



China Telecom Corporation Limited

HKEx Stock Code : 728

Annual Report 2024

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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.

IMPORTANT NOTICE

1. The financial statements of the Company for the year of 2024 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 of the Company, 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, striving to create more value for shareholders. After fully considering the Company's cash flow level, the cash return to shareholders, etc., the Board of Directors proposes a final dividend of RMB0.0927 per share (pre-tax) based on total number of issued share capital of the Company at the record date for the implementation of the dividend distribution. Cash dividend to be distributed amounts to an aggregate amount of approximately RMB8,483 million calculated based on 91,507,138,699 shares, being the total number of issued share capital of the Company as at 31 December 2024. The dividend distribution is derived from net profit realised in the current period. Together with the 2024 interim dividend of RMB0.1671 per share (pre-tax) which has been distributed, the full year dividend of 2024 amounts to RMB0.2598 per share (pre-tax) in an aggregate amount of approximately RMB23,774 million which represents 72% of the profit attributable to equity holders of the Company for the year 2024. 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 2024 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 2024 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
4G	4th generation mobile communication technology
5G	5th generation mobile communication technology
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
Big Data	Massive, real-time and diversified data information that can be recorded, collected, developed and utilised, and big data-based mining and processing technology
Board/Board of Directors	The board of directors of the Company
CHBG	Customer, Home, Business, Government
China Comservice/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 Digital Intelligence Technology	China Telecom Digital Intelligence Technology Co., Ltd. (中電信數智科技有限公司), formerly known as China Telecom System Integration Co., Limited (中國電信集團系統集成有限責任公司)

SECTION I
DEFINITIONS

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)
Chinese Accounting Standard/ China Accounting Standards for Business Enterprises	The Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and the specific accounting standards, application guidelines, interpretations and other relevant regulations subsequently revised
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
E-surfing Pay	E-surfing Pay Co., Ltd (天翼電子商務有限公司)
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
IDC	Internet Datacentre
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/Hong Kong 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
NICES	The 5-in-1 integrated solution which covers Network capabilities, Intelligence capabilities, Cloud computing capabilities, Elements capabilities and Service capabilities
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

SECTION I DEFINITIONS

Quantum-encrypted Messages and Calls	The new generation of secure work applications based on quantum security technology which facilitates the secure transmission and storage of important calls and work messages and provides users with encrypted calls, instant messaging and secure collaborative work services
Quantumctek	Quantumctek Co., Ltd.
RDO	Fundamental research (R), applied technological research and development (D) and operational development (O)
Reporting Period	Period from 1 January 2024 to 31 December 2024
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
WBBA	World Broadband Association

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 <i>Recognised Public Interest Entity Auditor</i>
	Office Address	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, China
	Name of signing accountants	Kuang Lin, Liu Jingyuan
Accountant engaged by the Company (overseas)	Name	KPMG <i>Certified Public Accountant</i> <i>Registered Public Interest Entity Auditor</i>
	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. CHAIRMAN'S STATEMENT

At present, a new round of sci-tech revolution and industrial transformation is developing in depth, with new technologies represented by artificial intelligence driving industrial reshaping and structural adjustment. The waves of digitalised, network-based, intelligent, and green development are approaching, bringing valuable opportunities for the industry and the Company to continuously advance high-quality development. In 2024, the Company firmly grasped the direction of artificial intelligence development. Having implemented the new development principles completely, accurately and comprehensively, the Company is also resolutely fulfilling its responsibilities in building Cyberpower and Digital China, as well as safeguarding network and information security. The Company further deepened the implementation of its Cloudification and Digital Transformation strategy and accelerated the transformation towards a service-oriented, technology-oriented, and secured enterprise. Insisting on leading industrial innovation with sci-tech innovation, the Company accelerated the development of new quality productive forces in light of its own conditions and continuously improved the supply level of high-quality products and services. The Company also expanded the scale of strategic emerging businesses, consistently deepened corporate reform, and comprehensively advanced opening up and cooperation. With the enhancement of the quality and upgrade of digital information infrastructure, the Company maintained a continued growth in operating performance, and made solid new strides towards high-quality development.

1. Overall Results

In 2024, the Company's operating revenues amounted to RMB529.4 billion, representing an increase of 3.1% year-on-year. Of which, service revenues¹ amounted to RMB482.0 billion, representing an increase of 3.7% year-on-year. EBITDA² amounted to RMB140.8 billion, representing an increase of 2.9% year-on-year. Net profit³ amounted to RMB33.0 billion, representing an increase of 8.4% year-on-year, and the basic earnings per share were RMB0.36. Capital expenditure was RMB93.5 billion, representing a decrease of 5.4% year-on-year. Free cash flow⁴ reached RMB22.2 billion, representing an increase of 70.7% 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 is calculated based on EBITDA minus capital expenditure, income tax and depreciation charge for right-of-use assets other than land-use-rights

The strategic emerging businesses led the dual engines; fundamental businesses maintained stable growth; and Industrial Digitalisation business achieved sound growth. In 2024, the Company's mobile communications service revenues reached RMB202.5 billion, representing an increase of 3.5% year-on-year. Of which, revenue from mobile value-added and applications increased by 16.1% year-on-year, bringing the total number of mobile subscribers to 425 million, and mobile ARPU⁵ reached RMB45.6. Wireline and Smart Family service revenues reached RMB125.7 billion, representing an increase of 2.1% year-on-year. Of which, revenue from the Smart Family business increased by 16.8% year-on-year. The number of broadband subscribers reached 197 million, and the broadband blended ARPU⁶ reached RMB47.6. Revenue from Industrial Digitalisation business reached RMB146.6 billion, representing an increase of 5.5% year-on-year and accounting for 30.4% of service revenues, up by 0.5 p.p. over last year. The revenue from China Telecom Cloud amounted to RMB113.9 billion, representing an increase of 17.1% year-on-year; revenue from IDC reached RMB33 billion, representing an increase of 7.3% year-on-year; revenue from the security business reached RMB16.2 billion, representing an increase of 17.2% year-on-year; intelligent revenue⁷ reached RMB8.9 billion, representing an increase of 195.7% year-on-year; Internet of Video Things (IoVT) revenue increased by 40.1% year-on-year.

The Company attaches great importance to shareholder returns. It continuously promotes the synchronised growth of market value and corporate value and strives to enhance its profitability and cash flow generation capabilities. 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 recommend at the Annual General Meeting that the profit to be distributed in cash for the year 2024 shall represent 72% of the profit attributable to equity holders of the Company for the year. A final dividend

of RMB0.0927 per share (pre-tax) will be declared for year 2024. Together with the 2024 interim dividend of RMB0.1671 per share (pre-tax), which has been already distributed, the full year dividend of 2024 amounts to RMB0.2598 per share (pre-tax), and the aggregate amount of the full year dividend increased by 11.4% year-on-year. Within three years from 2024, the profit distributed in cash by the Company will gradually increase to above 75% of the profit attributable to equity holders of the Company for the year, continuously creating more value for shareholders.

2. Achieving New Results in Building of an Enterprise with “Three Orientations”⁸, Making Solid New Strides Towards High-Quality Development

2.1 Enriching the supply of high-quality products and services to meet the new demands of subscribers for digital consumption

The Company adhered to a customer-oriented approach, actively seizing new consumption trends driven by digital technology and deeply empowering product and service innovation and upgrades with AI and other strategic emerging elements to continuously enhance its business value and customer perception. For individual and home customers, the Company continued to strengthen integrated development, constantly advancing the upgrade of integrating elements such as connectivity, terminals, applications and privileges. The Company accelerated the upgrade of mobile networks to 5G-A and household broadband to Gigabit and FTTR⁹. Under the “Beautiful Home” brand, the Company continued to develop Smart Family applications to cater for different scenarios in “One All-fibre Network, One Intelligent Cloud and One Beautiful Home”. The Company stepped up the integration of CHBG¹⁰ scenarios and continued

⁵ Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers

⁶ Broadband blended ARPU = monthly average revenues from broadband access and Smart Family/the average number of broadband subscribers

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

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

⁹ FTTR: Fibre to The Room

¹⁰ CHBG: Customer, Home, Business, Government

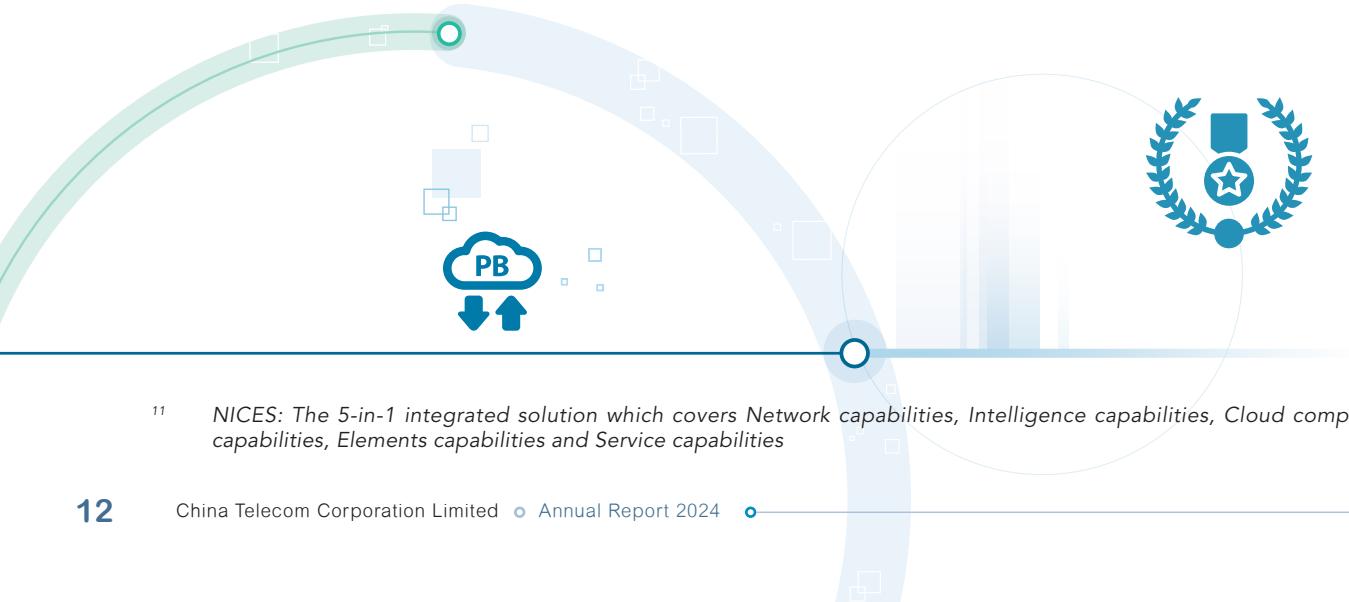
SECTION III

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

to differentiate by cultivating integration as its leading advantage, marked by a steady growth in integrated customer base in 2024. The Company continued to strengthen value management, deepened and refined the accurate retention and application enrichment of existing customers, and actively explored the use of AI large models and other digitalised tools to enhance insights into customer demands. The Company developed new scenarios and new demands in digital consumption, and continued to satisfy customers' personalised needs for security, health, entertainment, low-carbon and intelligence, thereby consistently enhancing its value to customers. Mobile and broadband ARPU remained stable in 2024. The Company continued to empower its products and services with AI, quantum and satellite functionalities, launching the first customised AI smartphones with built-in self-developed Xingchen general-purpose large model covering speech and semantics within the industry. The Company introduced smart terminals such as AI cameras, AI cloud computers and AI home monitors, promoting AI upgrades for 5G New Telecommunications, Communications Assistant, Colour Ringback Tone with Video, Cloud Drive and other applications, and accelerated the scale development of strategic emerging businesses such as quantum-encrypted messages and calls and handset direct-to-satellite. In 2024, the penetration rate of AI, quantum-encrypted messages and calls and handset direct-to-satellite applications steadily increased. For government and business customers, the Company was committed to building a new integrated service model of "computing power + platform + data + model + application". It accelerated the upgrade of industry digital platform capabilities, launching a comprehensive set of

industry solutions for key areas such as smart cities, social livelihood, and emergency response and safety and empowering customers in a full range of industries through over 100 digital platforms. The Company advanced the upgrade of the 5G NICES¹¹ Pro+ integrated product portfolio, developed ten "5G+AI" industrial integrated scenario solutions, and had developed 45,000 industry application projects in fields such as power, chemical and mining. The Company accelerated the formation of a global layout of cloud network resources and the integration of international and domestic business processes. It actively expanded in key overseas markets, with regions such as Southeast Asia, the Middle East and Africa becoming important growth poles for its international business. Its strategic emerging businesses such as cloud, quantum, satellite, Internet of Vehicles and Internet of Video Things made breakthroughs overseas. These all contributed to an international business revenue of RMB16.9 billion for the year, representing a year-on-year growth of 15.4%.

The Company continued to deepen the "All Customers' Say" service mechanism and launched the brand-new "Good Service, Customised Service" initiatives, consolidating and enhancing its advantages in terms of customer satisfaction and service reputation. To meet subscribers' demands for efficient, convenient and intelligent subscriber services, the Company accelerated the embedding of customer service models and other AI capabilities for all process and all positions for services such as the 10000 hotline. The proportion of intelligent customer service increased by 13.5p.p. compared to the end of 2023, showcasing our significantly enhanced intelligent service capabilities.



¹¹ NICES: The 5-in-1 integrated solution which covers Network capabilities, Intelligence capabilities, Cloud computing capabilities, Elements capabilities and Service capabilities

2.2 Strengthening breakthroughs in key core technologies to promote high-level sci-tech self-reliance and self-improvement

The Company regarded sci-tech innovation as the core essence of its corporate strategy and the pillar for high-quality development, and accelerated its construction of a leading sci-tech enterprise. It focused on the four fundamental technology directions of network, cloud and cloud-network integration, artificial intelligence and quantum/security, and continuously strengthened core technologies. The Company achieved significant breakthroughs in the foundational software for cloud computing such as cloud server operating systems and databases, established China Telecom's No.1 technology, the "Xirang" integrated intelligent computing service platform, and made breakthroughs in key technologies such as distributed inference, hybrid training and inference, and hundred-kilometer lossless transmission. It built the first full-size, full-modality, fully homegrown trillion-parameter foundational large model system in China, addressing challenges in controllable video generation from long text, full-duplex interaction and multimodal deepfake detection. The Company pioneered the world's first distributed cryptographic system integrating QKD¹² and PQC¹³. It released the superconducting quantum computer "Tianyan-504" with the highest number of qubits in a single unit nationwide. It conducted the world's first demonstration and validation of a hollow-core optical cable transmission system with a single wavelength of 1.2 Tbit/s and a capacity exceeding 100 Tbit/s on an existing network, and completed multiple industry-first field trials in key 6G technology areas such as satellite-ground integration, sensing and communications integration, and wireless AI. The Company stepped up its investment in

R&D resources with R&D expenses increasing by 11.3% year-on-year. The echelon pattern of sci-tech talents, composed of 5 leading talents, a thousand chief/senior experts, and ten thousand technical experts, has been basically formed, and the integrated operation and development team has achieved full coverage of prefectural and municipal companies. The Company continued to exert its sci-tech influence and undertook multiple national-level innovation platforms in fields such as cloud computing, quantum communications, optical networks, and security. The two projects of "Fifth Generation Mobile Communications System" and "Next Generation Internet Source Address" were awarded the first prize of the National Science and Technology Progress Award¹⁴. Internet of Video Things (IoVT) was selected as one of the "Top Ten Super Projects of State-owned Central Enterprises for 2024" and won the "2024 World Internet Conference Award for Pioneering Science and Technology". The "Tianyan" quantum computing cloud platform was included in the Top Ten National Mega-Projects of State-owned Central Enterprises. The number of new invention patents obtained by the Company increased by 115.9% year-on-year, ranking second among global operators. It held important positions in international standardisation organisations such as ITU-T, 3GPP and IETF. The Company promoted industrial innovation and business innovation through sci-tech innovation, completing its layout in seven strategic emerging businesses including cloud computing and computing power, new-generation information communications, Big Data, AI, security, quantum and digital platforms. The Company continued to pursue external empowerment and internal applications, accelerated the cultivation of new growth poles, drove improvements in the quality and efficiency of its corporate operations, and continued to develop new momentum and new strengths for high-quality development.

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

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

¹⁴ The "Key Technology and Engineering Application of the Fifth Generation Mobile Communications System (5G)" and "Key Technology and Large-scale Application of the Next Generation Internet Source Address Verification Architecture SAVA" of China Telecom received the first prize of the 2023 National Science and Technology Progress Award

2.3 Accelerating the expansion of security products and services to continuously enhance security assurance capabilities

The Company continued to build a complete and in-depth security and defence system, covering "cloud, network, edge, terminal, application, data and aerial-ground integration". It comprehensively enhanced customers' security assurance capabilities, and constructed systematic capabilities including Secure Connectivity, Secure Services and Secure Integration. A number of the Company's segmented capabilities were included in the first issue of the "Digital Security Escort Technology Capability Panorama" by the China Academy of Information and Communications Technology, spanning 12 major categories and 85 security domains. The Secure Connectivity capabilities carried by cloud-network resources secured customers' internet and cloud access. The terminal connections based Yunmai SASE was selected in Gartner's "Market Guide for Zero Trust Network Access, China". e-Surfing Security Brain, which was based on internet connections, developed 354,000 new lines, bringing the total to 500,000 lines. The cleaning capacity for whole-network traffic of its Anti-DDoS Cloud Dam, which was based on all-domain networks, reached 16.3 Tbps, maintaining a leading position in terms of its protection capability and market share. The Secure Services capabilities provided customers with over 40 types of security services, covering customers in more than 300 cities across 31 provinces. The Managed Security Service Provider (MSSP) Cloud Dam was classified in the leader's category among China's cloud-managed security service providers¹⁵. The Company added 17 new security capability pools, bringing the national total to 175. Security integration capabilities of the Company empowered externally through the "security + scenario" integration model, focusing on the security needs of scenarios such as intelligent cloud and low-altitude economy. By reinforcing infrastructure, enhancing interactive security protection, and upgrading security assessments, the Company strived to build a multi-level protection system and continuously launch scenario-based security products to provide customers with agile and reliable security services.

