In addition, the Group determines the allowances for expected credit loss under ECL model on trade balances individually or based on provision matrix. Furthermore, the Group has a diversified base of customers with no single customer contributing more than 10% of revenues for the years presented.

The Group measures loss allowances for accounts receivable and contract assets at an amount equal to lifetime ECL, which is calculated using a provision matrix, or individually assessed for those debtors with significant balances or credit-impaired debtors. As different loss patterns were indicated during the analysis of the Group's historical credit loss experience between telephone and Internet subscribers and enterprise customers, the following tables provide information about the Group's exposure to credit risk and ECL for accounts receivable from telephone and Internet subscribers and enterprise customers, respectively, as at 31 December 2025 and 2024. Expected credit losses on accounts receivable of others are not material.

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(i) Credit risk (continued)

Accounts receivable and contract assets arising from contracts with customers (continued)

Accounts receivable from telephone and Internet subscribers:

	31 December 2025		
	Expected loss rate %	Gross carrying amount RMB million	Loss allowance RMB million
Current, within 1 month	2	5,830	116
1 to 3 months	20	2,031	402
4 to 6 months	60	1,000	599
7 to 12 months	80	1,280	1,024
Over 12 months	100	2,649	2,649
		12,790	4,790

	31 December 2024		
	Expected loss rate %	Gross carrying amount RMB million	Loss allowance RMB million
Current, within 1 month	2	5,979	120
1 to 3 months	20	2,120	420
4 to 6 months	60	891	532
7 to 12 months	80	1,624	1,299
Over 12 months	100	2,051	2,051
		12,665	4,422

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(i) Credit risk (continued)

Accounts receivable and contract assets arising from contracts with customers (continued)

Accounts receivable from enterprise customers:

	31 December 2025		
	Expected loss rate %	Gross carrying amount RMB million	Loss allowance RMB million
Within 6 months	2	16,923	386
7 to 12 months	23	4,962	1,131
1 to 2 years	68	4,787	3,274
2 to 3 years	100	2,270	2,270
Over 3 years	100	2,128	2,128
		31,070	9,189

	31 December 2024		
	Expected loss rate %	Gross carrying amount RMB million	Loss allowance RMB million
Within 6 months	2	13,415	305
7 to 12 months	23	4,073	929
1 to 2 years	68	2,978	2,037
2 to 3 years	100	1,021	1,021
Over 3 years	100	1,395	1,395
		22,882	5,687

As at 31 December 2025, the expected loss rate for contract assets is 9% (2024: 7%).

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(i) Credit risk (continued)

Accounts receivable and contract assets arising from contracts with customers (continued)

As at 31 December 2025, the loss allowance for accounts receivable and contract assets was RMB14,732 million and RMB407 million (2024: RMB10,720 million and RMB367 million), respectively. Loss allowance of RMB234 million as at 31 December 2025 (2024: RMB256 million), which was not calculated collectively in the above, was made individually on debtors with significant balances or credit-impaired debtors.

Expected loss rates are based on actual loss experience over the past 1 to 3 years. These rates are adjusted to reflect differences among economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of accounts receivable is as follows:

	2025 RMB million	2024 RMB million
At the beginning of year	10,720	8,238
Impairment losses for ECL	5,004	3,585
Written off and others	(992)	(1,103)
At the end of year	14,732	10,720

(ii) Liquidity risk

Liquidity risk refers to the risk that funds will not be available to meet liabilities as they fall due, and results from timing and amount mismatches of cash inflow and outflow. The Group manages liquidity risk by maintaining sufficient cash balances and adequate amount of committed banking facilities to meet its funding needs, including working capital, principal and interest payments on debts, dividend payments, capital expenditures and new investments for a set minimum period of between 3 to 6 months.

