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