¹⁵ Source: IDC MarketScape

¹⁶ FLOPS: Floating-Point Operations Per Second, which is commonly used to estimate computer performance

3. China Telecom Cloud Advancing into a New Stage of Intelligent Cloud Development, with "AI+" and "Quantum+" Empowering Industrial Innovation

China Telecom Cloud is fully advancing into a new stage of intelligent cloud development. The "Xirang" integrated intelligent computing service platform offered capabilities such as heterogeneous ubiquitous computing power, robust computing network scheduling, efficient training and inference engines, one-stop intelligent computing services, high-quality datasets, secure and fast model services as well as a wealth of industry intelligent applications. It completed deep adaptation and optimisation with various mainstream intelligent computing chips and the DeepSeek-R1/V3 series of large models, becoming the first domestic operator-level cloud platform to achieve the full-stack localization of DeepSeek model inference services, and deployed them over a full suite of products such as cloud hosts, cloud computers, cloud phones, MaaS services, computing power scheduling platforms and edge security acceleration platforms. With advantages such as full-stack independent control, flexible model selection and heterogeneous computing power integration, it supported the efficient training and flexible deployment, and doubled inference performance of mainstream models like DeepSeek. The Company gathered resources from all parties to further its expansion in intelligent computing. In collaboration with 50 computing power partners, its total self-owned and connected intelligent computing power reached 62 EFLOPS¹⁶, providing rich, diverse, flexible, convenient and cost-effective computing power services to customers in sectors such as including various types of enterprises, AI service providers as well as educational and research institutions. The Company served over 4.9 million customers in the industry, ranking No.1 in China's computing power interconnection scheduling market and deemed as a leader in China's intelligent computing cloud service market.

The Company thoroughly implemented "AI+", completing the "1+1+1+M+N"¹⁷ overall layout for artificial intelligence. Adhering to the philosophy of independent innovation, opening up and cooperation, it developed the Xingchen multimodal general large model foundation. This foundation provided a comprehensive suite of capabilities covering semantics, speech and visual perception, and was open-source in multiple sizes. The Company launched the industry's first large model supporting free mixing of Chinese, English and 50 dialects, as well as a knowledge-based view of all things control deployment large models. It developed AI-native applications such as intelligent systems and industrial solutions, as well as over 10 standardised AI products including AI smartphones and AI cloud computers. The Company launched over 50 industrial large models, serving more than 10,000 industrial customers. It accelerated the implementation and promotion of industrial large models in areas such as grassroots governance, smart government customer service and tourism guidance, effectively helped customers to improve efficiency and reduce costs, and continued to empower the intelligent transformation of the economy and the society, ranking 6th¹⁸ in China's large model application market share with its AI. The Company thoroughly promoted the embedding and application of 13 internal large models in various processes in its corporate management and operations, such as customer service, network operations and office work, driving cost reduction and enhancement of quality and efficiency. The Company established the Xinghai Big Data brand and ranked first¹⁹ for the year among data element service providers. Its data element platform expanded from Hainan to 7 provinces and 29 cities nationwide, while it also undertook the construction of 3 national-level data annotation bases. In the meantime, its data intelligence core platform served over 150 customers and built a large model training dataset comprising over 9 trillion Tokens.

The Company inspired the new momentum and new model of "Quantum+" for the future development of the industry. Alongside steady progress in the construction of quantum security infrastructure, its exploration of quantum technology transformation and commercialisation also showed initial results. In terms of capability enhancement, the Company relied on a new cryptographic system that integrated QKD, PQC and classical cryptography, constantly enriching the capabilities of its "Quantum+" products. The "Tianyan" quantum computing cloud platform achieved dual upgrades in computing power scale and types, forming the largest quantum computing cluster in China. In terms of infrastructure construction, the Company actively promoted the construction of quantum metropolitan networks in 16 key cities including Beijing and Shanghai. The Hefei quantum metropolitan network was selected as one of the first national "Digital China Classic Case Studies". The quantum information infrastructure construction project was included in the first batch of central enterprise sci-tech achievement application expansion projects. In terms of empowering industrial development, the Company formed quantum security solutions covering fields such as government affair, finance, energy and transportation, and demonstrated the integration and innovation of quantum technology in the context of various industrial applications. In terms of industrial chain integration, its acquisition of equity in Quantumctek Co., Ltd. enabled the integration and autonomous control of the upstream, midstream and downstream of the industrial chain. The Company took the lead in the formation of national-level innovation platform for quantum communications, encouraging leading enterprises in fields to expand their quantum business footprint, and driving the collaborative development of the quantum industry.

¹⁷ 1+1+1+M+N: 1 foundation for intelligent cloud, 1 foundation for the general-purpose large models, 1 data foundation, "M" refers to the number of large models for own use, and "N" refers to the number of large vertical models

¹⁸ Source: IDC

¹⁹ Source: China Internet Week

4. Comprehensively Deepening Reforms, Intensifying Efforts in Opening Up, and Continuously Stimulating Vitality for Corporate Innovation and Development

The Company comprehensively advanced the deepening and enhancement actions of state-owned enterprise reforms. It insisted on sci-tech innovation as the core, further deepened reforms in key areas, and accelerated the establishment of production relations in alignment with new quality productive forces. The Company improved the innovative allocation level of various resource elements, and was rated A-level in the assessment of key reform tasks of state-owned central enterprises by SASAC for three consecutive years. The Company continuously optimised the RDO²⁰ R&D organisation system, established specialised research institutes for cloud computing, artificial intelligence, quantum, and set up the first overseas research institute in Singapore. It formed a cloud-network operating system R&D centre, implemented sci-tech innovation assessment incentives for each enterprise, and deepened the incentive mechanism for the transformation of sci-tech achievements. The Company also improved a package of innovation supportive policies, strengthened breakthroughs in original and leading technologies, and enhanced the efficiency of sci-tech achievements transformation. The Company constantly deepened the reform of professional companies and industry BGs, established a satellite subsidiary and a cultural and publicity industry company, integrated high-quality internal and external resources through market mechanisms, consolidated and expanded the first-mover advantage in areas such as satellite communications, and enhanced the supply of high-quality strategic emerging products and industry informatization capabilities. The Company comprehensively advanced the optimization of its main processes centered around the cloud core platform and strengthened the talent team development for provincial and municipal company solutions, secondary development, delivery, and operation. It improved the coordination mechanism between provincial companies and professional

companies, and among professional companies, accelerated the implementation and promotion of proprietary products and capabilities, and facilitated the scale development of strategic emerging businesses. The Company deepened the reform of talent development systems and mechanisms, firmly implemented the strategy of strengthening the enterprise with talents, advanced the "Everest", "Kunlun", and "Five Mountains" programmes, and enhanced the cultivation and introduction of top talents and leading sci-tech talents. Insisting on balancing responsibilities, rights and interests with a dual emphasis on using incentives and constraints, the Company deepened the reform of market-oriented operation mechanisms. It enhanced the ability of managers at all levels to govern and develop the enterprise, promoted the improvement and expansion of tenure system and contractual management, optimised the assessment and incentive mechanisms, and mobilised the vitality and motivation of various business units.

The Company continued to intensify its efforts in opening up and cooperations, focusing on creating mutually beneficial and win-win ecological patterns. It strengthened deep-level opening up and cooperation in its corporate core capabilities such as technology and cloud-network, building a robust industry-academia-research cooperation system with national laboratories and leading universities to enhance joint cultivation of sci-tech talents, and delivered sci-tech achievements with industry competitiveness. The Company released a cloud-network capability open platform, opening over 100 capabilities in cloud-network connectivity, computing-network scheduling, cloud-network operations, and accelerated the productization and promotion of cloud-network capabilities in collaboration with partners. Focusing on customer market by strengthening opening up and cooperation in applications, channels, and services, the Company established a multi-format channel ecosystem for the individual market, enhanced cooperation in all-category terminals and distinctive privileges, built a high-quality application ecosystem and full-stack service ecosystem for the government and enterprise market, continuously broadening

²⁰ RDO: Fundamental research (R), applied technological research and development (D) and operational development (O)

the focus on high-quality development of its fundamental and Industrial Digitalisation business. The Company created a more prosperous national cloud ecosystem, constantly strengthened the "AI+" ecosystem alliance, gradually built a "proprietary + ecosystem" differentiated competitive advantage, and promoted the rapid development of strategic emerging businesses. The Company deepened the construction of international cooperation and innovation platforms, and gave full play to the role of the World Broadband Association (WBBA) as an international exchange platform as well as a hub for industrial innovation, with its number of members reaching 160, covering 47 countries and regions across five continents.

5. Expediting the Enhancement and Upgrade of New Digital Information Infrastructure, Consolidating the Key Foundation for High-Quality Development

The Company fully leveraged the advantages of cloud-network integration, adhered to the principle of network as the foundation, cloud as the core and security as the guarantee, seizing the direction of artificial intelligence development, expediting the enhancement and upgrade of new digital information infrastructure and empowering the development of AI.

Network for AI, the Company appropriately advanced the deployment of cloud-network infrastructure for AI, establishing two all-liquid-cooling pools with ten-thousand GPUs in Beijing-Tianjin-Hebei and Yangtze River Delta, and deploying computing power pools with a thousand GPUs in Guangdong, Jiangsu, Zhejiang, Mongolia and Guizhou, making the intelligent computing

power resources reaching 35 EFLOPS. The Company promoted the comprehensive upgrade of data centres to AIDC²¹, relying on large parks in key regions, provincial and municipal telecom facility rooms, and edge stations to meet various intelligent computing deployment needs such as training and inference, central and edge, cloud side and terminal side. The Company constructed a high-throughput, low-latency intelligent computing and interconnection network, sizeably deployed G.654E new optical fibre, and constructed a 400Gbps all-optical transmission network. The average latency between the eight major hubs has decreased by 7% and the new metropolitan network covered over 200 edge computing power pools, achieving millisecond-level access to computing. With 9.29 million 10G PON ports in the Gigabit fibre network, the residential coverage rate in cities and towns exceeded 95%, and the 50G PON network was also pilot deployed to support the ten-gigabit access needs of key communities, industrial parks, factories, and other areas.

AI for Network, the Company leveraged AI technology to enhance network value, actively explored network intelligent endogenesis, pilot deployed intelligent network elements in wireless networks, core networks, and metropolitan area networks, built real-time perception of business quality and application-level analysis capabilities, achieved intelligent identification and precise control of users and applications. The IoT business leveraged its video aggregation advantages to innovate video data governance, create high-quality video datasets, and empower AI services across all scenarios, creating over a hundred "AI + IoT" scenario applications such as Security Smart Eye and Kitchen Monitoring. The Company promoted the enhancement of cloud network operation



²¹ AIDC: Artificial Intelligence Data Centre

SECTION III

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

capabilities through AI empowerment, embedding self-developed network large models into production processes. The automatic activation rate of key emerging products significantly increased to 99%, and the efficiency of handling network breakdown improved by 30%. Both the number of network fault work orders and processing time achieved a dual reduction, with the overall self-intelligence level of cloud network operations reaching L3.6.

At present, Network for AI and AI for Network have initially formed a positive cycle of mutual promotion between "infrastructure optimisation" and "intelligent computing capability feedback," which not only accelerates the implementation of AI but also further enhances network value.

The Company continuously strengthened its fundamental network connectivity capabilities, and continued deepening of co-building and co-sharing with China Unicom. The total number of 5G mid-to-high frequency base stations reached 1.375 million, steadily advancing the "one single 4G network". The 5G network achieved contiguous coverage in areas of townships and above across the country, while the in-depth coverage rate of key areas and key scenes increased to 90%. Coverage and perceived speed of mobile network steadily increased. The Company continued to strengthen the strategic deployment of 5G-A, sizeably deploying approximately 70,000 stations across 121 cities, with RedCap coverage exceeding 200 cities. The Company consolidated the capabilities of aerial-ground integrated information network, proactively promoted the construction of the satellite mobile communication system with high, medium, and low orbit coordination, and the

number of mobile phone direct satellite connection users has exceeded 2.4 million. The e-Surfing Artificial Intelligence of Things (AIoT) platform supports secure and reliable access of ultra-large scale terminals at the hundred-million level, as well as online sensing and control of IoT network connectivity at the billion level, with the number of terminal users reaching 630 million. The Company enhanced the construction of international network capabilities, initiated the establishment of full-service international communication gateway stations in Kunming and Haikou, increased submarine cable bandwidth by 5T, and actively opened strategic transit channels in "the Belt and Road" direction.

The Company proactively implemented the green development principles, continuously advancing the "1248"²² green development model, with a year-on-year decrease of 19.2% in carbon emissions per unit of the total volume of telecommunications services. The Company promoted the green development of cloud-network infrastructure and the transformation of energy consumption structure. The renewable energy usage rate and green electricity scale are industry-leading, with a cumulative total of 28 national green datacentres accredited. The Company continuously promoted AI energy saving for base stations and facility rooms, with an annualised electricity-saving exceeding 1 billion kWh. The Company continuously enhanced its green product and service capabilities, promoted the expansion of key products such as ecological environment perception, green lighting, and environmental protection cloud, which supported the green transformation of the economy and society.

²² 1248: "1" represents one strategic focus, i.e., green and low-carbon development as an important element of the "Cloudification and Digital Transformation" strategy; "2" represents two priorities, i.e., accelerating transformation towards green development on internal fronts and developing a green production and lifestyle on external fronts; "4" represents four basic strategies, i.e., high-quality development, coordinated development, sustainable development, and innovative development; and "8" represents eight major green initiatives, i.e., constructing new green cloud-network, creating new green operation, building new green ecology, strengthening new green empowerment, promoting new green technologies, consolidating new green support, developing new green energy, and creating new green value

6. Proactively Fulfilling Social Responsibilities, Continuously Strengthening Market Capitalisation Management, and Gaining Widespread Recognition from the Capital Markets

The Company successfully completed communications assurance tasks for multiple key events including the 75th Anniversary of the founding of the People's Republic of China and the launch of the Shenzhou-18 and Shenzhou-19 manned spaceships. The Company utilised Tiantong satellites and drones to efficiently assist flood fighting and disaster relief efforts during times of natural disasters such as the super typhoon "Yagi". The Company empowered rural revitalization with data and intelligence, and continuously bridging the digital divide between urban and rural areas. The Company remained committed to social welfare initiatives, benefiting the public by integrating services into 90,000 urban and rural business halls, with an annual service scale exceeding 18 million people, and was awarded the "Significant Contribution Units of Dual 15 Project of Labour Union" by All-China Federation of Trade Unions. The Company protected the rights and interests of its employees in accordance with the law, created a comprehensive system for employee care, and continued to enhance its institutional guarantees. The Company also facilitated professional development paths for employees, fostering the mutual growth of employees and the Company.

Insisting on high-standard corporate governance, the Company fulfilled its obligations of information disclosure in compliance with laws and regulations and increased the level of corporate transparency. The Company continued to improve

its corporate compliance management system, maintained compliance and efficient operation of its Shareholders Meeting, Board of Directors and Supervisory Committee and continued to optimise the internal control process. The Company maintained steady and compliant operations and effectively safeguarded the best and long-term interests of its shareholders. The Company proactively strengthened investor relations management by actively organising and participating in various investor relations activities such as results announcement briefings and investor communication meetings. The Company widely invited investors, industry analysts, media, and others to visit the Company and gain a deeper understanding, fully showcasing the Company's investment value and continuously enhancing market recognition.

The Company received high affirmation from domestic and international capital markets for its performance. It was voted as the "Most Honored Companies in Asia" for the 14th consecutive year in the "All-Asia-Executive Team Poll 2024" organised by Institutional Investor. In the 2024 China Securities "Golden Bauhinia Awards" selection, it won two awards, namely the "Outstanding Contribution Enterprise Award for the 75th Anniversary of the Founding of the People's Republic of China" and the "Best Listed Company in Investment Value". It was accredited "Golden Bull Most Investment Value Award" and "Golden Bull Award for Hong Kong Stocks" in the Golden Bull Award poll organised by China Securities Journal. Moreover, the Company was awarded the "Top 100 Value of Main Board Listed Companies in China" by the Securities Times and the "Best Practise of the Board of Directors for Listed Companies" in 2024 by the China Association for Public Companies.

7. Outlook

Currently, China's economy is in a critical period of structural adjustment and transformative upgrade. The new round of sci-tech revolution and industrial transformation is accelerating, with the new-generation of information technology represented by artificial intelligence profoundly changing the production, life, and social governance models. New scenarios and new demands for digital services are continuously emerging, exhibiting new characteristics of diversification and scenario-based development. The country is providing stronger support for the "Two Focuses" projects and intensifying the implementation of the "Two Upgrades" policies, placing the industry and Company at a crucial juncture for accelerating high-quality development.

Achievement is based on ambition, and success is built on diligence. Facing the future, the Company will actively grasp the direction of the industry and artificial intelligence development. It will continue to deeply implement its Cloudification and Digital Transformation strategy, and strive to build a service-oriented, technology-oriented, and secured enterprise. It will place greater emphasis on the theme of high-quality development, while harnessing driving forces from reforms and opening up, with strengthening the enterprise with talents as the key. The Company will continue to promote the deep integration of sci-tech innovation and industrial innovation, facilitating the smooth transition between new and old development momentum. It will further strengthen the supply of high-quality, efficient digitalised and intelligent products and services, thereby boosting consumption and meeting

the new demands of thousands of industries and households for a better digital life. Promoting the empowerment of economy and society with artificial intelligence applications, the Company continuously enhancing its core functions and core competitiveness. Accelerating the building of a world-class enterprise, the Company will proactively bring returns to shareholders, and strive to write a new chapter in Chinese-style modernised telecommunications.

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. Liang Baojun and Mr. Li Jun for their outstanding contributions to the Company's transformation and upgrades as well as continued development made during their tenure.



Ke Ruiwen

Chairman and Chief Executive Officer
Beijing, China

25 March 2025



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

1. INDUSTRY OVERVIEW

In 2024, the telecommunications industry fully advanced the in-depth implementation of the "14th Five-Year Plan" tasks, achieving steady growth in both volume and revenue. The development of the industry highlighted sci-tech innovation more prominently, with accelerated optimization of and upgrades to new information infrastructure, as well as the deepening and solidification of integration applications, yielding positive results in empowering economic and social development.