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(ii) Liquidity risk (continued)

The following table sets out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if variable, based on prevailing rates at the end of the reporting period) and the earliest date the Group would be required to repay:

	31 December 2025					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	2,448	2,477	2,477	–	–	–
Long-term debts	7,575	8,195	1,587	1,197	4,938	473
Accounts payable	149,704	149,704	149,704	–	–	–
Accrued expenses and other payables	58,438	58,467	58,467	–	–	–
Lease liabilities	39,290	41,598	15,209	12,999	10,772	2,618
Other non-current liabilities	222	241	–	241	–	–
	257,677	260,682	227,444	14,437	15,710	3,091

	31 December 2024					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	2,835	2,869	2,869	–	–	–
Long-term debts	8,697	9,602	1,402	1,568	5,343	1,289
Accounts payable	160,550	160,550	160,550	–	–	–
Accrued expenses and other payables	52,474	53,263	53,263	–	–	–
Lease liabilities	49,211	52,476	15,614	14,451	19,092	3,319
Other non-current liabilities	216	227	–	227	–	–
	273,983	278,987	233,698	16,246	24,435	4,608

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(ii) Liquidity risk (continued)

Management believes that the Group's current cash on hand, expected cash flows from operations and available credit facilities from banks (Note 20) will be sufficient to meet the Group's working capital requirements and repay its borrowings and payables when they become due.

(iii) Interest rate risk

The Group's interest rate risk exposure arises primarily from its short-term debts, long-term debts and deposits with Finance Company. Debts carrying interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group manages its exposure to interest rate risk by closely monitoring the change in the market interest rate.

The following table sets out the interest rate profile of the Group's debts at the end of the reporting period:

	31 December 2025		31 December 2024	
	Effective interest rate %	RMB million	Effective interest rate %	RMB million
Fixed rate debts				
Short-term debts	2.1	2,172	2.6	2,835
Long-term debts	1.3	3,725	1.3	4,772
		5,897		7,607
Variable rate debts				
Short-term debts	2.2	276	–	–
Long-term debts	2.2	3,850	2.6	3,925
		4,126		3,925
Total debts		10,023		11,532
Fixed rate debts as a percentage of total debts		58.8%		66.0%

Management does not expect the increase or decrease in interest rate will materially affect the Group's financial position and result of operations as at 31 December 2025.

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(iii) Interest rate risk (continued)

In addition, The deposit interest rates provided by Finance Company to China Telecom Group are fixed and 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. The management of the Group does not expect the high level of fair value interest rate risk as such interest rates are immaterial.

(iv) Foreign currency exchange rate risk

Foreign currency exchange rate risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Group's foreign currency risk exposure mainly relates to bank deposits and borrowings denominated primarily in US dollars, Euros and Hong Kong dollars.

As at 31 December 2025, for companies adopt Renminbi as the bookkeeping base currency, if RMB had strengthened/weakened by 5% against foreign currencies, while all other variables are held constant, the profit before taxation would decrease/increase approximately RMB140 million (2024: approximately RMB98 million) for financial assets and liabilities denominated in foreign currency (primarily in US dollars, Euro and HK dollars).

As at 31 December 2025, for companies adopt other than Renminbi as the bookkeeping base currency, if the bookkeeping base currency had strengthened/weakened by 5% against foreign currencies, while all other variables are held constant, the profit before taxation would decrease/increase approximately RMB137 million (2024: approximately RMB161 million) for financial assets and liabilities denominated in foreign currency (primarily in Renminbi, US dollars, Euro and HK dollars).

41. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide investment returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

41. CAPITAL MANAGEMENT (continued)

Management regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital on the basis of liabilities-to-assets ratio. This ratio is calculated as total liabilities divided by total assets. As at 31 December 2025, the Group's liabilities-to-assets ratio is 46.2% (31 December 2024: 47.3%).