1. The telecommunications industry continued to promote the enhancement of quality and efficiency

Steady increase in the volume and revenue of telecommunications businesses. In 2024, the total volume of telecommunications businesses calculated based on the pricing adopted in the previous year increased by 10% year-on-year, effectively driving the stable growth of the service industry. The revenue from telecommunications businesses for the year amounted to RMB1.74 trillion, representing an increase of 3.2% year-on-year. **The driving effect of emerging businesses remained prominent.** The proportion of revenue from emerging businesses, primarily cloud computing, big data, IoT, and data centres, has risen to a quarter, representing an increase of 10.6% year-on-year, contributing 78% to the growth of telecommunications revenue. The industry actively promoted the integration and innovation of new-generation information technology, constructing new digital consumption scenarios, and Smart Family service revenue increased by 11.3% year-on-year. **Sci-tech innovation capabilities continued to improve.** Facing the new stage of digitalised and intelligent transformation, the industry actively promoted the restructuring of R&D models and organisational systems, with R&D expenditure in 2024 increasing by 5.1% year-on-year. Breakthroughs in key areas of innovation were achieved continuously, with

the global share of 5G standard essential patent declarations exceeding 40%. New progress was made in the development of hollow-core optical fibres and high-speed optoelectronic modulator devices, and the pilot program for 10 Gigabit fibre networks was launched. The construction and application of low-altitude intelligent networks, ocean sensing and communications integration, inter-satellite and satellite-to-ground communications were accelerated. The proprietary AI large model achieved multiple capability upgrades, accelerating the process of scaled application in areas such as customer service, government administration, culture and tourism, industry, and smart cities.

2. Dual enhancement of the quantity and quality of information communications infrastructure

Accelerated construction of high-speed transmission networks. In 2024, the total length of fibre cable lines nationwide reached 72.88 million kilometres, among which the year-on-year growth rates of local network trunk fibre cable lines and access network fibre cable lines were 19.9% and 9.9%, respectively. The construction of backbone networks entered a new phase, with the 400G backbone network officially entering large-scale deployment. High-speed transmission channels were initially established to connect the eight major national hub nodes, hubs with the surrounding major cities, as well as key provinces, significantly enhancing transmission bandwidth, network capacity, and ultra-low latency. **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 completed ahead of schedule, achieving gigabit connectivity in every county, 5G connectivity in every township, and 5G connectivity in more than 90% of administrative villages. As of the end of 2024, the number of 5G base stations in China reached 4.251 million, with an average of 30.2 5G base stations per 10,000 people. With the upgrade of 5G network evolution, 5G-A network deployment steadily advanced. The achievements in Gigabit network construction were remarkable, with the number of 10G PON ports capable of providing Gigabit network services reaching 28.20 million, representing a net

increase of 5.183 million over last year, and 207 Gigabit cities were established. **The construction of computing power infrastructure significantly accelerated.** The industry actively implemented the national integrated computing power network construction goals and accelerated enhancements to the computing power network layout. As of the end of 2024, the number of data centre cabinets provided to the public by the three fundamental telecommunications enterprises reached 830,000, with the eastern region accounting for 71.1%, representing an increase of 1.3 percentage points year-on-year. The industry accelerated the construction of intelligent computing centres and the implementation of cluster projects with ten-thousand GPUs, with the scale of intelligent computing exceeding 50EFlops (FP16), achieving double year-on-year growth.

3. Telecommunications services becoming more universally accessible

The penetration rate of mobile phone users and the scale of 5G users continued to lead globally. As of the end of 2024, the number of mobile phone subscribers in China reached 1.79 billion. The mobile phone penetration rate reached 127.1 units per hundred people, which was 19.5 points higher than the global average (107.6 units per hundred people). Of which, the number of 5G mobile phone users reached 1.014 billion, accounting for 56.7% of mobile phone users, which was 2.3 times of the global average. Mobile phone users rapidly migrated to 5G, with a net increase of over 200 million 5G mobile users last year and a net increase of 192 million this year. **The proportion of gigabit users exceeded 30%, and the average bandwidth level per household continued to increase.** As of the end of 2024, the number of wireline broadband access users reached 670 million, including 573 million household broadband access users. The household broadband penetration rate reached 115.9 units per 100 households, representing an increase of 5.7 points as compared to the end of last year. Of which, Gigabit users reached 207 million, accounting for 30.9% of wireline broadband access users, representing an increase of 5.2 percentage points as compared to the end of last year. To meet the demands for high-definition video and live streaming, and to cultivate innovative applications

for smart homes, enterprises accelerated the high-quality supply of wireline broadband "last ten metres", with the scale of Fibre-to-the-Room (FTTR) users exceeding 35 million. In 2024, the total access bandwidth of wireline broadband users reached 307,000 Tbps, representing an increase of 17.9% year-on-year. The average contracted bandwidth per household reached 511.8 Mbps per household, representing an increase of 55.3 Mbps per household as compared to the end of last year. **Data traffic levels reached a record high.** Benefiting from network evolution and upgrades, deep coverage of "signal enhancement", innovation in video services, and the implementation of AI applications, both mobile and wireline Internet access traffic maintained a relatively rapid growth trend. In 2024, the mobile Internet access traffic increased by 11.6% year-on-year, with 5G mobile data traffic accounting for nearly 60%, and the year-on-year growth rate exceeding 40%. The monthly mobile Internet access traffic per user (also known as dataflow of usage, DOU) for the year reached an average of 18.18GB/user month, and the DOU for December alone reached 19.7GB/user, both at historical highs. The data traffic of wireline Internet broadband users increased by 14.9% year-on-year, with the growth rate improving by 4.3 percentage points over last year.

4. Enabling the deepening of industry digitalisation

The application of mobile IoT terminals grew rapidly. As of the end of 2024, the number of mobile IoT (cellular) terminal users in China reached 2.656 billion, representing an increase of 13.9% year-on-year, with a net increase of 324 million this year, accounting for 59.7% of the total mobile terminal connections. The scale of mobile IoT (cellular) terminal applications in the fields of public services, Internet of Vehicles, smart retail, and smart home reached 997 million, 477 million, 372 million, and 320 million users respectively, with the fields of public services and smart home experiencing a year-on-year growth of over 20%. Driven by the rapid enhancement of terminals and active application in certain areas, mobile IoT terminal access traffic in 2024 has doubled as compared to the previous year. **Industry integration applications advanced in depth and substance.** 5G and gigabit

fibre networks extensively empowered industry digitalised transformation, constantly deepening the popularisation of applications in key areas. The cumulative number of 5G industry virtual private networks exceeded 55,000, with an addition of 23,000 networks this year, riding on the surge in such networks in the previous year. 5G applications were integrated into 80 major categories of the national economy, with a total of 138,000 application cases. The number of Gigabit fibre network application cases reached nearly 40,000. The industrial Internet achieved full coverage of 41 major industrial categories, with the key industries accelerating their pace of integration. The number of "5G + industrial Internet" projects has exceeded 17,000, cultivating 20 typical scenarios across 10 major industries, and construction in connection with "5G + industrial Internet" integration application has commenced in 10 initial pilot cities, including Nanjing, Wuhan, and Qingdao.

Note: The above data are extracted from the "Statistical Communique of the Communications Industry in 2024 and its interpretations: High-Quality Development of the Communications Industry Reaches a New Level" 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, introducing new requirements for the development and compliance operation of the industry.

On 22 January 2024, the State Council promulgated the *Provisions of the State Council on Thresholds for Prior Notification of Concentrations of Undertakings* (the "Provisions on Notification of Concentrations of Undertakings"), which became effective from the date of promulgation. The *Provisions on Notification of Concentrations of Undertakings* raised the notification thresholds for concentrations of undertakings and established a mechanism for assessing the implementation of notification thresholds, further relaxed market entry thresholds, reduced institutional transaction

costs of concentration of undertakings, effectively alleviating the burden on enterprises and enhancing the effectiveness of regulation and enforcement with respect to antitrust.

On 15 March 2024, the State Council promulgated the *Regulation on the Implementation of the Law of the People's Republic of China on the Protection of Consumer Rights and Interests* (the "Regulation on the Implementation of the Law on the Protection of Consumer Rights and Interests"), which became effective on 1 July 2024. The *Regulation on the Implementation of the Law on the Protection of Consumer Rights and Interests* mainly refined the obligations stipulated in the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, including safeguarding consumers' personal and property safety, handling defective products, prohibiting false advertising, clear pricing, adoption of standard clauses, fulfilling quality assurance responsibilities, and protecting consumers' personal data. It also made specific provisions regarding issues such as "big data discrimination" and "automatic renewal" in the field of online consumption, as well as infringement issues related to prepaid consumption, thereby strengthening the protection of the legitimate rights and interests of consumers.

On 6 June 2024, the State Council promulgated the *Regulation on Fair Competition Review* (the "Regulation"), which became effective on 1 August 2024. The *Regulation*, for the first time, included laws and local regulations in the drafting stage within the scope of fair competition review, and further optimised market entry and exit, free flow of goods and factors, impact on production and operation costs, and impact on production and operation behaviour across four aspects with 19 policy measures that must not be included, strictly limiting the applicable conditions for exceptions. In addition, the *Regulation* clarified the review mechanism and supervision and guarantee mechanism for conducting fair competition reviews of policy measures and proposed the requirement to establish and improve mechanisms for spot checks, the handling of reports, and supervision related to fair competition reviews.

SECTION III

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

On 24 September 2024, the State Council promulgated the *Regulation on Network Data Security Management*, which became effective on 1 January 2025. The *Regulation on Network Data Security Management* elaborated on the obligations of network data processors in collecting, processing, and protecting personal information, the obligations to identify and report important data, as well as the conditions for providing personal information and important data abroad and the requirements for data export security assessment. In addition, the *Regulation on Network Data Security Management* clarified the obligations of network platform service providers in network data security protection, as well as the relevant provisions on the setting requirements for personalised recommendation services and public services for network identity authentication. It was conducive to regulating network data processing activities, ensuring network data security, and promoting the lawful, reasonable, and effective use of network data.

On 22 March 2024, the Cyberspace Administration of China promulgated the *Provisions on Promoting and Regulating Cross-border Data Flow* (the "Cross-border Data Provisions"), which became effective upon promulgation. The *Cross-border Data Provisions* stipulated the standards for declaring security assessments for the outbound transfer of important data, adjusted the conditions for data outbound activities that would be required to complete filings with respect to security assessments for data outbound transfer, establish standard contracts for personal information outbound transfer, and obtain certification with respect to personal data protection, while also clarifying the conditions for exemption from the foregoing obligations. In addition, the *Cross-border Data Provisions* proposed the establishment of a negative list system for pilot free trade zones and measures to extend the validity period of the results of the outbound data transfer security assessment. Under the premise of ensuring national data security, it appropriately relaxed the conditions for cross-border data flow, moderately narrowed the scope of data outbound security assessment, and facilitated cross-border data flow.

On 26 November 2024, the Ministry of Public Security, in conjunction with the National Development and Reform Commission, the Ministry of Industry and Information Technology, and the People's Bank of China, jointly issued the *Measures for Joint Punishments against Telecom and Online Fraud and Related Illegal and Criminal Activities* (the "Joint Punishments Measures"), which became effective on 1 December 2024. The *Joint Punishments Measures* clarified the scope and criteria for identifying punishment targets, standardised and detailed telecom network punishment measures and procedures, and required telecommunications business operators to strictly implement telecom network punishment measures for the punishment targets.

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. BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

In 2024, the Company firmly seized opportunities arising from the new round of sci-tech revolution and industrial transformation represented by AI. In response to the new consumption demands for intelligence, security, and green from 2C/2H/2B/2G customers, the Company continued to strengthen the supply of high-quality products and services, solidly advancing the dual engines of fundamental business and Industrial Digitalisation business led by strategic emerging businesses, driving continuous improvement in the Company's operating performance.

For individual users, the Company continued to advance mobile network upgrades to 5G-A, enhancing 5G network coverage in key scenarios and continuously enriching applications such as new 5G communications to create more superior mobile communications experience. The Company persistently promotes upgrades to 5G applications, accelerating AI upgrades for applications such as Communications Assistant, Colour Ringback Tone with Video, and Cloud Drive, and expanding the scale of strategic emerging businesses like quantum-encrypted messages and calls and handset direct-to-satellite. The Company also continued to advance terminal upgrades, launching the first customised AI smartphones with built-in self-developed Xingchen general-purpose large model covering speech and semantics within the industry, achieving convenient applications without the need for APPs, and constantly meeting users' growing demands for personalised and diversified information services.

For household users, the Company continuously promoted the upgrade of household broadband to Gigabit and FTTR, creating faster, more comfortable, and safer all-fibre network services. The Company continuously advanced Smart Family application upgrades. Under the "Beautiful Home" brand, the Company continued to develop Smart Family applications to cater for different scenarios in "One All-fibre Network, One Intelligent Cloud and One Beautiful Home", launching smart terminals such as AI cameras, AI cloud computers, and AI home monitors to meet customers' personalised needs for safety, health, entertainment, low-carbon, and intelligence. The Company consistently advanced platform upgrades, constantly enriching home-community-government connectivity scenarios, accelerating the creation of emerging products and scenario-based solutions such as street cloud/township cloud, community living circles, and digital health care, stepping up the integration of CHBG scenarios, and continuously maintaining a leading edge in differentiated development capabilities.

For government and enterprise customers, the Company continued to advance the deployment of computing power, creating the "Xirang" scheduling platform for integrated computing power layout with the integration of general computing, intelligent computing and supercomputing, achieving

convenient intelligent computing applications, unified scheduling of computing and network, and accelerated heterogeneous computing power. The Company participated in the formulation of 10+ industry standards and served 18 cities including Beijing, Shenzhen, Suzhou, and Tianjin to build regional computing power networks. The Company continuously optimised the IDC resource layout to provide AIDC multi-element product service capabilities integrating cloud, AI, security, and other elements. The Company consistently developed industry-leading large model scenario applications, having launched over 50 segmented industry large model scenario applications for sectors such as government affairs, emergency response, industry, education, and cultural promotion. The Company continuously accelerated the upgrade and iteration of digital platforms, forming a batch of high-quality industry platforms with differentiated competitive advantages. The proprietary industry platforms cumulatively facilitated over 15,000 projects and contracts worth RMB15.8 billion in total. The Company constantly upgraded the 5G+AI integrated scenario solutions for three types of ten major industries' 5G customised networks, cumulatively developing 45,000 industry application projects across numerous sectors such as manufacturing, mining, electricity, chemical industry, ports, and low-altitude areas.

For international users, the Company expedited the high-quality development of international business, accelerated the formation of a global layout of cloud network resources and the integration of international and domestic business processes. It actively expanded in key overseas markets, with regions such as Southeast Asia, the Middle East and Africa becoming important growth poles for its international business. Its strategic emerging businesses such as cloud, quantum, satellite, Internet of Vehicles and Internet of Video Things has achieved breakthroughs overseas. These all contributed to an international business revenue of RMB16.9 billion for the year, representing a year-on-year growth of 15.4%.

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

4. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

In 2024, China Telecom closely grasped the development direction of artificial intelligence, fully, accurately, and comprehensively implemented the new development philosophy, firmly fulfilled the construction of Cyberpower and Digital China, safeguarding network and information security and continuously and deeply implemented the Cloudification and Digital Transformation strategy, further accelerated the transformation towards a service-oriented, technology-oriented, and secured enterprise, deepened reform and opening up on all fronts, fully promoted high-quality development, and accelerated the development of new quality productive forces.

Continuous promotion of the construction of digital information infrastructure driven by sci-tech innovation. The Company regarded sci-tech innovation as the core essence of its corporate strategy and the pillar for high-quality development, and accelerated its construction of a leading sci-tech enterprise. With a focus on the four fundamental technology directions of network, cloud and cloud-network integration, artificial intelligence and quantum/security, the Company continuously strengthened its core technologies and achieved significant breakthroughs in the foundational cloud computing softwares such as cloud server operating systems and databases, established China Telecom's No.1 technology, the "Xirang" integrated intelligent computing service platform, and made breakthroughs in key technologies such as distributed inference, hybrid training and inference, and hundred-kilometre lossless transmission. It built the first full-size, full-modality, fully homegrown trillion-parameter foundational large model system in China, resolving challenges in controllable video generation from long text, full-duplex interaction and multimodal deepfake detection. The Company pioneered the world's first distributed cryptographic system integrating QKD and PQC. It released the superconducting quantum computer "Tianyan-504" with the highest number of qubits in a single unit nationwide. The Company conducted the world's

first demonstration and validation of a hollow-core optical cable transmission system with a single wavelength of 1.2 Tbit/s and a capacity exceeding 100 Tbit/s on an existing network, and completed multiple industry-first field trials in key 6G technology areas such as satellite-ground integration, sensing and communications integration, and wireless AI. With its growing influence on science and technology, the Company has undertaken multiple national-level innovation platforms with two projects "Fifth Generation Mobile Communications System" and "Next Generation Internet Source Address" being awarded the first prize of the National Science and Technology Progress Award. Internet of Video Things (IoVT) was selected as one of the "Top Ten Super Projects of State-owned Central Enterprises for 2024" and won the "2024 World Internet Conference Award for Pioneering Science and Technology". The "Tianyan" quantum computing cloud platform was included in the "2024 Top Ten National Mega-Projects of State-owned Central Enterprises". The number of new invention patents obtained by the Company increased by 115.9% year-on-year, ranking second among global operators. The Company held important positions in international standardisation organisations such as ITU-T, 3GPP and IETF. The Company adhered to the principle of network as the foundation, cloud as the core, seizing the direction of artificial intelligence development, expediting the enhancement and upgrade of new digital information infrastructure and empowering the development of AI. The Company appropriately advanced the deployment of cloud-network infrastructure for AI and established two all-liquid-cooling pools with ten-thousand GPUs in Beijing-Tianjin-Hebei and Yangtze River Delta, deploying computing power pools with a thousand GPUs in Guangdong, Jiangsu, Zhejiang, Mongolia and Guizhou, making the intelligent computing power resources reaching 35 EFLOPS. The Company promoted the comprehensive upgrade of data centres to AIDC, meeting various intelligent computing deployment needs. The Company constructed a high-throughput, low-latency intelligent computing and interconnection network, sizeably deployed G.654E new optical fibre, and constructed a 400Gbps all-optical transmission network. The average latency between the eight major hubs has decreased by 7% and the new metropolitan network covered over 200 edge computing power pools, achieving millisecond-level

access to computing. With 9.29 million 10G PON ports in the Gigabit fibre network, the residential coverage rate in cities and towns exceeded 95%, with the 50G PON network pilot deployed. The Company leveraged AI technology to enhance network value, pilot deployed intelligent network elements in wireless networks, core networks, and metropolitan area networks, built real-time perception of business quality and application-level analysis capabilities, achieved intelligent identification and precise control of users and applications. The IoVT business created high-quality video datasets, and empowered AI services across all scenarios, creating over a hundred "AI + IoVT" scenario applications such as Security Smart Eye and Kitchen Monitoring. The Company promoted the enhancement of cloud network operation capabilities through AI empowerment, embedding self-developed network large models into production processes. The automatic activation rate of key emerging products significantly increased to 99%, and the efficiency of handling network breakdown improved by 30%. The Company has achieved reductions in both the number of network fault work orders and processing time, with the overall self-intelligence level of cloud network operations reaching L3.6. The Company continuously strengthened its fundamental network connectivity capabilities and deepened co-building and co-sharing with China Unicom. The total number of 5G mid-to-high frequency base stations reached 1.375 million, steadily advancing the "one single 4G network". The 5G network achieved contiguous coverage in areas of townships and above across the country, while the in-depth coverage rate of key areas and key scenes increased to 90%. Coverage and perceived speed of mobile network steadily increased. The Company continued to strengthen the strategic deployment of 5G-A, sizeably deploying approximately 70,000 carrier aggregation stations across 121 cities, with RedCap coverage in over 200 cities. The Company consolidated the capabilities of aerial-ground integrated information network, proactively promoted the construction of the satellite mobile communication system with high, medium, and low orbit coordination, and the number of mobile phone direct satellite connection users has exceeded 2.4 million. The e-Surfing Artificial Intelligence of Things (AIoT) platform supports secure and reliable access of ultra-large scale terminals at the hundred-million level, as

well as online sensing and control of IoT network connectivity at the billion level, with the number of terminal users reaching 630 million. The Company enhanced the construction of international network capabilities, initiated the establishment of full-service international communication gateway stations in Kunming and Haikou, increased submarine cable bandwidth by 5T, and actively opened strategic transit channels in "the Belt and Road" direction.

Accelerating breakthroughs in scale application, promoting the transformation of innovative achievements into real productivity. The Company fully completed the layout of seven major strategic emerging businesses and actively empowered the intelligent transformation of thousands of industries. Having continuously empowered its products and services with AI, quantum and satellite functionalities, the Company launched the first customised AI smartphones with built-in self-developed Xingchen general-purpose large model covering speech and semantics within the industry. The Company introduced smart terminals such as AI cameras, AI cloud computers and AI home monitors, promoting AI upgrades for 5G New Telecommunications, Communications Assistant, Colour Ringback Tone with Video, Cloud Drive and other applications, and accelerated the scale development of strategic emerging businesses such as quantum-encrypted messages and calls and handset direct-to-satellite. For government and business customers, the Company was committed to building a new integrated service model of "computing power + platform + data + model + application". It accelerated upgrades in industry digital platform capabilities, launching a comprehensive set of industry solutions for key areas and empowering customers in a full range of industries through over 100 digital platforms. The Company advanced the upgrade of the 5G NICES Pro+ integrated product portfolio, developed ten "5G+AI" industrial integrated scenario solutions and 45,000 industry application projects in fields such as power, chemical and mining. China Telecom Cloud is fully advancing into a new stage of intelligent cloud development. The "Xirang" integrated intelligent computing service platform offered capabilities such as heterogeneous ubiquitous computing power, robust computing network scheduling, efficient training and inference engines, one-stop

SECTION III

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

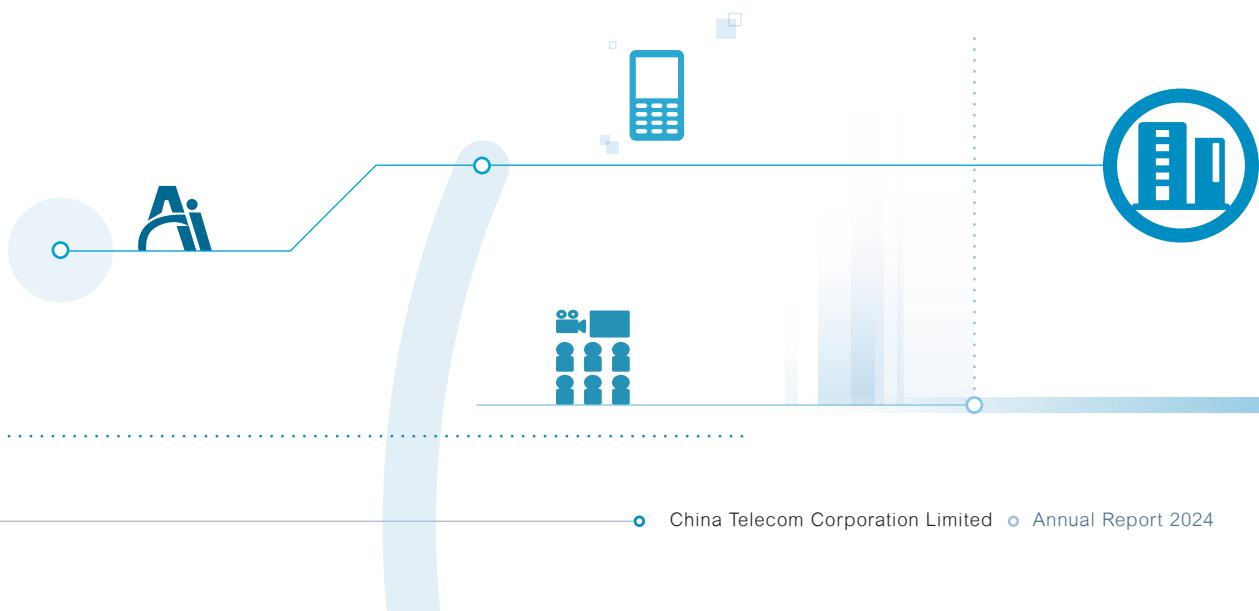
intelligent computing services, high-quality datasets, secure and fast model services as well as a wealth of industry intelligent applications. It completed deep adaptation and optimisation with various mainstream intelligent computing chips and the DeepSeek-R1/V3 series of large models, becoming the first domestic operator-level cloud platform to achieve the full-stack localization of DeepSeek model inference services, and deployed them over a full suite of products such as cloud hosts, cloud computers, cloud phones, MaaS services, computing power scheduling platforms and edge security acceleration platforms. It supported the efficient training and flexible deployment, and doubled inference performance of mainstream models like DeepSeek. The Company gathered resources from various parties to further its expansion in intelligent computing. In collaboration with 50 computing power partners, its total self-owned and connected intelligent computing power has reached 62 EFLOPS, providing rich, diverse, flexible, convenient and cost-effective computing power services to customers in sectors including central state-owned enterprises, AI service providers as well as educational and research institutions. The Company served over 4.9 million customers in the industry, ranking No.1 in China's computing power interconnection scheduling market and deemed as a leader in China's intelligent computing cloud service market. The Company thoroughly implemented "AI+", completing the "1+1+1+M+N" overall layout for artificial intelligence. It developed the Xingchen multimodal general large model foundation. This foundation provided a comprehensive suite of capabilities covering semantics, speech and visual perception, and was open-source in multiple sizes. The Company launched the industry's first large model supporting free mixing of Chinese, English and 50 dialects, as well as a knowledge-based view of all things control deployment large models. It developed AI-native applications such as intelligent systems and industrial solutions, as well as over 10 standardised AI products. The Company launched over 50 industrial large models, serving more than 10,000 industrial customers. It accelerated the implementation and promotion of industrial large models in areas such as grassroots governance, smart government customer service and tourism guidance, effectively helped customers to improve efficiency and reduce costs, and continued to empower the intelligent

transformation of the economy and the society, ranking 6th in China's large model application market share with its AI. The Company thoroughly promoted the embedding and application of 13 internal large models in various processes in its corporate management and operations, such as customer service, network operations and office work, driving cost reduction and enhancement of quality and efficiency. The Company established the Xinghai Big Data brand and ranked first for the year among data element service providers. Its data element platform expanded from Hainan to 7 provinces and 29 cities nationwide, while it also undertook the construction of 3 national-level data annotation bases. In the meantime, its data intelligence core platform served over 150 customers and has developed a large model training dataset comprising over 9 trillion Tokens. The Company inspired the new momentum and new model of "Quantum+" for the future development of the industry. In terms of capability enhancement, the Company relied on a new cryptographic system that integrated QKD, PQC and classical cryptography, constantly enriching the capabilities of its "Quantum+" products. The "Tianyan" quantum computing cloud platform achieved dual upgrades in computing power scale and types, forming the largest quantum computing cluster in China. In terms of empowering industrial development, the Company formed quantum security solutions covering fields such as government affair, finance, energy and transportation, and demonstrated the integration and innovation of quantum technology in the context of various industrial applications.

Further deepening comprehensive reform and opening up to promote industrial prosperity and development. The Company comprehensively advanced the deepening and enhancement actions of state-owned enterprise reforms. It further deepened reforms in key areas, and accelerated the establishment of production relations in alignment with new quality productive forces. The Company improved the innovative allocation level of various resource elements, and was rated level A in the assessment of key reform tasks of state-owned central enterprises by SASAC for three consecutive years. The Company continuously optimised the RDO R&D organization system, established specialised research institutes for

cloud computing, artificial intelligence, quantum, and set up the first overseas research institute in Singapore. It established a cloud-network operating system R&D centre, implemented sci-tech innovation assessment incentives for each enterprise, and deepened the incentive mechanism for the transformation of sci-tech achievements. The Company also improved a basket of innovation supportive policies. The Company constantly deepened the reform of professional companies and industry BGs, established a satellite subsidiary and a cultural and publicity industry company, and consolidated and expanded the first-mover advantage in areas such as satellite communications. The Company comprehensively advanced the optimization of its main processes centred around the cloud core platform and strengthened the talent team development for provincial and municipal company solutions, secondary development, delivery, and operation. It improved the coordination mechanism between provincial companies and professional companies, and among professional companies, and accelerated the implementation and promotion of proprietary products and capabilities. The Company deepened the reform of talent development systems and mechanisms, firmly implemented the strategy of strengthening the enterprise with talents, advanced the "Everest", "Kunlun", and "Five Mountains" programmes, and enhanced the cultivation and introduction of top talents and leading sci-tech talents. Insisting on balancing responsibilities, rights and interests with a dual emphasis on using incentives and constraints, the Company deepened the reform of market-oriented operation mechanisms. It enhanced the ability of managers at all levels to govern and

develop the enterprise, promoted the improvement and expansion of tenure system and contractual management, optimised the assessment and incentive mechanisms, and mobilised the vitality and motivation of various business units. The Company continued to intensify its efforts in opening up and cooperations, focusing on creating mutually beneficial and win-win ecological patterns. It strengthened and opened up in-depth collaborations in respect of its corporate core capabilities such as technology and cloud-network, building a robust industry-academia-research cooperation system with national laboratories and leading universities to enhance joint cultivation of sci-tech talents. The Company has launched a cloud-network capability open platform, opening up over 100 capabilities in cloud-network connectivity, computing-network scheduling, cloud-network operations, and accelerated the productization and promotion of cloud-network capabilities in collaboration with partners. Focusing on customer market by strengthening opening up and cooperation in applications, channels, and services, the Company established a multi-format channel ecosystem for the individual market, enhanced cooperation in all-category terminals and distinctive privileges, and built a high-quality application ecosystem and full-stack service ecosystem for the government and enterprise market. The Company created a more prosperous national cloud ecosystem and constantly strengthened the "AI+" ecosystem alliance. The Company deepened the construction of international cooperation and innovation platforms, the number of members of the World Broadband Association (WBBA) reaching 160, covering 47 countries and regions across five continents.



5. MAJOR OPERATION DURING THE REPORTING PERIOD

The Company adhered to customer-oriented principles, deeply understanding the new intelligent, secure, and green consumption needs of 2C/2H/2B/2G customers, constantly strengthening the supply of high-quality products and services, achieving steady growth in fundamental businesses, sound growth in Industrial Digitalisation business, and making solid new strides towards high-quality development. In 2024, the Company's operating revenues amounted to RMB529.4 billion, representing an increase of 3.1% year-on-year, of which service revenues amounted to RMB482.0 billion, representing an increase of 3.7% year-on-year.

Accelerating the upgrade of 5G applications and terminals, continuously optimising customer experience, and driving healthy growth of mobile communications service revenues. Continuously advancing network upgrades, the Company accelerated the transition of mobile networks to 5G-A, increased 5G network coverage in key scenarios, and continuously enriched applications such as new 5G communications to create a new mobile communication experience characterised by "faster speeds, broader connectivity, wider coverage, more precise perception, lower latency, and higher efficiency", thereby promoting the continuous increase in the penetration rate of 5G network users. **Continuously advancing the upgrade of 5G applications,** the Company reshaped 5G applications and customer perception through AI technology, and consistently promoted AI upgrades for applications such as Communications Assistant, Colour Ringback Tone with Video, and Cloud Drive, accelerating the scale expansion of quantum-encrypted messages and calls, handset direct-to-satellite, and other strategic emerging businesses. **Continuously advancing terminal upgrades,** the Company was the first in the industry to launch a custom AI phone with a built-in proprietary Xingchen speech and language general-purpose model, achieving convenient applications without the need for APPs, and constantly meeting users' growing demands for personalised and diversified

information services. In 2024, the Company's mobile communications service revenues reached RMB202.5 billion, representing an increase of 3.5% year-on-year. Of which, revenue from mobile value-added and applications reached RMB29.9 billion, representing an increase of 16.1% year-on-year. The net addition of mobile subscribers was 16.75 million, bringing the total number of mobile subscribers to 425 million, and mobile ARPU reached RMB45.6.

Accelerating the renewal and upgrade of Gigabit and Smart Family applications, continuously strengthening the integration of CHBG scenarios, and promoting steady growth in Wireline and Smart Family revenue. Continuously advancing network upgrades, the Company accelerated the upgrade of household broadband to Gigabit and FTTR, providing users with faster, more comfortable, and safer all-fibre network services, and strengthening the foundation of smart home connectivity. **Continuously advancing Smart Family application upgrades,** under the "Beautiful Home" brand, the Company continued to develop "One All-fibre Network, One Intelligent Cloud and One Beautiful Home", constantly enriching AI + e-Surfing HD, AI + e-Surfing Family Health and other Smart Family applications, launching AI cameras, AI cloud computers, AI home monitors and other smart terminals to meet customers' personalised needs for safety, health, entertainment, low carbon, and intelligence. **Continuously advancing platform upgrades,** the Company consistently enriched the connectivity scenarios among home, community, and government, accelerating the development of emerging products and scenario-based solutions such as street cloud/township cloud, community living circle, and digital health care, strengthening the integration of CHBG scenarios in rural and community management, community services, and home applications, and maintaining a leading edge in differentiated development capabilities. In 2024, the Company's Wireline and Smart Family service revenues reached RMB125.7 billion, representing an increase of 2.1% year-on-year. Of which, revenue from Smart Family services reached RMB22.1 billion, representing an increase of 16.8% year-on-year. The number of broadband subscribers saw a net addition of 7.28 million, reaching 197 million, while the broadband blended ARPU reached RMB47.6.

Accelerating the deep integration of sci-tech innovation and industrial innovation, continuously creating new impetus and new advantages for high-quality development, and promoting the healthy development of strategic emerging businesses and Industrial Digitalisation revenue. Continually advancing the intelligence integration upgrade of China Telecom Cloud.

The Company continuously upgraded the industry-leading "Xirang" integrated intelligent computing service platform, providing powerful computing network scheduling, efficient heterogeneous computing, and one-stop training and inference service capabilities, aggregating resources from various parties to deepen the intelligent computing layout. It connected with 50 computing power partners, with a total of 62EFLOPS of self-owned and accessed intelligent computing power, offering rich, diverse, flexible, convenient, and cost-effective computing power services to customers in sectors such as central state-owned enterprises, AI infrastructure providers, and educational and research institutions. **Continuously promoting the deep integration of large industry models into production scenarios**, the Company provided customers with integrated services of "computing power + platform + data + model + application". The efficiency of document writing in grassroots governance large models increased sixfold, and the efficiency of conflict mediation doubled. In industrial quality inspection large model detection scenarios, accuracy exceeded 99.4%. In tourism guide large models, the accuracy of intent recognition and digital human explanation Q&A services both exceeded 95%. In education, the precision teaching large model reduced teachers' 70% workload in grading, and the rate of excellent student writing increased by 60%. **Continuously promoting "Quantum+" intelligent upgrade**. Relying on the distributed cryptographic system architecture integrated with quantum key distribution to provide a technological foundation for the construction of quantum security

infrastructure, the Company built a "Quantum+" product capability system. The capabilities and scale of quantum secure communication products were leading domestically, providing quantum security and confidentiality services for important sectors of the national economy such as government affairs, finance, energy, and transportation. **Continually advancing the intelligent upgrade of 5G industry applications**. The Company innovatively launched the NICES Pro+ product system, upgraded the 5G+AI integration scenario solutions for three categories and ten major industries, targeting manufacturing, mining, power, chemical, port, low-altitude sectors and thousands of industries, cumulatively developing 45,000 industry application projects. The 5G deterministic network completed the tiered and categorised scenario solutions, leading in the industry. **Continuously promoting significant breakthroughs in the scale of key markets for industry digital platforms**. The Company deeply engaged in the digital economy sector, accelerated the advancement of new industrialisation, and the proprietary new industrial products applications such as e Cloud Collection, e Cloud Control, and large industrial models were implemented in 19 provinces, serving over 10,000 enterprises. The proprietary intelligent cockpit large model's multimodal scene recognition accuracy was above 95%, reaching industry-leading levels. The "e-Surfing Smart Enterprise" standard ICT solution for SMEs was launched on the unified entry for e-Surfing Smart Enterprise customers, building new internet-based processes, cumulatively serving 837,000 SMEs. The Company deeply engaged in the digital society sector, and the National Health Big Data Platform participated in the construction of over 130 provincial and municipal platforms, with cumulative contracts exceeding RMB2.6 billion. The county-level medical community information platform was implemented in 200+ counties, the education campus safety platform covered 8,437 schools, the vocational education comprehensive

management service platform expanded to over 287 vocational education clients, and smart agriculture and related products covered 589 districts and counties. The Company deeply engaged in the digital government sector, participated in the government digitalised transformation and construction of 31 provinces, over 250 cities, and more than 1,000 districts and counties. Through the "e-Surfing Governance" city intelligent hub platform, a new foundation for smart cities with unified standards and open interfaces was created, providing government applications such as "access to services via a single website, management via a single website, collaboration via a single website". The integrated service platform for public demands consolidated public service channels, enabling intelligent analysis and precise handling and tracking of public demands. It already provided intelligent operation foundations for various government service hotlines in over 220 cities. In 2024, the Company's Industrial Digitalisation business achieved sound development, with revenue reaching RMB146.6 billion, representing an increase of 5.5% year-on-year; the proportion of Industrial Digitalisation revenue increased to 30.4%, up by 0.5p.p. over the same period last year. **Continuously promoting the high-quality development of international business.** The Company accelerated the high-quality development of international business, expedited the global deployment of cloud and network resources, and promoted the integration of international and domestic business processes. It actively expanded in key overseas markets, with regions such as Southeast Asia, the Middle East and Africa becoming important growth poles for its international business. Its strategic emerging businesses such as cloud, quantum, satellite, Internet of Vehicles and Internet of Video Things made breakthroughs overseas. These all contributed to an international business revenue of RMB16.9 billion for the year, representing a year-on-year growth of 15.4%.