Except for Finance Company, which is subject to certain capital requirements imposed by National Financial Regulatory Administration (formerly known as "China Banking and Insurance Regulatory Commission"), neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Short-term debts RMB million	Long-term debts RMB million	Payables in respect of instalment purchase of equipment RMB million	Lease liabilities RMB million	Dividend payable RMB million	Deposits with Finance Company and entrusted loans RMB million (Note (i))	Total RMB million
Balance as at 1 January 2024	2,867	6,275	2,567	56,049	2	24,107	91,867
Financing cash flows	(29)	2,275	(4,280)	(15,428)	(23,617)	951	(40,128)
Foreign exchange gain or loss	–	–	–	12	–	–	12
New leases	–	–	–	11,135	–	–	11,135
Lease modifications	–	–	–	(2,557)	–	–	(2,557)
Distribution to non-controlling interests	–	–	–	–	90	–	90
Dividends declared	–	–	–	–	23,527	–	23,527
Additions of equipment	–	–	7,331	–	–	–	7,331
Others	(3)	147	–	–	–	–	144
Balance as at 31 December 2024	2,835	8,697	5,618	49,211	2	25,058	91,421

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Short-term debts RMB million	Long-term debts RMB million	Payables in respect of instalment purchase of equipment RMB million	Lease liabilities RMB million	Dividend payable RMB million	Deposits with Finance Company and entrusted loans RMB million (Note (i))	Total RMB million
Financing cash flows	(387)	(1,233)	(6,357)	(16,792)	(25,133)	4,053	(45,849)
Foreign exchange gain or loss	–	3	–	(7)	–	–	(4)
New leases	–	–	–	8,989	–	–	8,989
Lease modifications	–	–	–	(2,111)	–	–	(2,111)
Distribution to non-controlling interests	–	–	–	–	69	–	69
Dividends declared	–	–	–	–	25,064	–	25,064
Additions of equipment	–	–	7,653	–	–	–	7,653
Others	–	108	–	–	–	–	108
Balance as at 31 December 2025	2,448	7,575	6,914	39,290	2	29,111	85,340

Notes:

(i) As at 31 December 2025, the balance of deposits with Finance Company amounting to RMB27,100 million (31 December 2024: RMB25,058 million) and the balance of entrusted loans from China Telecom Group amounting to RMB2,011 million(31 December 2024: nil) were included in amounts due to China Telecom Group in accrued expenses and other payables (Note 22).

\(ii) For the year ended 31 December 2025, other than the net financing cash outflows totalling RMB45,849 million (2024: RMB40,128 million) as presented above, other primary financing activities include Finance Company's placing statutory deposit reserves amounting RMB519 million (2024: RMB465 million) at the People's Bank of China which was included in the balance of short-term bank deposits and restricted cash as at 31 December 2025.

43. 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. These transactions constitute continuing connected transactions under the Listing Rules and the Company has complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules. Further details of these continuing connected transactions are disclosed under the paragraph "Continuing Connected Transactions" in the "Significant Events".

	Notes	2025 RMB million	2024 RMB million
Construction engineering and design services	(i)	18,350	21,045
Receiving ancillary services	(ii)	23,391	23,144
Interconnection revenues*	(iii)	45	44
Interconnection charges*	(iii)	95	89
Receiving community services	(iv)	4,562	4,491
Centralised services transaction revenues	(v)	4,168	3,916
Centralised services transaction expenses	(v)	128	596
Property and land use right lease income	(vi)	73	69
Property and land use right lease related expenses	(vii)	566	763
Addition to right-of-use assets	(vii)	443	528
Interest expense on lease liabilities	(vii)	24	24
Provision of IT services	(viii)	3,456	3,066
Receiving IT services	(viii)	7,498	8,279
Purchases of telecommunications equipment, materials and procurement services	(ix)	3,678	4,826
Sales of telecommunications equipment, materials and procurement services	(ix)	4,665	4,039
Internet applications channel services revenues	(x)	6*	41
Payment and digital finance related services	(xi)	737	974
Communications resources lease expenses	(xii)	419	567
Obtaining entrusted loans*	(xiii)	2,011	–
Net deposits by China Telecom Group to Finance Company*	(xiv)	2,043	951
Interest expense on the deposit by China Telecom Group with Finance Company*	(xiv)	390	437
Short-term loans granted by Finance Company to China Telecom Group	(xiv)	2,600	4,075
China Telecom Group's repayments of short-term loans granted by Finance Company	(xiv)	2,064	10,093
Interest income from loans granted by Finance Company to China Telecom Group	(xiv)	51	123
Accepting financial leasing services	(xv)	8,551	7,633
Licence income for intellectual property*	(xvi)	–	**

43. 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.*

** *Amount less than 1 million.*

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 licence income of intellectual property granted by the Group to China Telecom Group and its subsidiaries.

43. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with China Telecom Group (continued)

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

	31 December	
	2025	2024
	RMB million	RMB million
Accounts receivable	**3,801**	2,556
Contract assets	**189**	181
Prepayments and other current assets	**4,253**	3,962
Other assets	**1,515**	130
Accounts payable	**28,512**	31,194
Accrued expenses and other payables	**37,896**	32,364
Contract liabilities	**279**	178
Lease liabilities	**1,504**	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 (Note 18(i)) and deposit with Finance Company included in accrued expenses and other payables (Note 42(i)), 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.

Short-term loans granted by Finance Company to China Telecom Group (Note 18(i)) are conducted on normal commercial terms or better.

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.

43. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with China Tower

The principal transactions with China Tower are as follows. These transactions do not constitute connected transactions under the Listing Rules.

	Notes	2025 RMB million	2024 RMB million
Tower assets lease related expenses	(i)	11,656	12,201
Addition to right-of-use assets	(i)	2,965	3,828
Interest expenses on lease liabilities	(i)	754	949
Provision of IT services	(ii)	58	36

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:

	31 December	
	2025 RMB million	2024 RMB million
Accounts receivable	83	46
Contract assets	*	1
Prepayments and other current assets	70	22
Accounts payable	10,157	10,618
Accrued expenses and other payables	1,548	1,727
Contract liabilities	*	1
Lease liabilities	19,920	26,501

* *Amount less than 1 million.*

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.

43. RELATED PARTY TRANSACTIONS (continued)

(c) Transactions with joint ventures and associated companies of China Telecom Group and its subsidiaries

The principal transactions with joint ventures and associated companies of China Telecom Group and its subsidiaries are as follows:

	2025 RMB million	2024 RMB million
Property and land use right lease income	21	15
Provision of IT services	40	31
Receiving IT services	73	20
Purchases of telecommunications equipment, materials and procurement services	102	142

Amounts due from/to joint ventures and associated companies of China Telecom Group and its subsidiaries are summarised as follows:

	31 December	
	2025 RMB million	2024 RMB million
Accounts receivable	264	148
Contract assets	*	*
Prepayments and other current assets	4	3
Accounts payable	73	93
Accrued expenses and other payables	2	2
Contract liabilities	61	19
Lease liabilities	20	23

* *Amount less than 1 million.*

43. RELATED PARTY TRANSACTIONS (continued)

(d) Transactions with other joint ventures and associated companies of China Telecom Group

The principal transactions with other joint ventures and associated companies of China Telecom Group are as follows:

	2025 RMB million	2024 RMB million
Property and land use right lease income	6	6
Provision of IT services	46	45
Receiving IT services	976	899
Purchases of telecommunications equipment, materials and procurement services	506	566

Amounts due from/to other joint ventures and associated companies of China Telecom Group are summarised as follows:

	31 December	
	2025 RMB million	2024 RMB million
Accounts receivable	17	10
Contract assets	6	10
Prepayments and other current assets	10	6
Accounts payable	476	475
Accrued expenses and other payables	3	3
Contract liabilities	1	3
Lease liabilities	37	66

(e) 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.

43. RELATED PARTY TRANSACTIONS (continued)

(e) Key management personnel compensation (continued)

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

	2025 RMB thousand	2024 RMB thousand
Short-term employee benefits	12,145	9,538
Post-employment benefits	1,138	1,338
Share-based payments	–	659
	13,283	11,535

The above remuneration includes supervisor's remuneration and has been reflected in personnel expenses.

(f) 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 43(a)) and China Tower (Note 43(b)) and joint ventures and associated companies of China Telecom Group and its subsidiaries (Note 43(c)) and other joint ventures and associated companies of China Telecom Group (Note 43(d)), 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.

44. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	31 December 2025 RMB million	2024 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment, net		384,129	394,783
Construction in progress		49,339	51,109
Right-of-use assets		54,724	65,378
Goodwill		29,877	29,877
Intangible assets		24,629	22,552
Investments in subsidiaries	9	45,216	40,145
Interests in associates and joint ventures		44,587	43,574
Financial assets at fair value through profit or loss		3	2
Equity instruments at fair value through other comprehensive income		1,450	922
Other assets		24,508	19,110
Total non-current assets		658,462	667,452
Current assets			
Inventories		1,607	1,713
Net accounts receivable		42,247	35,794
Contract assets		2,986	3,281
Prepayments and other current assets		21,682	23,586
Financial assets at fair value through profit or loss		10,106	–
Short-term bank deposits and restricted cash		2,331	4,494
Cash and cash equivalents		28,081	34,771
Total current assets		109,040	103,639
Total assets		767,502	771,091

44. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Note	31 December 2025 RMB million	2024 RMB million
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debts		8,801	9,627
Current portion of long-term debts		1,025	1,149
Accounts payable		128,392	136,311
Accrued expenses and other payables		51,996	46,903
Contract liabilities		58,711	57,793
Income tax payable		816	1,886
Current portion of lease liabilities		13,622	13,689
Total current liabilities		263,363	267,358
Net current liabilities		(154,323)	(163,719)
Total assets less current liabilities		504,139	503,733
Non-current liabilities			
Long-term debts		1,826	2,756
Lease liabilities		23,979	33,619
Deferred tax liabilities		38,794	33,751
Other non-current liabilities		7,706	7,933
Total non-current liabilities		72,305	78,059
Total liabilities		335,668	345,417
Equity			
Share capital		91,507	91,507
Reserves	26	340,327	334,167
Total equity		431,834	425,674
Total liabilities and equity		767,502	771,091

45. 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. During the year ended 31 December 2025, no forfeited contributions may be used by the Group to reduce the existing level of contributions (2024: nil).

The Group's contributions to the above plans for the year ended 31 December 2025 were RMB12,775 million (31 December 2024: RMB12,017 million).

The amount payable for contributions to the above defined contribution retirement plans as at 31 December 2025 was RMB1,002 million (31 December 2024: RMB1,060 million).

46. SHARE APPRECIATION RIGHTS

The Company implemented a share appreciation rights plan for members of its management to provide incentives to these employees. Under this plan, share appreciation rights are granted in units with each unit representing one H share. No shares will be issued under the share appreciation rights plan. Upon exercise of the share appreciation rights, a recipient will receive, subject to any applicable withholding tax, a cash payment in RMB, translated from the Hong Kong dollar amount equal to the product of the number of share appreciation rights exercised and the difference between the exercise price and market price of the Company's H shares at the date of exercise based on the applicable exchange rate between RMB and Hong Kong dollar at the date of the exercise. The Group recognises compensation expense of the share appreciation rights over the applicable period.

In March 2021, the Company approved the adoption of the Phase II Incentive Scheme for Share Appreciation Rights and the granting of approximately 2.4 billion share appreciation right units to eligible employees. Under the terms of this grant, all share appreciation rights had a contractual life of five years from date of grant and an exercise price of HK$2.686 per unit. In October 2024, the Company's Board of Directors reviewed and approved the "Proposal on the Achievement of Exercise Conditions for the First and Second Vesting Periods of the Company's Phase II Incentive Scheme for Share Appreciation Rights", confirming that the exercise conditions for these periods had been achieved, and the Company handled the matters in relation to the exercise of share appreciation rights.

At the reporting date, the Company used the Binomial Model to determine the fair value of the share appreciation rights. The model inputs to determine the fair value of share appreciation rights granted included the closing market price at the grant date, exercise price, years to maturity, expected volatility, risk-free interest rate, dividend payout ratio, the lower price limit on expected exercise date and expected turnover rate.