6. FINANCIAL REVIEW

In 2024, seizing the strategic opportunities brought by the new round of sci-tech revolution and industrial transformation, the Company implemented the new development principles completely, accurately and comprehensively, and continued to deeply implement its Cloudification and Digital Transformation strategy. The Company accelerated its construction as a service-oriented, technology-oriented, and secured enterprise, further enhanced its core functions and core competitiveness, maintained a continued growth in operating performance, and attained new results in corporate high-quality development. In 2024, operating revenues were RMB529,417 million, representing an increase of 3.1% from year 2023. Service revenues²³ were RMB482,033 million, representing an increase of 3.7% from year 2023. Operating expenses were RMB489,614 million, representing an increase of 2.8% from year 2023. The profitability of the Company continued to improve. Profit attributable to equity holders of the Company was RMB33,012 million, representing an increase of 8.4% from year 2023. Basic earnings per share were RMB0.36. EBITDA²⁴ amounted to RMB140,847 million, representing an increase of 2.9% from year 2023. EBITDA margin²⁵ was 29.2%.

Operating Revenues

In 2024, the Company adhered to customer-oriented principles, actively seizing new consumption trends driven by digital technology. 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. The value of fundamental businesses steadily increased, Industrial Digitalisation business achieved sound growth, and the revenue structure was continuously optimised. In 2024, operating revenues were RMB529,417 million, representing an increase of 3.1% from year 2023. Service revenues were RMB482,033 million, representing an increase of 3.7% from year 2023.

²³ Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment, and other non-service revenues

²⁴ EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation. Although EBITDA has been widely applied in the global telecommunications industry as a benchmark to reflect operating performance, debt raising ability and liquidity, it is not regarded as a measure of operating performance and liquidity under the IFRS Accounting Standards. It also does not represent net cash from operating activities. In addition, our EBITDA may not be comparable to similar indicators provided by other companies

²⁵ EBITDA margin is calculated based on EBITDA divided by service revenues

The following table sets forth a breakdown of the operating revenues for year 2024 and 2023, together with their respective rates of change:

(RMB million, except percentage data)	For the year ended 31 December		
	2024	2023	Rates of change
Service revenues	482,033	464,965	3.7%
Of which: Mobile communications service revenues	202,524	195,660	3.5%
Wireline and Smart Family service revenues	125,680	123,063	2.1%
Industrial Digitalisation service revenues	146,588	138,890	5.5%
Other service revenues	7,241	7,352	-1.5%
Revenue from sales of goods and others	47,384	48,586	-2.5%
Total operating revenues	529,417	513,551	3.1%

Mobile communications service revenues

In 2024, 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 2024, mobile communications service revenues were RMB202,524 million, representing an increase of 3.5% over last year and accounting for 38.3% of operating revenues.

Wireline and Smart Family service revenues

In 2024, the Company promoted the upgrade of household broadband to Gigabit and FTTR, 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 2024, Wireline and Smart Family service revenues were RMB125,680 million, representing an increase of 2.1% over last year and accounting for 23.7% of operating revenues.

Industrial Digitalisation service revenues

In 2024, 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 expedited the creation of a new integrated service model of "computing power + platform + data + model + application", driving robust growth in Industrial Digitalisation business. In 2024, revenue from Industrial Digitalisation business reached RMB146,588 million, representing an increase of 5.5% over last year and accounting for 27.7% of operating revenues.

Other service revenues

In 2024, revenues from other services amounted to RMB7,241 million, representing a decrease of 1.5% from year 2023.

Revenue from sales of goods and others

In 2024, revenue from sales of goods and others amounted to RMB47,384 million, representing a decrease of 2.5% from year 2023, 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 2024, operating expenses were RMB489,614 million, representing an increase of 2.8% from year 2023. Operating expenses accounted for 92.5% of operating revenues.

The following table sets forth a breakdown of the operating expenses in 2024 and 2023 and their respective rates of change:

(RMB million, except percentage data)	For the year ended 31 December		
	2024	2023	Rates of change
Depreciation and amortisation	101,044	99,702	1.3%
Network operations and support	165,598	160,411	3.2%
Selling, general and administrative	66,663	66,804	-0.2%
Personnel expenses	98,279	92,805	5.9%
Other operating expenses	58,030	56,701	2.3%
Total operating expenses	489,614	476,423	2.8%

Depreciation and amortisation

In 2024, the Company actively maintained a prudent investment strategy, continuously enhanced investment efficiency and implemented precise measures by category, while further deepened 5G co-building and co-sharing as well as 4G network co-sharing. Depreciation and amortisation amounted to RMB101,044 million, representing an increase of 1.3% from year 2023 and accounting for 19.1% of operating revenues.

Network operations and support

In 2024, 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 accurate management of costs, optimised cost structure and further increased resource utilisation efficiency. Network operations and support expenses amounted to RMB165,598 million, representing an increase of 3.2% from year 2023 and accounting for 31.3% of operating revenues.

Selling, general and administrative

In 2024, 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 RMB66,663 million, representing a decrease of 0.2% from year 2023 and accounting for 12.6% of operating revenues. Of which, selling expenses were RMB50,161 million, representing a decrease of 2.0% from year 2023.

Personnel expenses

Firmly seizing the period of opportunities arising from the development of digital economy, the Company intensified the efforts to attract sci-tech and innovative talents, built a high-quality R&D team, and increased incentives for high-performance teams, key business units, and frontline employees. Investments in personnel expenses were in line with the direction of building the Company as a sci-tech company. In 2024, personnel expenses

amounted to RMB98,279 million, representing an increase of 5.9% from year 2023 and accounting for 18.6% of operating revenues. For details regarding the number of employees, remuneration policy and training programs, please refer to the 2024 Sustainability Report (ESG Report).

Other operating expenses

In 2024, other operating expenses amounted to RMB58,030 million, representing an increase of 2.3% from year 2023 and accounting for 11.0% 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 2024, net finance costs amounted to RMB228 million, representing a decrease of RMB104 million from year 2023. The decrease was mainly because of the decrease in the interest expense on the Company's lease liabilities.

Profitability Level

Income taxes

The Company's statutory income tax rate is 25.0%. In 2024, income tax expenses were RMB9,197 million while the effective tax rate was 21.8%, representing a decrease of 0.6 percentage point from last year. The reason for the effective tax rate to be lower than the statutory tax rate was because income from investment in the associate company, China Tower Corporation Limited ("China Tower"), was not subject to tax during the period of the investment held, the application of preferential policies such as additional tax deduction from research and development expenses, and some subsidiaries and some branches located in the western region of China enjoyed low tax rates.

Profit attributable to equity holders of the Company

The Company firmly seized the strategic opportunities arising from the booming digital economy, 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 further strengthened. In 2024, the profit attributable to equity holders of the Company was RMB33,012 million, representing an increase of 8.4% from year 2023.

Capital Expenditure And Cash Flows

Capital expenditure

In 2024, the Company actively maintained a prudent investment strategy, continuously enhanced investment efficiency, and accelerated the enhancement and upgrade of new digital information infrastructure. The Company continuously optimised the layout of cloud-intelligent integrated computing power 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 RMB93,513 million, representing a decrease of 5.4% from year 2023.

Cash flows

In 2024, the net increase in cash and cash equivalents was RMB1,072 million.

The following table sets forth the cash flow position in 2024 and 2023:

(RMB million, except percentage data)	For the year ended 31 December		
	2024	2023	Rates of change
Net cash flow from operating activities	145,049	137,508	5.5%
Net cash used in investing activities	(103,432)	(95,492)	8.3%
Net cash used in financing activities	(40,545)	(33,477)	21.1%
Net increase in cash and cash equivalents	1,072	8,539	(87.4%)

SECTION III

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

In 2024, the net cash inflow from operating activities was RMB145,049 million, representing an increase of 5.5% year-on-year, with the overall operating cash flow remaining stable.

In 2024, the net cash outflow in investing activities was RMB103,432 million, representing an increase of 8.3% year-on-year, mainly because the Company optimised the deposit structure, and the large denomination certificates of deposit and time deposits increased.

In 2024, the net cash outflow in financing activities was RMB40,545 million, representing an increase of 21.1% year-on-year, mainly due to the decrease in deposits absorbed by the affiliated finance company over last year.

Working Capital

The Company consistently upheld stable and prudent financial principles and stringent fund management policies. At the end of 2024, the working capital (total current assets minus total current liabilities) deficit was RMB137,252 million, representing an increase in deficit of RMB1,679

million compared to the end of 2023. As at 31 December 2024, the unutilised credit facilities were RMB196,413 million (2023: RMB205,452 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 2024, cash and cash equivalents amounted to RMB82,207 million, among which cash and cash equivalents denominated in Renminbi accounted for 92.6% (2023: 93.6%).

Assets and Liabilities

In 2024, the Company continued to maintain a solid financial position. At the end of 2024, the total assets increased by 3.7% from RMB835,814 million as at the end of 2023 to RMB866,625 million. The total liabilities increased from RMB388,647 million at the end of 2023 to RMB410,073 million, representing an increase of 5.5%. The debt-to-asset ratio was 47.3% at the end of 2024.

Indebtedness

The indebtedness analysis as at the end of 2024 and 2023 is as follows:

(RMB million)	As at 31 December	
	2024	2023
Short-term debts	2,835	2,867
Current portion of long-term debts	1,238	1,133
Long-term debts	7,459	5,142
Total indebtedness	11,532	9,142

As at the end of 2024, the total indebtedness²⁶ was RMB11,532 million, representing an increase of RMB2,390 million from the end of 2023, which was mainly due to the increase in preferential rate loans for the technology-based subsidiaries. Of the total indebtedness, loans denominated in

Renminbi, US Dollars and Euro accounted for 98.1% (2023: 97.3%), 1.3% (2023: 1.8%) and 0.6% (2023: 0.9%), respectively. 66.0% (2023: 93.2%) of the indebtedness were loans with fixed interest rates while the remaining portion of the indebtedness represented loans with floating interest rates.

²⁶ Total indebtedness refers to interest-bearing debts excluding lease liabilities

As at 31 December 2024, neither the Company nor any of its subsidiaries pledged any assets as collateral for debt (2023: Nil).

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

Contractual Obligations

Contractual obligations as at 31 December 2024 are as follows:

(RMB million)	Total	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	Thereafter
Short-term debts	2,869	2,869	–	–	–
Long-term debts	9,602	1,402	1,568	5,343	1,289
Lease liabilities	52,476	15,614	14,451	19,092	3,319
Capital commitments	20,226	20,226	–	–	–
Total contractual obligations	85,173	40,111	16,019	24,435	4,608

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 faces new strategic opportunities. The industry should proactively and accurately analyse and assess the situation, actively respond to changes, seize opportunities, and open up new prospects.

Firstly, the economic foundation of China is stable, with multiple advantages, strong resilience, and great potential. The long-term favourable supporting conditions and fundamental trends remain unchanged, and the continuous strengthening of macro policies introduces a new momentum for development. In 2024, the Central Economic Work Conference deployed greater efforts to support "Two Focuses" projects, intensify and expand the implementation of "Two Upgrades" policies, and

include 5G mobile phones and other 3C products in the scope of trade-in programs. It also deeply carried out the "Artificial Intelligence+" initiative to promote the deep integration of artificial intelligence and the real economy. The state has intensively issued documents and systematically deployed the promotion of new urban infrastructure construction to build resilient cities and develop and utilise public data resources. The Ministry of Industry and Information Technology and other ministries vigorously promote the coordinated development of new information infrastructure and deploy the "Raising the Sail" action for large-scale 5G applications. A series of incremental and stock policies are superimposed to solidly promote the economy towards an upward structure and maintain a positive development trend.

Secondly, cutting-edge technologies such as artificial intelligence and quantum technology are emerging in concentration, triggering chain transformations and profoundly impacting global sci-tech innovation, industrial structure adjustment, and economic and social development. Artificial intelligence is a strategic technology leading the new round of sci-tech revolution and industrial

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transformation, iterating and innovating at an unprecedented speed, bringing disruptive and reshaping impacts. For example, through underlying technology optimisation, DeepSeek has broken through the limitations of limited computing resources, achieving higher performance and lower costs, leading open-source initiatives and causing a sensation globally. This will further promote the enhancement of large models across the industry and the popularisation of AI applications. Quantum technology is a major disruptive technological innovation that impacts and restructures traditional technology systems. Currently, quantum technology is at a critical juncture of rapid technological advancement, gradual application maturity, and intensified international competition. Recently, Google launched a new quantum chip capable of completing a standard benchmark calculation within 5 minutes, whereas a supercomputer would take up to 10^{25} years. Germany launched the Qube satellite to conduct space QKD tests, and the European Space Agency initiated a quantum-secure satellite data link project, among others.

Thirdly, the waves of digitalised, network-based, intelligent, and green transformation are approaching, making it more urgent to maintain the safety baseline. The potential and space for the transformation and development needs of the economy and society are enormous. First, the digital transformation of the economy and society continues to deepen. AI empowers the accelerated development of new industrialisation, with industry models rapidly implemented in sectors such as finance, industry, and healthcare. AI drives the coordinated upgrade of networks, terminals, and applications, creating new consumption scenarios with significant potential in smart healthcare, smart elderly care, and digital education. The construction of digital governments, smart cities, and smart communities is also accelerating. Secondly, there is a comprehensive green transformation of economic and social development. Synergistic development of digitalisation and greening will promote the transformation and upgrading of energy resources, industrial structure, and consumption structure. Carbon footprint labels have become key certifications for products. The explosive growth of intelligent computing scale has a significant impact on the energy supply system, urgently requiring the promotion of innovative development in the

integration of computing power with electricity, communication, and energy. Finally, the demand for security as a baseline is becoming more pressing. On one hand, traditional cyber-attack activities continue to escalate, showing trends of high organisation, clear attack targets, increased attack frequency, and enhanced concealment. On the other hand, new industries, new business types, and new models bring opportunities as well as new security challenges.

Facing new changes in the situation and new task requirements, the Company will accurately grasp its historical position, firmly seize new strategic opportunities for development, continue to deeply implement the Cloudification and Digital Transformation strategy, accelerate the construction of a world-class enterprise, and continuously create greater value for shareholders.

2. DEVELOPMENT STRATEGY OF THE COMPANY

China Telecom firmly fulfils its responsibility of building Cyberpower and Digital China, and safeguarding network and information security, anchoring the goal and vision of creating a service-oriented, technology-oriented, and secured enterprise. By fully and deeply implementing its Cloudification and Digital Transformation strategy, it insists on being customer-oriented, strengthens the core capability of sci-tech innovation, actively promotes the construction of new digital information infrastructure, and builds a platform that empowers the economic and social digitalised transformation. It provides customers with intelligent, convenient, green, secure, and excellent quality digital information services, continuously enhancing corporate value, customer value, and employee value, accelerating the construction of a world-class enterprise.

3. BUSINESS PLAN

In 2025, the Company will continue to actively explore the development directions of the new economy and new technologies, and deeply implement its Cloudification and Digital Transformation strategy. **Continuously strengthening high-quality sci-tech innovation**, the Company will focus on four major technological

directions and seven major strategic emerging businesses, accelerate the promotion and leadership of industrial innovation and development, and effectively transform the layout advantages in strategic emerging fields such as artificial intelligence, cloud, security, and quantum into differentiated advantages in business development. **Continuously strengthening the supply of high-quality products and services**, the Company will accelerate the advancement of connection upgrades, terminal upgrades, application upgrades, and platform upgrades, and promote the innovative development of fundamental businesses. It will expedite the expansion of the digital economy, digital society, and digital government incremental space, and drive the rapid development of industrial digitalised services. **Continuously enhancing the high-quality customer service experience**, the Company will adhere to a customer-centric approach, accelerate the improvement of digital and intelligent application and operation management levels, better meet customers' diverse and personalised needs, and promote the achievement of new and greater success in high-quality corporate development.

4. POTENTIAL RISKS

Risks of adapting to economic and policy environment

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

Risks relating to sci-tech innovation

The new round of sci-tech revolution and industrial transformation has developed in depth, spawning a large number of new scenes, new business forms and new models. Large models have shown an explosive growth trend. Artificial intelligence, computing power service and cloud service have become the main development directions, and the value of data elements has been released rapidly. The Company's sci-tech innovation and proprietary R&D and control capabilities of products need to be continuously improved. The Company will continue to strive for breakthroughs in key core technologies, strengthen original and leading sci-tech breakthroughs, further increase the deployment of high-level sci-tech innovation platforms around strategic emerging businesses and future industries, enhance R&D efficiency, strengthen the transformation and application of innovative achievements, implement the project of strengthening the enterprise with talents, and create a talent centre and innovation highland.

Network and data security risks

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

Risks from strategic emerging businesses and future industries

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

Operational risks of international business

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

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 Report" of this annual report.

3. Dividends

The Board of Directors proposes a final dividend of RMB0.0927 per share (pre-tax) based on total number of issued share capital of the Company at the record date for the implementation of the dividend distribution. Cash dividend to be distributed amounts to an aggregate amount of approximately RMB8,483 million calculated based on 91,507,138,699 shares, being the total number of issued share capital of the Company as at 31 December 2024. Together with the 2024 interim dividend of RMB0.1671 per share (pre-tax) which has been distributed, the full year dividend of the year 2024 amounts to RMB0.2598 per share (pre-tax) in an aggregate amount of approximately RMB23,774 million which represents 72% of the profit attributable to equity holders of the Company for the year 2024. 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 Wednesday, 21 May 2025 (the "2024 AGM"). Dividends will be denominated and declared in Renminbi. Details of the profit distribution of the Company for 2024 are set out in the "Corporate Governance Report" 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 2024 AGM. The proposed final dividends are expected to be paid on or before 18 July 2025 upon approval at the 2024 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 2024 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, 10 June 2025.

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

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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, 10 June 2025 (the "Registered Address"). If the country of domicile of an individual H share shareholder is not the same as the Registered Address or if the individual H share shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H share shareholder shall notify and provide relevant supporting documents to the Company on or before Wednesday, 4 June 2025. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H share shareholders may either personally attend or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

For Southbound Investors (including enterprises and individuals), the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the investors of the Southbound Trading Link, will receive all dividends distributed by the Company and will distribute the dividends to the relevant investors under the Southbound Trading Link through its 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	61	Executive Director, Chairman and Chief Executive Officer	30 May 2012*
Liu Guiqing	58	Executive Director and Executive Vice President	19 August 2019*
Tang Ke	50	Executive Director and Executive Vice President	22 March 2022*
Li Yinghui	54	Executive Director, Executive Vice President, Chief Financial Officer and Secretary of the Board	6 January 2023*
Liu Ying	51	Executive Vice President	25 March 2025**
Chen Shengguang	61	Non-Executive Director	23 May 2017*
Ng Kar Ling Johnny	64	Independent Non-Executive Director	6 January 2023*
Yeung Chi Wai, Jason	70	Independent Non-Executive Director	26 October 2018*
Chen Dongqi	68	Independent Non-Executive Director	6 January 2023*
Lyu Wei	68	Independent Non-Executive Director	23 May 2023*

* 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 on the following dates:

Due to change in work arrangement, Mr. Xia Bing has resigned from his positions as an Executive Director and Executive Vice President of the Company with effect from 19 January 2024.

Due to his age, Mr. Shao Guanglu has retired from his positions as an Executive Director, the President and Chief Operating Officer of the Company with effect from 23 May 2024.

On 12 July 2024, Mr. Liang Baojun ("Mr. Liang") has been appointed as the President and Chief Operating Officer of the Company. The relevant appointment became effective from 12 July 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. The appointment of Mr. Liang as an Executive Director

of the Company was approved at the extraordinary general meeting of the Company held on 21 August 2024 (the "2024 First EGM"). The relevant appointment became effective from 21 August 2024 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. 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 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.

5. Supervisors of the Company

The following table sets out certain information of the Supervisors of the Company:

Name	Age	Position in the Company	Date of Appointment*
Huang Xudan	56	Chairlady of the Supervisory Committee and Shareholder Representative Supervisor	21 August 2024
Luo Laifeng	52	Employee Representative Supervisor	21 August 2024
Guan Lixin	53	Employee Representative Supervisor	23 May 2023
Luo Zhendong	47	Shareholder Representative Supervisor	23 May 2023
Wang Yibing	59	Shareholder Representative Supervisor	22 March 2022

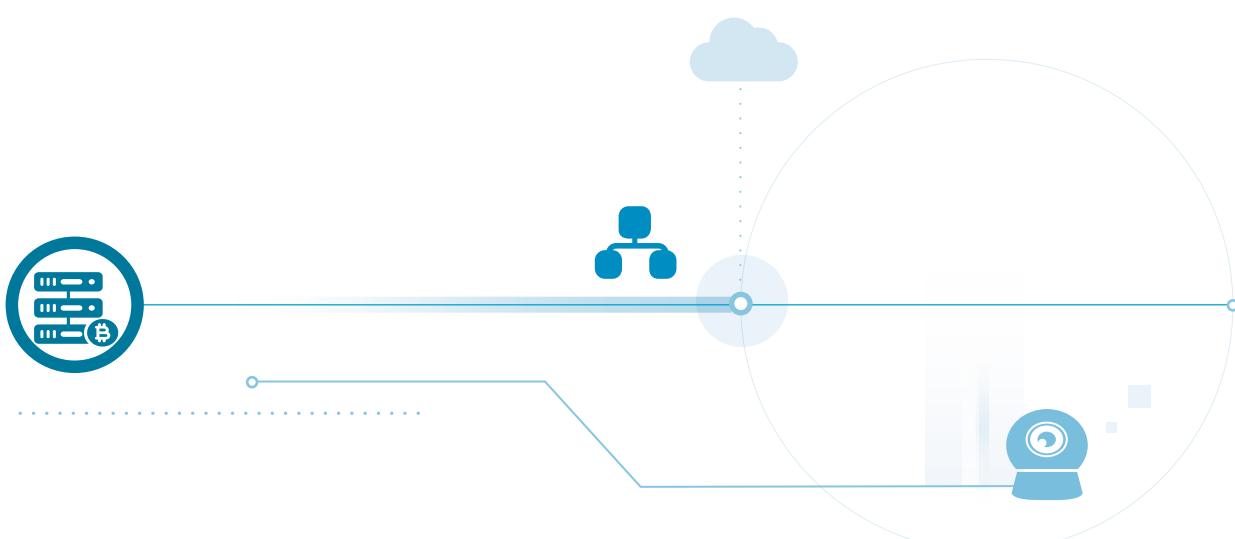
* Date of appointment as Supervisor

The appointment of Madam Huang Xudan ("Madam Huang") as a Shareholder Representative Supervisor of the Company were approved at the 2024 First EGM. Meanwhile, Mr. Luo Laifeng has been elected as an Employee Representative Supervisor by the employee representatives of the Company democratically. Terms of office of the Supervisors commenced from 21 August 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. Madam Huang has been elected as the Chairlady of the eighth session of the Supervisory Committee at a meeting of the Supervisory Committee held on 21 August 2024, with a term commencing from 21 August 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. In addition, Madam Han Fang ("Madam Han") and Mr.

Zhang Jianbin ("Mr. Zhang") resigned from their positions as Supervisors due to changes in work arrangement. The resignation of Madam Han took effect on the date of election of the new Shareholder Representative Supervisor at the 2024 First EGM. The resignation of Mr. Zhang took effect on the date of election of the new Employee Representative Supervisor by the employee representatives of the Company democratically.

6. Share Capital

As at 31 December 2024, 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).



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

As at 31 December 2024, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at the shareholders' class meetings of the Company (excluding the Directors and Supervisors) in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the Securities and Futures Ordinance (the "SFO") are as follows:

Name of shareholder	Number of shares*	Class of share	Approximate	Approximate	Capacity
			percentage of the respective class of shares	percentage of the total number of shares in issue	
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

As at 31 December 2024, 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 2024 may be different from those as disclosed above.

Save as disclosed above, as at 31 December 2024, 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.

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

Save as disclosed below, as at 31 December 2024, none of the Directors and Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the 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.

Name	Position	Class of share	Number of		Shares held as the total number of respective class of shares in issue	Shares held as the total number of shares in issue
			Shares	Capacity		
Chen Shengguang	Non-Executive Director	A Share	1,000 (Long Position)	Beneficial owner	0.00%	0.00%
			1,000 (Long Position)	Interest of spouse	0.00%	0.00%

During the year 2024, the Company has not granted its Directors or Supervisors, or their respective spouses or any of their respective minor child (natural or adopted) or on their behalf any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for the shares or debentures.

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

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 Conditional Share Subscription and Strategic Cooperation Agreement (the "Share Subscription Agreement") with Quantumctek Co., Ltd. ("Quantumctek"), planning to subscribe for non-public issued shares of Quantumctek with self-owned funds. Mr. Ke Ruiwen who serves as the Chairman of China Telecommunications, Mr. Shao Guanglu who served as a Director and the President of China Telecommunications, Mr. Liu Guiqing who serves as a Director of China Telecommunications, Mr. Tang Ke and Mr. Li Jun who serve as Vice Presidents

of China Telecommunications, and Mr. Li Yinghui who serves as the Chief Accountant of China Telecommunications therefore abstained from voting on the relevant board resolution in respect of transactions contemplated under the Share Subscription Agreement.

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. Mr. Ke Ruiwen who serves as the Chairman of China Telecommunications, Mr. Liang

Baojun who served as a Director and the President of China Telecommunications, Mr. Liu Guiqing who serves as a Director of China Telecommunications, Mr. Tang Ke and Mr. Li Jun who serve as Vice Presidents of China Telecommunications, and Mr. Li Yinghui who serves as the Chief Accountant of China Telecommunications therefore abstained from voting on the above board resolution.

Reference is made to the announcement published by the Company on 12 July 2024 and the circular published by the Company on 2 August 2024. 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 with a term from 1 January 2025 to 31 December 2027. On the same day, the Company and E-surfing Pay entered into the Payment and Digital Finance Related Services Framework Agreement with a term from 1 January 2025 to 31 December 2027. In addition, on 12 July 2024, financial services framework agreements were entered into between the Company and China Telecom Finance, China Telecom Finance and China Telecommunications, China Telecom Finance and CCS, China Telecom Finance and New Guomai Digital Culture Co., Ltd, China Telecom Finance and Beijing Global Safety Technology Co., Ltd, respectively. The respective terms of all these financial services framework agreements are effective from 1 January 2025 until 31 December 2027. Mr. Ke Ruiwen who serves as the Chairman of China Telecommunications, Mr. Liu Guiqing who serves as a Director of China Telecommunications, Mr. Tang Ke and Mr. Li Jun who serve as Vice Presidents of China Telecommunications and Mr. Li Yinghui who serves as the Chief Accountant of China

Telecommunications therefore abstained from voting on the relevant board resolutions in respect of the above agreements.

Save as disclosed above and the service agreements entered into between the Company and the Directors and Supervisors, for the year ended 31 December 2024, the Directors and 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.

10. Service Contracts

None of the Directors or Supervisors 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).

11. Emoluments of the Directors and Supervisors

Please refer to note 34 of the audited consolidated financial statements for details of the emoluments of all Directors and Supervisors of the Company in 2024.

12. Employees and Emolument Policy

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

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

In 2024, 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 2024, the Company did not hold any treasury shares.

14. 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 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, upon completion of the subscription, China Telecom Quantum Group holds approximately 21.86% of the issued shares of Quantumctek and will have the power to control the board of directors of Quantumctek. According to the applicable accounting principles, Quantumctek will become an indirect non-wholly owned subsidiary of the Company and the financial results of Quantumctek will be consolidated into the Group's consolidated financial statements.

Save as disclosed above, for the year ended 31 December 2024, the Company had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

15. 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.

16. Summary of Financial Information

Please refer to pages 248 to 250 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 2024.

17. 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.

18. Charge On Assets

As at 31 December 2024, no fixed assets was pledged to banks as loan security (31 December 2023: Nil).

19. 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 2024.

20. 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 2024.

21. Reserves

Distributable reserves of the Company as at 31 December 2024 before deducting the proposed final dividends for 2024 amounted to RMB166,419 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 2024.

22. 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 2024.

23. Donations

For the year ended 31 December 2024, the Group made charitable and other donations with a total amount of RMB3.027 million.

24. 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 2024.

25. Permitted Indemnity

For the year ended 31 December 2024 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.

26. Changes In Equity

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

27. Retirement Benefits

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

28. Pre-Emptive Rights

There are no provisions for pre-emptive rights in the Articles of Association requiring the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

29. Major Customers and Suppliers

For the year ended 31 December 2024, 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 2024, 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.

30. 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.

SECTION III

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

31. 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.

32. 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.

33. Business Review

The details of the material development of the Group in 2024, 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 2024, 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 Report", etc.), and are particularly detailed in the 2024 Sustainability Report (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, "Environmental and Social Responsibilities", "Corporate Governance Report", etc.) and the 2024 Sustainability Report (ESG Report) of the Company. Each of the above-mentioned relevant contents form an integral part of this Report of the Directors.

34. Compliance With the Corporate Governance Code

Please refer to the "Corporate Governance Report" for details of our compliance with the Corporate Governance Code.

35. 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 at the 2024 First EGM 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 2024 First EGM. Accordingly, KPMG and KPMG Huazhen LLP have been appointed as the Company's external auditors for the year ended 31 December 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 2025 and would propose the re-appointment of KPMG and KPMG Huazhen LLP at the Annual General Meeting for the year of 2024 of the Company for consideration.

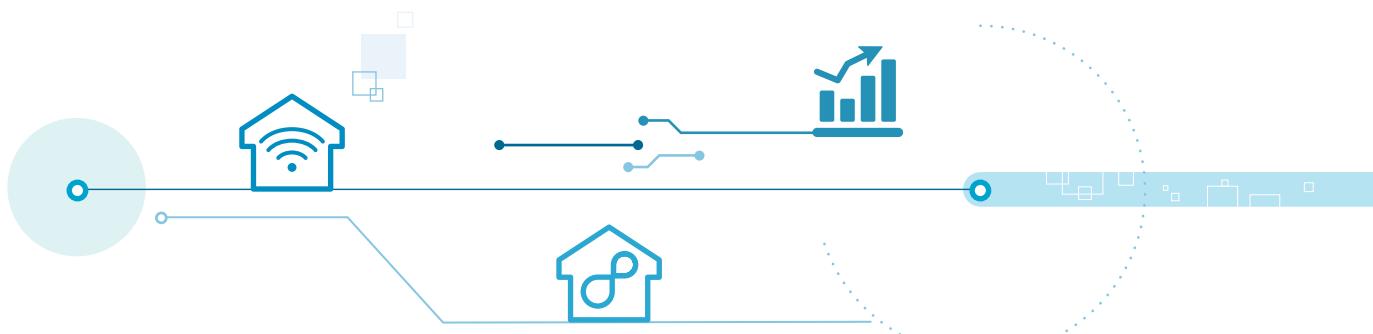
By Order of the Board

Ke Ruiwen

Chairman and Chief Executive Officer

Beijing, China

25 March 2025



OUR ACHIEVEMENTS

Soar to NEW HEIGHT



SECTION IV

CORPORATE GOVERNANCE REPORT

1. AN OVERVIEW OF CORPORATE GOVERNANCE

The Company strives to maintain a high level of corporate governance and has adhered to excellent, prudent and efficient corporate governance principles and continuously improves its corporate governance methodology, regulates its operations, improves its internal control mechanism, implements sound corporate governance and disclosure measures, and ensures that the Company's operations are in line with the long-term interests of the Company and its shareholders as a whole. In 2024, 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 in order to effectively ensure steady operation of the Company. The standard of the Company's corporate governance continued to improve and effectively protected the best long-term interests of shareholders.

The Company persists in refining the basic system of its corporate governance and continues to optimise the corporate governance system and operating mechanism to ensure standardised operation in strict compliance with the Company Law, the Securities Law and the requirements of the CSRC, the SSE and the Stock Exchange on corporate governance. In 2024, in accordance with the latest regulatory requirements from the CSRC and the SSE on corporate governance and standardised operation, and taking into account the actual situation of the Company, the Company completed amendments with respect to eight rules including the Articles of Association and the Rules of Procedures of the Shareholders' General Meeting, introduced the

Working Rules of Independent Directors' Special Meetings to ensure the independence of the independent directors in performing their duties, and delivered important information of the Company to the capital market in a complete, accurate and timely manner. The Company's information disclosure work received an A grade evaluation from the SSE for 2023–2024. At the same time, the Company attaches great importance to the construction and improvement of risk management and internal control systems, which mainly include clear organisational structure and management 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., which play an important role in ensuring the overall operation of the Company.

A two-tier structure is adopted as the overall structure for corporate governance: the Board and the Supervisory Committee are 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 Supervisory Committee is mainly responsible for the supervision of the performance of duties of the Board and the senior management. Each of the Board and the Supervisory Committee is independently accountable to the shareholders' meeting. In 2024, the Company convened a total of 2 general meetings, 13 Board meetings and 9 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.

For the year ended 31 December 2024, 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 2024.

The Company has always attached great importance to information disclosure, strictly complied with the requirements of the relevant 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, completeness and timeliness of the Company's information disclosure. In addition, the Company actively discloses data such as the numbers of access lines in service, mobile and wireline broadband subscribers, etc. on a monthly 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 providing shareholders and investors with the necessary information, data and services in a timely manner. It also maintains proactive communications with shareholders, investors and other capital market participants. The Company's senior management and Independent Non-Executive Directors presents the annual results and interim results every year. Through various activities such as results briefings, investor briefings and investors road shows, the senior management provides the capital market and media with important information and responds to key questions which are of prime concerns to the investors. This has helped reinforce their understanding of the Company's business and the overall development of the industry. In 2024, the Company conducted the annual and interim results announcement briefings effectively and conducted the third quarter results announcement briefing through online means. The Company proactively introduced innovative modes of communication, including the introduction of a hyper-realistic AI digital human "Shu Shu" which co-hosted the annual results announcement briefing with real people to demonstrate the achievements of the Company's digital transformation. The management of the Company led teams to overseas roadshows and conducted in-depth exchanges with local investment institutions. The Company organised domestic and international analysts and investors to conduct reverse roadshows with themes of intelligent computing, AI large models and strategic emerging businesses in Shanghai, Guangzhou, etc. to fully demonstrate the Company's investment value to the capital market. In daily operation, the Company participated in a number of investor conferences held by major international investment banks and domestic securities firms worldwide through on-site and online integrated means to promote communication with institutional investors. At the same time, the Company set up a dedicated investor relations enquiry line to facilitate communications between investors and the Company and better serve shareholders and investors.

In 2024, the Company's continuous efforts in corporate governance gained wide recognition from the capital market and the Company was accredited with a number of awards. The Company was voted as the "Most Honored Companies in Asia" for the 14th consecutive year in the "All-Asia-Executive Team Poll 2024" organised by Institutional Investor. In the 2024 China Securities "Golden Bauhinia Awards" selection, it won two awards, namely the "Outstanding Contribution Enterprise Award for the 75th Anniversary of the Founding of the People's Republic of China" and the "Best Listed Company in Investment Value". It was accredited "Golden Bull Most Investment Value Award" and "Golden Bull Award for Hong Kong Stocks" in the Golden Bull Award poll organised by China Securities Journal. Moreover, the Company was awarded the "Top 100 Value of Main Board Listed Companies in China" by the Securities Times and the "Best Practise of the Board of Directors for Listed Companies" in 2024 by the China Association for Public Companies.