46. SHARE APPRECIATION RIGHTS (continued)

Movements in the number of share appreciation rights for the years presented are as follows:

	2025	2024
As at 1 January	816,175,100	2,400,515,000
Exercised	–	(1,416,444,381)
Forfeited	(45,849,212)	(167,895,519)
As at 31 December	770,325,888	816,175,100

For the year ended 31 December 2025, compensation expense of RMB305 million (2024: RMB1,930 million) was recognised by the Group in respect of share appreciation rights.

As at 31 December 2025, the carrying amount of the liability arising from share appreciation rights was RMB2,096 million (31 December 2024 RMB2,896 million).

47. ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. Management bases the judgments and estimates on historical experience and on other factors that the management believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of significant accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. Material accounting policy information is set forth in Note 3. Management believes the following significant accounting policies involve the most significant judgments and estimates used in the preparation of the consolidated financial statements.

47. ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Allowance for ECL for accounts receivable

The Group uses provision matrix to calculate ECL for the accounts receivable. The provision rates are based on customer's past history of making payments when due and current ability to pay by groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical credit loss experience taking into consideration reasonable and supportable forward-looking information that is available without undue cost or effort. The historical loss rates are reassessed annually, and changes in the forward-looking information are considered. The Group has taken into account various macroeconomic scenarios in consideration of forward-looking information of enterprise customers, and applied weightings of the following three economic scenarios as well as related forward-looking factors. For the years presented, the weightings of "Neutral", "Positive", and "Negative" scenarios are 60%, 20% and 20%, respectively. The Group regularly monitors and reviews the related assumptions used in calculation of ECL, which include the risk of economic slowdown, changes of external market environment and technological environment and customers' conditions, Consumer Price Index ("CPI"), Producer Price Index ("PPI") and Gross Domestic Product ("GDP"), etc. In addition, accounts receivable with significant balances or credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable are disclosed in Notes 40 and 16.

Impairment of goodwill and long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss would be recognised in accordance with accounting policy for impairment of long-lived assets as described in Note 3(f). The carrying amounts of the Group's long-lived assets, including property, plant and equipment, intangible assets with finite useful lives, construction in progress and right-of-use assets, etc., are reviewed periodically to determine whether there is any indication of impairment. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. For goodwill, the impairment testing is performed annually at the end of each reporting period. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less costs of disposal. When an asset does not generate cash flows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). In determining the value in use, expected future cash flows generated by the assets are discounted to their present value. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. It is difficult to precisely estimate fair value of the Group's long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant estimates and judgments relating to level of revenue, amount of operating costs and applicable discount rate, etc. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount.

For the years ended 31 December 2025 and 2024, no significant provision for impairment loss was made against the carrying value of long-lived assets.

47. ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Impairment of goodwill and long-lived assets (continued)

Since the determination of recoverable amount of long-lived assets requires significant estimates and judgments as described above, any changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods. Furthermore, revenue growth rate, terminal growth rate and pre-tax discount rate are subject to greater uncertainties in the current year due to uncertainty on volatility in markets.

Depreciation and amortisation

Property, plant and equipment and intangible assets with finite useful lives are depreciated and amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes and industry practices. The depreciation and amortisation expense is adjusted on a prospective basis if there are significant changes from previous estimates.

48. 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%.

49. PARENT AND ULTIMATE HOLDING COMPANY

The parent and ultimate holding company of the Company as at 31 December 2025 is China Telecommunications Corporation, a state-owned enterprise established in PRC.

FINANCIAL SUMMARY

(Amounts in million except for per share data)