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 general meeting in accordance with the law, and has not acted beyond the authority of the general 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. GENERAL MEETINGS

Session	Date	Designated websites for publishing resolutions	Resolutions of the Meeting
Annual General Meeting for the year 2023	2024-05-27	www.hkexnews.hk www.chinatelecom-h.com	<ol style="list-style-type: none"> 1. THAT the financial reports of the Company for the year of 2023 audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers be considered and approved. 2. THAT the Annual Reports for the year of 2023 be considered and approved. 3. THAT the report of the Board for the year of 2023 be considered and approved. 4. THAT the report of the Supervisory Committee for the year of 2023 be considered and approved. 5. THAT the profit distribution and dividend declaration plan of the Company for the year of 2023 be considered and approved. 6. THAT the authorisation to the Board to decide on the interim profit distribution plan of the Company for year 2024 be considered and approved. 7. THAT the re-appointment of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as the external auditors of the Company for the year ending 31 December 2024 and the authorisation to the Board to fix the remuneration of the auditors be considered and approved. 8. THAT the purchase of liabilities insurance for the Company and its Directors, Supervisors and senior management be considered and approved. 9. THAT the proposal regarding the amendments to the Articles of Association be considered and approved. 10. THAT the proposal regarding the amendments to the Rules of Procedures of the Shareholders' General Meeting be considered and approved. 11. THAT the proposal regarding the amendments to the Rules of Procedures of the Meeting of the Board of Directors be considered and approved. 12. THAT the proposal regarding the amendments to the Rules of Procedures of the Meeting of the Supervisory Committee be considered and approved.

SECTION IV
CORPORATE GOVERNANCE REPORT

Session	Date	Designated websites for publishing resolutions	Resolutions of the Meeting
The First Extraordinary General Meeting of the Company in 2024	2024-08-21	www.hkexnews.hk www.chinatelecom-h.com	<ol style="list-style-type: none"> 1. THAT the Continuing Connected Transactions under Agreements between the Company and China Telecommunications Corporation and between the Company and E-Surfing Pay together with the proposed Annual Caps be and are hereby generally and unconditionally approved and any Director of the Company is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in their opinion as may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions. 2. THAT the Continuing Connected Transactions under Financial Services Framework Agreements together with the proposed Annual Caps be and are hereby generally and unconditionally approved and any Director of the Company is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in their opinion as may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions. 3. THAT the election of Mr. Liang Baojun as an Executive Director of the Company be considered and approved. 4. THAT the election of Madam Huang Xudan as a Shareholder Representative Supervisor of the Company be considered and approved. 5. THAT the proposed change of external auditors of the Company for the year of 2024 be considered and approved.

During the Reporting Period, the Company held 2 general meetings, with all resolutions approved. For details, please refer to the relevant announcements published by the Company on the websites of the Stock Exchange and the Company.

The convening, holding, voting and other relevant procedures of the general meetings of the Company were in compliance with the laws and regulations, the Articles of Association of the Company, the Rules of Procedures of the Shareholders' General Meeting and other relevant requirements to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights.

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Changes in shareholding and remuneration of current and resigned Directors, Supervisors 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	61	2012-05-30	Annual General Meeting for the year 2025	0	0	0	/	75.76
Liu Guiqing	Executive Director and Executive Vice President	Male	58	2019-08-19	Annual General Meeting for the year 2025	0	0	0	/	68.83
Tang Ke	Executive Vice President	Male	50	2021-11-29	Annual General Meeting for the year 2025	0	0	0	/	68.75
	Executive Director			2022-03-22	Annual General Meeting for the year 2025					
Li Yinghui	Executive Vice President, Chief Financial Officer	Male	54	2022-04-26	Annual General Meeting for the year 2025	0	0	0	/	68.14
	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	51	2025-03-25	Annual General Meeting for the year 2025	0	0	0	/	/
Chen Shengguang	Non-Executive Director	Male	61	2017-05-23	Annual General Meeting for the year 2025	1,000	1,000	0	/	0.00
Ng Kar Ling Johnny	Independent Non-Executive Director	Male	64	2023-01-06	Annual General Meeting for the year 2025	0	0	0	/	50.93
Yeung Chi Wai, Jason	Independent Non-Executive Director	Male	70	2018-10-26	Annual General Meeting for the year 2025	0	0	0	/	32.41
Chen Dongqi	Independent Non-Executive Director	Male	68	2023-01-06	Annual General Meeting for the year 2025	0	0	0	/	0.00
Lyu Wei	Independent Non-Executive Director	Female	68	2023-05-23	Annual General Meeting for the year 2025	0	0	0	/	0.00
Huang Xudan	Chairlady of the Supervisory Committee and Shareholder Representative Supervisor	Female	56	2024-08-21	Annual General Meeting for the year 2025	0	0	0	/	74.97

SECTION IV
CORPORATE GOVERNANCE REPORT

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)
Luo Laifeng	Employee Representative Supervisor	Male	52	2024-08-21	Annual General Meeting for the year 2025	0	0	0	/	56.13
Guan Lixin	Employee Representative Supervisor	Female	53	2023-05-23	Annual General Meeting for the year 2025	0	0	0	/	136.77
Luo Zhendong	Shareholder Representative Supervisor	Male	47	2023-05-23	Annual General Meeting for the year 2025	0	0	0	/	101.16
Wang Yibing	Shareholder Representative Supervisor	Female	59	2022-03-22	Annual General Meeting for the year 2025	0	0	0	/	0.00
Shao Guanglu (retired)	Executive Director President and Chief Operating Officer	Male	61	2020-05-26 2022-08-16	2024-05-23	0	0	0	/	26.89
Liang Baojun (resigned)	Executive Director President and Chief Operating Officer	Male	55	2024-08-21 2024-07-12	2025-02-10	0	0	0	/	39.00
Xia Bing (resigned)	Executive Vice President Executive Director	Male	51	2022-04-26 2023-01-06	2024-01-19	0	0	0	/	4.85
Li Jun (resigned)	Executive Director	Male	49	2023-05-23	2025-01-22	0	0	0	/	68.14
Han Fang (resigned)	Chairlady of the Supervisory Committee and Shareholder Representative Supervisor	Female	51	2022-03-22	2024-08-21	0	0	0	/	53.82
Zhang Jianbin (resigned)	Employee Representative Supervisor	Male	59	2012-10-16	2024-08-21	1	1	0	/	68.20
Total	/	/	/	/	/	1,001	1,001	0	/	994.76

Note: During the Reporting Period, the Company also settled the bonus for the year 2023, including RMB360,300 for Mr. Ke Ruiwen, RMB326,900 for Mr. Liu Guiqing, RMB326,700 for Mr. Tang Ke, RMB317,200 for Mr. Li Yinghui and RMB317,200 for Mr. Li Jun.

(2) Biographical Details of Current Directors, Senior Management and Supervisors



KE RUIWEN

Age 61, 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, Vice President and President of China Telecommunications Corporation and the Chairman of Supervisory Committee of China Tower Corporation Limited. Mr. Ke is also the Chairman of China Telecommunications Corporation. Mr. Ke has extensive experience in management and the telecommunications industry.



LIU GUIQING

Age 58, is an Executive Director and Executive Vice President 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 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, and a Non-Executive Director of China Tower Corporation Limited which is listed on the Main Board of the HKSE. 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 50, 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 and a Deputy Executive Director General of Zhongguancun Digital Economic Industry Alliance. Mr. Tang is currently a Vice President of China Telecommunications Corporation, a Deputy Director General of Internet Society of China, a Vice President of China Netcasting Services Association, a Director General of Association of Communications Across the Taiwan Straits and an Executive Director of the UHD World Association. Mr. Tang has extensive experience in finance, management and the telecommunications industry.



LI YINGHUI

Age 54, 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 51, 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 of China Telecommunications Corporation, a Director and the Chairlady of China Telecom Global Limited and a member of the council of China Internet Investment Fund (Limited Partnership). Madam Liu has extensive experience in management and the telecommunications industry.



CHEN SHENGGUANG

Age 61, is a Non-Executive Director of the Company. He joined the Board of Directors of the Company in May 2017. Mr. Chen graduated from Zhongnan University of Economics with a major in finance and accounting, and obtained a postgraduate degree in economics from Guangdong Academy of Social Sciences and an executive master degree in business administration (EMBA) from Lingnan College of Sun Yat-sen University. He is a senior economist. Mr. Chen served as the Director and General Manager of Guangdong Rising Holdings Group Co., Ltd.* (one of the shareholders of the Company), the Manager of Finance Department and Deputy General Manager of Guangdong Foreign Trade Import & Export Corporation, Head of Finance Department, Assistant to General Manager and Chief Accountant of Guangdong Guangxin Foreign Trade Group Co., Limited, a Director of FSPG Hi-Tech Co., Ltd. which is listed on the Shenzhen Stock Exchange, a Non-Executive Director of Xingfa Aluminium Holdings Limited which is listed on the Main Board of the HKSE, a Director of Guangdong Silk-Tex Group Co., Ltd., the Chief Accountant and Deputy General Manager of Guangdong Guangxin Holdings Group Ltd. Mr. Chen is currently a Vice President of the Council of China Nonferrous Metals Industry Association and the President of Guangdong Nonferrous Metals Industry Association. Mr. Chen has extensive experience in finance and corporate management.

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



**NG KAR LING
JOHNNY**

Age 64, 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 Accountant (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.



**YEUNG CHI WAI,
JASON**

Age 70, is an Independent Non-Executive Director of the Company. He joined the Board of Directors of the Company in October 2018. Mr. Yeung is currently the Group Chief Compliance and Risk Management Officer of Fung Holdings (1937) Limited and its listed company in Hong Kong and an Independent Non-Executive Director of China Minsheng Banking Corp., Ltd. which is listed on the Main Board of the HKSE and the Shanghai Stock Exchange. Mr. Yeung has extensive experience in handling legal, compliance and regulatory matters and previously worked in the Securities and Futures Commission of Hong Kong, law firms and enterprises practising corporate, commercial and securities laws. Mr. Yeung served as an Independent Non-Executive Director of Bank of Communications Co., Ltd. which is listed on the Main Board of the HKSE and the Shanghai Stock Exchange, a Director and the General Counsel of China Everbright Limited, which is listed on the Main Board of the HKSE and was also a partner of Woo, Kwan, Lee, & Lo. He acted as the Board Secretary of BOC Hong Kong (Holdings) Limited which is listed on the Main Board of the HKSE, from 2001 to 2011 and concurrently acted as the Board Secretary of Bank of China Limited which is listed on the Main Board of the HKSE and the Shanghai Stock Exchange, from 2005 to 2008. He also served as the Deputy Chief Executive (Personal Banking) of Bank of China (Hong Kong) Limited from April 2011 to February 2015. Mr. Yeung received a bachelor degree in social sciences from the University of Hong Kong. He then graduated from The College of Law, United Kingdom and received a bachelor degree in law and a master degree in business administration from the University of Western Ontario, Canada.



CHEN DONGQI

Age 68, 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 and a member of the Expert Committee of Sichuan Provincial Government. Mr. Chen mainly focuses on the research of macroeconomics theory and policy.



LYU WEI

Age 68, 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.

SUPERVISORS

HUANG XUDAN

Age 56, is a Shareholder Representative Supervisor and the Chairlady of the Supervisory Committee of the Company. She joined the Supervisory Committee of the Company in August 2024. Madam Huang is a senior economist with a master's degree in business administration. She served as the Deputy Managing Director of the Finance Department of China United Network Communications Corporation Limited, the Deputy Managing Director of the Finance Department of China Telecommunications Corporation and the Managing Director of China Telecom Group Finance Co., Ltd. She currently serves as the Managing Director of the Audit Department of China Telecommunications Corporation and the Company, the Chairperson of the Supervisory Committee of China Communications Services Corporation Limited which is listed on the Main Board of the Stock Exchange and the Chairperson of the Supervisory Committee of China Telecom Cloud Technology Co., Ltd. She has extensive experience in financial management and auditing in the telecommunications industry.

LUO LAIFENG

Age 52, is an Employee Representative Supervisor of the Company. He joined the Supervisory Committee of the Company in August 2024. Mr. Luo is a senior accountant with a master's degree in accounting and a master's degree in commerce. He served as the Deputy General Manager, Chief Financial Officer and General Manager of E-surfing Pay Co. Ltd. and a Director of China Telecom Cloud Technology Co., Ltd. He currently serves as the Managing Directors of the Corporate Strategy Department and the Human Resource Department of both China Telecommunications Corporation and the Company, the Employee Director of China Telecommunications Corporation, the Chairman of E-surfing Pay Co. Ltd. and a member of the Strategic Advisory Committee of Global Computing Consortium. Mr. Luo has extensive experience in operational management and financial management in the telecommunications industry.

GUAN LIXIN

Age 53, is an Employee Representative Supervisor of the Company. She joined the Supervisory Committee of the Company in May 2023. 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. and a Director of Shanghai Ideal Information Industry (Group) Co., Ltd. Madam Guan is currently the Vice Chairlady of the Labour Union of China Telecommunications Corporation. Madam Guan has extensive experience in operational management in the telecommunications industry.

LUO ZHENDONG

Age 47, is a Shareholder Representative Supervisor of the Company. He joined the Supervisory Committee of the Company in May 2023. Mr. Luo is a member of the Chinese Institute of Certified Public Accountants with a master's degree in management. Mr. Luo served at various positions in internal control and auditing at China Telecommunications Corporation and the Company for many years. Mr. Luo is currently the Director of General Office of Audit Department of China Telecommunications Corporation and the Company and the Chairman of the Supervisory Committee of China Telecom Group Finance Co., Ltd. Mr. Luo has extensive experience in auditing and internal control.

WANG YIBING

Age 59, is a Shareholder Representative Supervisor of the Company. She joined the Supervisory Committee of the Company in March 2022. Madam Wang is a senior accountant with a bachelor's degree in economics. She served as the Vice General Manager of Zhejiang Province Xingcai Real Estate Development Company, the General Manager of financial management department and investment management department of Zhejiang Provincial Financial Holdings Co., Ltd., a Director of China Zheshang Bank Co., Ltd. which is listed on the HKSE and the Shanghai Stock Exchange, a Director of Caitong Securities Co., Ltd, Yongan Futures Co., Ltd., Wuchan Zhongda Group Co., Ltd. and Zhejiang China Commodities City Group Co., Ltd., all of which are listed on the Shanghai Stock Exchange, etc. She currently serves as the Deputy General Manager of Zhejiang Provincial Financial Development Co., Ltd. (one of the shareholders of the Company) and a Supervisor of Zhejiang Provincial Financial Holdings Co., Ltd. Madam Wang has extensive experience in operation management of state-owned enterprises.

(3) Positions of current and resigned Directors, Supervisors 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 President	2022-10-01 2025-03-27	Present Present
Tang Ke	China Telecommunications Corporation	Vice President	2021-06-23	Present
Li Yinghui	China Telecommunications Corporation	Chief Accountant	2022-02-22	Present
Liu Ying	China Telecommunications Corporation	Executive Vice President	2024-06-09	Present
Chen Shengguang	Guangdong Rising Holdings Group Co., Ltd.	Director and General Manager	2016-11	2024-09
Huang Xudan	China Telecommunications Corporation	Managing Director of Audit Department	2023-09-01	Present
Luo Laifeng	China Telecommunications Corporation	Managing Director of the Corporate Strategy Department Managing Director of the Human Resource Department	2022-10-08 2025-02-09	Present Present
Guan Lixin	China Telecommunications Corporation	Vice Chairlady of the Labour Union	2022-10-14	Present
Luo Zhendong	China Telecommunications Corporation	Director of General Office of Audit Department	2023-01-15	Present
Wang Yibing	Zhejiang Provincial Financial Development Co., Ltd.	Deputy General Manager	2021-01-30	Present
Shao Guanglu (retired)	China Telecommunications Corporation	Director President	2020-01-27 2022-07-25	2024-05-24 2024-05-21
Liang Baojun (resigned)	China Telecommunications Corporation	President Director	2024-05-21 2024-05-24	2025-01-16 2025-01-16
Xia Bing (resigned)	China Telecommunications Corporation	Vice President	2021-11-09	2024-01-09
Li Jun (resigned)	China Telecommunications Corporation	Vice President Chief Network Security Officer General Counsel Chief Compliance Officer	2022-07-20 2022-12-30 2023-01-28 2023-01-28	2024-12-23 2024-12-23 2024-12-23 2024-12-23
Han Fang (resigned)	China Telecommunications Corporation	Managing Director of Capital Operation Department	2022-12-29	Present
Zhang Jianbin (resigned)	China Telecommunications Corporation	Deputy General Counsel	2015-02-06	Present

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	Present
	China Comservice	Chairman of the board of directors and Executive Director	2022-06-17	2024-01-30
Tang Ke	Internet Society of China	Deputy Director General	2021-09	Present
	China Netcasting Services Association	Vice President	2021-12	Present
	UHD World Association	Executive Director	2023-05	Present
	Association of Communications Across the Taiwan Straits	Director General	2023-08	Present
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
	Council of the China Internet Investment Fund (Limited Partnership)	member of the council	2024-12-24	Present
Chen Shengguang	Guangdong Rising Holdings Co., Ltd.	Director and General Manager	2016-11	2024-09
	China Nonferrous Metals Industry Association	Vice President of the Council	2019-04	Present
	Guangdong Nonferrous Metals Industry Association	President	2017-07	Present
Ng Kar Ling Johnny	China Petroleum & Chemical Corporation	Independent Non-Executive Director	2018-05-15	2024-06-28
	Metallurgical Corporation of China Ltd.	Independent Non-Executive Director	2020-04-29	Present
Yeung Chi Wai, Jason	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
Chen Dongqi	Sun YeFang Economic Science Foundation	Executive council member	2021-12	2024-11
Lyu Wei	Innovation Development Research Department of the Development Research Center of the State Council	Researcher	2006-04	Present
Huang Xudan	China Telecom Cloud Technology Co., Ltd.	Chairperson of the Supervisory Committee	2023-10	Present
	China Communications Services Corporation Limited	Chairperson of the Supervisory Committee	2024-01	Present

SECTION IV
CORPORATE GOVERNANCE REPORT

Name	Name of other entities	Positions held in other entities	Commencement date of term	End date of term
Luo Laifeng	China Telecom Cloud Technology Co., Ltd.	Director	2022-11	2024-12
	E-surfing Pay Co. Ltd.	Chairman	2022-12	Present
	Global Computing Consortium	member of the Strategic Advisory Committee	2024-09	Present
Luo Zhendong	China Telecom Group Finance Co., Ltd.	Chairman of the Supervisory Committee	2021-03-23	Present
Wang Yibing	Zhejiang Provincial Financial Holdings Co., Ltd	Supervisor	2012-08-27	Present
	Zhejiang Financial Holding Enterprises Alliance	Vice President of Council	2022-03-07	2024-10-20
Shao Guanglu (retired)	Communications Science and Technology Committee of the Ministry of Industry and Information Technology	Deputy Director	2017-12	2024-05
Xia Bing (resigned)	China Association of Communication Enterprises	Vice President	2022-07	2024-02
	Zhongguancun Digital Economic Industry Alliance	Deputy Executive Director General	2023-03	2024-02
Li Jun (resigned)	China Aerospace Information and Satellite Internet Innovation Alliance	Deputy Director General	2023-09	2024-09
Han Fang (resigned)	Tianyi Telecom Terminals Company Limited	Supervisor	2022-01-04	Present
	China Tower	Supervisor	2022-01-14	Present
	China Telecom Group Investment Co., Ltd.	Chairlady of the board	2022-12-29	Present
	Tianyi Capital Holding Co., Ltd.	Chairlady of the board	2022-12-29	Present
Zhang Jianbin (resigned)	China Telecom Cloud Technology Co., Ltd.	Supervisor	2023-10-29	Present

(4) Remuneration of Directors, Supervisors and senior management

Decision-making procedures for remuneration of Directors, Supervisors 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' general meetings.
Whether directors abstain themselves from discussions on their remuneration at the board of directors	Decision-making procedures for remuneration of Supervisors: Supervisors of the Company do not receive remuneration as Supervisors.
Details of recommendations of the Remuneration Committee or special meetings of independent directors on remuneration matters for Directors, Supervisors, and senior management	Yes
Basis for determining the remuneration of Directors, Supervisors and senior management	The remuneration matters of the Company's Directors, Supervisors 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.
Actual payment of remuneration of Directors, Supervisors 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.
Total remuneration actually received by all Directors, Supervisors 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, Supervisors and senior management during the Reporting Period" in this section.
	For details, please refer to "(1) Changes in shareholding and remuneration of current and resigned Directors, Supervisors and senior management during the Reporting Period" in this section.