	Year ended 31 December				
	2025 RMB	2024 RMB	2023 RMB	2022 RMB	2021 RMB (restated)
Results of operation					
Operating revenues	**529,559**	529,417	513,551	481,448	439,553
Depreciation and amortisation	**(104,198)**	(101,044)	(99,702)	(96,932)	(92,966)
Network operations and support	**(162,054)**	(165,598)	(160,411)	(147,589)	(133,340)
Selling, general and administrative	**(66,182)**	(66,663)	(66,804)	(64,277)	(61,154)
Personnel expenses	**(97,826)**	(98,279)	(92,805)	(84,772)	(76,057)
Other operating expenses	**(59,625)**	(58,030)	(56,701)	(54,451)	(45,088)
Operating expenses	**(489,885)**	(489,614)	(476,423)	(448,021)	(408,605)
Operating profit	**39,674**	39,803	37,128	33,427	30,948
Net finance costs	**(388)**	(228)	(332)	(7)	(1,293)
Investment income and others	**720**	72	292	243	2,244
Share of profits of associates and joint ventures	**2,674**	2,525	2,116	2,051	1,966
Profit before taxation	**42,680**	42,172	39,204	35,714	33,865
Income tax	**(9,457)**	(9,197)	(8,776)	(8,038)	(7,716)
Profit for the year	**33,223**	32,975	30,428	27,676	26,149

(Amounts in million except for per share data)

	Year ended 31 December				
	2025 RMB	2024 RMB	2023 RMB	2022 RMB	2021 RMB (restated)
Other comprehensive income for the year					
Items that will not be reclassified subsequently to profit or loss:					
Change in fair value of investments in equity instruments at fair value through other comprehensive income	**60**	(452)	511	(222)	20
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income	**(9)**	115	(135)	50	(15)
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of financial statements of subsidiaries outside mainland China	**(139)**	130	63	712	(233)
Changes in fair value of other debt investments	**(1)**	–	2	–	–
Other comprehensive income for the year, net of tax	**(89)**	(207)	441	540	(228)
Total comprehensive income for the year	**33,134**	32,768	30,869	28,216	25,921
Profit attributable to					
Equity holders of the Company	**33,185**	33,012	30,446	27,593	25,949
Non-controlling interests	**38**	(37)	(18)	83	200
Profit for the year	**33,223**	32,975	30,428	27,676	26,149
Total comprehensive income attributable to					
Equity shareholders of the Company	**33,096**	32,805	30,887	28,133	25,721
Non-controlling interests	**38**	(37)	(18)	83	200
Total comprehensive income for the year	**33,134**	32,768	30,869	28,216	25,921
Basic earnings per share (RMB)	**0.36**	0.36	0.33	0.30	0.31
Diluted earnings per share (RMB)	**0.36**	0.36	0.33	0.30	0.31

(Amounts in million except for per share data)

	As at 31 December of the year				
	2025 RMB	2024 RMB	2023 RMB	2022 RMB	2021 RMB (restated)
Financial condition					
Property, plant and equipment, net	**416,183**	427,079	409,943	413,963	415,981
Construction in progress	**56,481**	58,801	72,238	58,443	51,457
Other non-current assets	**191,845**	192,620	185,770	194,220	167,438
Cash and bank deposits	**99,807**	102,009	91,851	76,300	75,213
Other current assets	**106,328**	86,116	76,012	64,772	52,150
Total assets	**870,644**	866,625	835,814	807,698	762,239
Current liabilities	**323,713**	325,377	303,436	281,737	265,071
Non-current liabilities	**78,671**	84,696	85,211	89,534	65,995
Total liabilities	**402,384**	410,073	388,647	371,271	331,066
Total equity attributable to equity holders of the Company	**460,828**	452,390	442,926	432,089	428,678
Non-controlling interests	**7,432**	4,162	4,241	4,338	2,495
Total equity	**468,260**	456,552	447,167	436,427	431,173
Total liabilities and equity	**870,644**	866,625	835,814	807,698	762,239

SHAREHOLDER INFORMATION

SHARE INFORMATION

Share Listing

China Telecom Corporation Limited's H shares were listed on The Stock Exchange of Hong Kong Limited on 15 November 2002 while its A shares were listed on the Shanghai Stock Exchange on 20 August 2021.

Stock Code

The Stock Exchange of Hong Kong Limited	728
Shanghai Stock Exchange	601728

Share Price Performance

2025 Share Price	HK$ per H Share			RMB per A Share		
	High	Low	Closing price at the end of the year	High	Low	Closing price at the end of the year
	6.72	4.66	5.39	8.60	6.24	6.30

Number of issued shares: (as at 31 December 2025) 91,507,138,699

Distribution of Shares and Shareholdings

The share capital of the Company as at 31 December 2025 was RMB91,507,138,699, divided into 91,507,138,699 shares of RMB1.00 each. As at 31 December 2025, the share capital of the Company comprised:

	Number of Shares	Percentage of the Total Number of Shares (%)
Total Number of A Shares:	77,629,728,699	84.83
Total Number of H Shares:	13,877,410,000	15.17
Total	91,507,138,699	100.00

Dividend History

Financial Year	A-share Dividend Ex-Dividend Date	Payment Date	Dividend per Share (pre-tax)
2021 Final	8 June 2022	8 June 2022	RMB0.170
2022 Interim	8 September 2022	8 September 2022	RMB0.120
2022 Final	9 June 2023	9 June 2023	RMB0.076
2023 Interim	31 August 2023	31 August 2023	RMB0.1432
2023 Final	13 June 2024	13 June 2024	RMB0.090
2024 Interim	11 September 2024	11 September 2024	RMB0.1671
2024 Final	11 June 2025	11 June 2025	RMB0.0927
2025 Interim	4 September 2025	4 September 2025	RMB0.1812

Note: The Company will publish an announcement on the Shanghai Stock Exchange to disclose detailed information related to the 2025 final dividend for A-share.

Financial Year	H-share Dividend Ex-Dividend Date	Payment Date	Dividend per Share (pre-tax)
2002 Final	16 May 2003	10 July 2003	HKD0.00837*
2003 Final	1 April 2004	20 May 2004	HKD0.065
2004 Final	21 April 2005	23 June 2005	HKD0.065
2005 Final	20 April 2006	15 June 2006	HKD0.075
2006 Final	26 April 2007	15 June 2007	HKD0.085
2007 Final	28 April 2008	16 June 2008	HKD0.085
2008 Final	23 April 2009	30 June 2009	HKD0.085
2009 Final	22 April 2010	30 June 2010	HKD0.085
2010 Final	18 April 2011	30 June 2011	HKD0.085
2011 Final	5 June 2012	20 July 2012	HKD0.085
2012 Final	4 June 2013	19 July 2013	HKD0.085
2013 Final	4 June 2014	18 July 2014	HKD0.095
2014 Final	1 June 2015	17 July 2015	HKD0.095
2015 Final	30 May 2016	15 July 2016	HKD0.095
2016 Final	26 May 2017	21 July 2017	HKD0.105
2017 Final	31 May 2018	27 July 2018	HKD0.115
2018 Final	3 June 2019	26 July 2019	HKD0.125
2019 Final	1 June 2020	31 July 2020	HKD0.125
2020 Final	11 May 2021	1 June 2021	HKD0.125

Financial Year	H-share Dividend Ex-Dividend Date	Payment Date	Dividend per Share (pre-tax)
2021 Final	31 May 2022	18 July 2022	RMB0.170
2022 Interim	31 August 2022	14 October 2022	RMB0.120
2022 Final	31 May 2023	21 July 2023	RMB0.076
2023 Interim	31 August 2023	28 September 2023	RMB0.1432
2023 Final	5 June 2024	26 July 2024	RMB0.090
2024 Interim	3 September 2024	18 October 2024	RMB0.1671
2024 Final	3 June 2025	18 July 2025	RMB0.0927
2025 Interim	27 August 2025	30 September 2025	RMB0.1812
2025 Final	2 June 2026	8 July 2026	RMB0.0908**

* *On the basis of HK$0.065 per share, pro-rated based on the number of days the Company's shares have been listed during the year of 2002.*

** *The dividend proposal is subject to shareholders' approval at the Annual General Meeting to be held on 19 May 2026.*

ANNUAL REPORTS

Our annual reports in both English and Chinese are now available at our website www.chinatelecom-h.com.

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Investor Relations Department

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Any enquiries relating to your shareholding, for example transfers of shares, change of name or address, loss of share certificates, please contact the share registrars:

H share registrar

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Address:	Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Tel:	(852) 2862 8555
Fax:	(852) 2865 0990
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A share registrar

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