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

Name	Position held	Type of changes	Reason for change
Liang Baojun	President and Chief Operating Officer Executive Director	Appointed Elected	Work adjustment Work adjustment
Liu Ying	Executive Vice President	Appointed	Work adjustment
Huang Xudan	Supervisor	Elected	Work adjustment
Luo Laifeng	Supervisor	Elected	Work adjustment
Shao Guanglu	Executive Director, President and Chief Operating Officer	Retired	Age reason
Liang Baojun	Executive Director, President and Chief Operating Officer	Resigned	Work adjustment
Xia Bing	Executive Director and Executive Vice President	Resigned	Work adjustment
Li Jun	Executive Director	Resigned	Work adjustment
Han Fang	Supervisor	Resigned	Work adjustment
Zhang Jianbin	Supervisor	Resigned	Work adjustment

Notes:

- On 12 July 2024, Mr. Liang Baojun ("Mr. Liang") has been appointed as the President and Chief Operating Officer of the Company. The relevant appointment became effective from 12 July 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. The appointment of Mr. Liang as an Executive Director of the Company was approved at the 2024 First EGM. The relevant appointment became effective from 21 August 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026.
- 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.
- The appointment of Madam Huang Xudan ("Madam Huang") as a Shareholder Representative Supervisor of the Company were approved at the 2024 First EGM. Meanwhile, Mr. Luo Laifeng has been elected as an Employee Representative Supervisor by the employee representatives of the Company democratically. Terms of office of the Supervisors commenced from 21 August 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. In addition, Madam Han Fang ("Madam Han") and Mr. Zhang Jianbin ("Mr. Zhang") resigned from the position as Supervisors due to changes in work arrangement. The resignation of Madam Han took effect on the date of election of the new Shareholder Representative Supervisor at the 2024 First EGM. The resignation of Mr. Zhang took effect on the date of election of the new Employee Representative Supervisor by the employee representatives of the Company democratically.
- Due to his age, Mr. Shao Guanglu has retired from his positions as an Executive Director, the President and Chief Operating Officer of the Company with effect from 23 May 2024.
- Due to change in work arrangement, Mr. Liang 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. Xia Bing has resigned from his positions as an Executive Director and Executive Vice President of the Company with effect from 19 January 2024.
- 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. Liang Baojun, a Director who was appointed in 2024, obtained relevant legal advice pursuant to Rule 3.09D of the Listing Rules on 6 August 2024. Madam Huang Xudan and Mr. Luo Laifeng, Supervisors who were appointed in 2024, obtained relevant legal advice pursuant to Rule 3.09D of the Listing Rules on 16 August 2024. The above Director and Supervisors confirmed that they understood their obligations as a Director or Supervisor of the Company.

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

As at 31 December 2024, the Board consisted of 11 Directors with 6 Executive Directors, 1 Non-Executive Director and 4 Independent Non-Executive Directors. As at the date of this report, the Board consisted of 9 Directors with 4 Executive Directors, 1 Non-Executive Director and 4 Independent Non-Executive Directors. 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 is currently one female Director 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, law, banking, regulatory, compliance, management and economics with diversification in terms of gender, age (including 3 directors whose ages range from 45 to 60 years old and 6 directors whose ages range from 61 to 75 years old), duration of service (including 5 directors whose terms of service are 5 years or less, 3 directors whose terms of service range from 5 to 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 2024, 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. Details of the Company's development strategy and corporate culture are set out in the "Management's Discussion and Analysis (Report of the Directors)" and "Corporate Culture" of this annual report.

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
Shao Guanglu*	A, B
Liang Baojun*	A, B
Xia Bing*	A, B
Li Jun*	A, B
Non-Executive Director	
Chen Shengguang	A, B
Independent Non-Executive Directors	
Ng Kar Ling Johnny	A, B
Yeung Chi Wai, Jason	A, B
Chen Dongqi	A, B
Lyu Wei	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. Xia Bing has resigned from his positions as an Executive Director and Executive Vice President of the Company with effect from 19 January 2024. Due to his age, Mr. Shao Guanglu has retired from his positions as an Executive Director, the President and Chief Operating Officer of the Company with effect from 23 May 2024. 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.

(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 the 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 for the year 2024. Meanwhile, the Company has received annual independence confirmation from each of the Independent Non-Executive Directors and considered them to be independent.

5. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session	Date	Resolutions of the Meeting
5th meeting of the eighth session of the Board	2024-03-01	THAT the proposal on the revision and addition of certain basic management systems of the Company be approved.
6th meeting of the eighth session of the Board	2024-03-11	THAT the proposal on the acquisition of control over Quantumtek Co., Ltd. by a wholly-owned subsidiary be approved.
7th meeting of the eighth session of the Board	2024-03-26	<ol style="list-style-type: none">1. THAT the proposal on the financial reports of the Company for the year of 2023 prepared in accordance with IFRS Accounting Standards/Chinese Accounting Standard be approved;2. THAT the proposal on the profit distribution and dividend declaration plan of the Company for the year of 2023 be approved;3. THAT the proposal on the risk management and internal control report of the Company for the year of 2023 be approved;4. THAT the proposal on the annual reports of the Company for the year of 2023 be approved;5. THAT the proposal on the work report of the general manager of the Company for the year of 2023 be approved;6. THAT the proposal on the Sustainability Report (ESG Report) 2023 of the Company be approved;7. THAT the proposal on the special report on the deposit and actual use of the proceeds raised of the Company for the year of 2023 be approved;8. THAT the proposal on the revision of the Articles of Association of China Telecom Corporation Limited be approved;9. THAT the proposal on the revision of the Rules of Procedures of the Shareholders' General Meeting of China Telecom Corporation Limited be approved;10. THAT the proposal on the revision of the Rules of Procedures of the Meeting of the Board of Directors of China Telecom Corporation Limited be approved;11. THAT the proposal on the budget of the Company for the year of 2024 be approved;12. THAT the 2023 annual continuous risk assessment report on the related party transactions of China Telecom Group Finance Co., Ltd. be approved;13. THAT the report of duty performance by the auditors for the year of 2023 be approved;14. THAT the proposal on the engagement of external auditors for the year of 2024 be approved;15. THAT the report on the performance of supervisory duties by the Audit Committee over the accounting firms for the year of 2023 be approved;16. THAT the report of duty performance by the independent directors for the year of 2023 be approved;17. THAT the special report on the self-assessment of independence of independent directors by the Board be approved;18. THAT the proposal on the structure and operation review of the Board for the year of 2023 be approved;19. THAT the proposal on the convening of 2023 Annual General Meeting be approved;20. THAT the proposal on the authorisation of the Board to determine the interim profit distribution of the Company for the year of 2024 be approved;21. THAT the report of duty performance by the Audit Committee of the Board for the year of 2023 be approved;22. THAT the proposal on the purchase of liabilities insurance for the Company and its Directors, Supervisors and senior management be approved.

Session	Date	Resolutions of the Meeting
8th meeting of the eighth session of the Board	2024-04-23	THAT the proposal on the 2024 First Quarterly Report be approved.
9th meeting of the eighth session of the Board	2024-05-24	THAT the proposal on the engagement of an independent financial advisor for the renewal of connected (related party) transactions for the years of 2025-2027 be approved.
10th meeting of the eighth session of the Board	2024-06-28	THAT the proposal on the open selection of external auditors of the Company for the year of 2024 be approved.
11th meeting of the eighth session of the Board	2024-07-12	<ol style="list-style-type: none"> 1. THAT the proposal on the renewal of continuing related party (connected) transactions and the application for annual caps for the years of 2025-2027 be approved; 2. THAT the proposal on the renewal of the financial services agreements with China Telecom Group Finance Co., Ltd. be approved; 3. THAT the risk assessment report on the related party transactions of China Telecom Group Finance Co., Ltd. be approved; 4. THAT the risk disposal plan for the related party transactions of China Telecom Group Finance Co., Ltd. be approved; 5. THAT the proposal on the appointment of the President, Chief Operating Officer and Director of the Company be approved; 6. THAT the proposal on the convening of the first extraordinary general meeting in 2024 be approved.
12th meeting of the eighth session of the Board	2024-07-30	THAT the proposal on the change of external auditors of the Company for the year of 2024 be approved.
13th meeting of the eighth session of the Board	2024-08-20	<ol style="list-style-type: none"> 1. THAT the proposal on the interim report of the Company for the year of 2024 be approved; 2. THAT the proposal on the interim profit distribution and dividend declaration plan of the Company for the year of 2024 be approved; 3. THAT the 2024 half-yearly continuous risk assessment report on the related party transactions of China Telecom Group Finance Co., Ltd. be approved; 4. THAT the report on the progress of the Company's ESG work in 2024 be approved.
14th meeting of the eighth session of the Board	2024-10-22	THAT the proposal on the Company's 2024 Third Quarterly Report be approved.
15th meeting of the eighth session of the Board	2024-10-30	THAT the proposal on the completion of exercise conditions of the first and second vesting periods of the second phase of the Company's share appreciation right incentive plan be approved.
16th meeting of the eighth session of the Board	2024-11-15	THAT the proposal on the adjustment of the number of new shares subscribed in the targeted offering of Quantumctek Co., Ltd. by a wholly-owned subsidiary be approved.
17th meeting of the eighth session of the Board	2024-12-16	<ol style="list-style-type: none"> 1. THAT the proposal on external auditor's audit fees for the year of 2024 be approved; 2. THAT the proposal on the expected annual caps in respect of affiliated transactions with China Tower Corporation Limited for the year of 2025 be approved.

In 2024, the Company convened 13 Board meetings in total (including on-site meetings and 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.

6. PERFORMANCE OF DUTIES BY DIRECTORS

Attendance of Directors at Board meetings and general meetings

Name of Director	Whether as an Independent Director	Required attendance during the year	Attendance at Board meetings				Attendance at general meetings	
			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
							Failure to attend two consecutive meetings in person	Number of general meetings attended
Ke Ruiwen	No	13	13	9	0	0	No	2
Liu Guiqing	No	13	12	9	1	0	No	1
Tang Ke	No	13	13	9	0	0	No	1
Li Yinghui	No	13	13	9	0	0	No	2
Chen Shengguang	No	13	13	9	0	0	No	2
Ng Kar Ling Johnny	Yes	13	13	9	0	0	No	2
Yeung Chi Wai, Jason	Yes	13	13	9	0	0	No	2
Chen Dongqi	Yes	13	13	9	0	0	No	1
Lyu Wei	Yes	13	13	9	0	0	No	2
Shao Guanglu (retired)	No	4	3	3	1	0	No	0
Liang Baojun (resigned)	No	4	4	3	0	0	No	0
Xia Bing (resigned)	No	0	0	0	0	0	No	0
Li Jun (resigned)	No	13	13	9	0	0	No	2

Number of Board meetings held during the year	13
Including: Number of on-site meetings	4
Number of meetings held by communication	9
Number of meetings held both on site and by means of communication	0

* 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.

7. 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), Yeung Chi Wai, Jason, Chen Dongqi, Lyu Wei
Remuneration Committee	Yeung Chi Wai, Jason (Chairman), Ng Kar Ling Johnny, Lyu Wei
Nomination Committee	Chen Dongqi (Chairman), Ng Kar Ling Johnny, Yeung Chi Wai, Jason

(2) Audit Committee

As at 31 December 2024 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. Yeung Chi Wai, Jason, Mr. Chen Dongqi and Madam Lyu Wei 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 2024, 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.

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The Audit Committee convened 10 meetings during the Reporting Period

Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2024-03-11	To consider the proposal on the acquisition of control over Quantumctek Co., Ltd. by a wholly-owned subsidiary.	Nil	Nil
2024-03-25	<ol style="list-style-type: none"> 1. To consider the proposal on the financial reports of the Company for the year of 2023 prepared in accordance with IFRS Accounting Standards/Chinese Accounting Standard; 2. To consider the proposal on the risk management and internal control report of the Company for the year of 2023; 3. To consider the report on the implementation of related party (connected) transactions of the Company for the year of 2023; 4. To consider the proposal on the special report on the deposit and actual use of the proceeds raised of the Company for the year of 2023; 5. To consider the proposal on the annual reports of the Company for the year of 2023; 6. To consider the proposal on the Sustainability Report (ESG Report) 2023 of the Company; 7. To consider the report on the internal audit of the Company in 2023 and the work plan for year 2024; 8. To consider the report of duty performance by the auditors for the year of 2023; 9. To consider the proposal on the engagement of external auditors for the year of 2024; 10. To consider the report on the performance of supervisory duties by the Audit Committee over the accounting firms for the year of 2023; 11. To consider the report of duty performance by the Audit Committee for the year of 2023. 	Nil	Nil
2024-04-23	To consider the proposal on the 2024 First Quarterly Report.	Nil	Nil
2024-06-28	To consider the proposal on the open selection of external auditors of the Company for the year of 2024.	Nil	Nil

Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2024-07-12	<ol style="list-style-type: none"> 1. To consider the proposal on the renewal of continuing related party (connected) transactions and the application for annual caps for the years of 2025-2027 and the relevant documents; 2. To consider the proposal on the renewal of the financial services agreements with China Telecom Group Finance Co., Ltd. and the relevant documents; 3. To consider the risk assessment report on the related party transactions of China Telecom Group Finance Co., Ltd.; 4. To consider the risk disposal plan for the related party transactions of China Telecom Group Finance Co., Ltd.; 5. To consider the report on the implementation of related party (connected) transactions of the Company for the first quarter of 2024; 6. To consider the report on the internal audit of the Company for the first quarter of 2024; 7. To approve the review plan of accounting firms on the 2024 interim results of the Company. 	Nil	Nil
2024-07-30	To consider the proposal on the change of external auditors of the Company for the year of 2024.	Nil	Nil
2024-08-19	<ol style="list-style-type: none"> 1. To consider the proposal on the interim report of the Company for the year of 2024; 2. To consider the report on the implementation of related party (connected) transactions of the Company for the first half of 2024; 3. To consider the 2024 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 2024; 5. To consider the report on the progress of the Company's ESG work in 2024. 	Nil	Nil
2024-10-22	<ol style="list-style-type: none"> 1. To consider the proposal on the Company's 2024 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 2024. 	Nil	Nil
2024-11-15	To consider the proposal on the adjustment of the number of new shares subscribed in the targeted offering of Quantumtek Co., Ltd. by a wholly-owned subsidiary.	Nil	Nil

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Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2024-12-16	<ol style="list-style-type: none"> To consider the proposal on report of external auditor's audit work plan for the year of 2024; To consider the proposal on report of external auditor's preliminary results on internal control assessment for the year of 2024; To consider the proposal on external auditor's audit fees for the year of 2024; To consider the proposal on the report on the internal audit for the third quarter of 2024; To consider the proposal on the meeting plan of the Audit Committee for the year of 2025; To consider the proposal on the expected annual caps in respect of affiliated transactions with China Tower Corporation Limited for the year of 2025. 	Nil	Nil

The attendance of each member is as follows:

Name of Members	Actual attendance/Required attendance
Ng Kar Ling Johnny	10/10
Yeung Chi Wai, Jason	10/10
Chen Dongqi	10/10
Lyu Wei	10/10

(3) Remuneration Committee

As at 31 December 2024 and the date of this report, the Remuneration Committee comprised 3 Independent Non-Executive Directors, Mr. Yeung Chi Wai, Jason as the Chairman and Mr. Ng Kar Ling Johnny 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
2024-10-30	THAT the proposal on the completion of the exercise conditions of the first and second vesting periods of the second phase of the Company's share appreciation right incentive plan be considered.	Nil	Nil

The attendance of each member is as follows:

Name of Members	Actual attendance/Required attendance
Yeung Chi Wai, Jason	1/1
Ng Kar Ling Johnny	1/1
Lyu Wei	1/1

(4) Nomination Committee

As at 31 December 2024 and the date of this report, the Nomination Committee comprised 3 Independent Non-Executive Directors, Mr. Chen Dongqi as the Chairman and Mr. Ng Kar Ling Johnny and Mr. Yeung Chi Wai, Jason 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; 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.

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CORPORATE GOVERNANCE REPORT

The Nomination Committee convened 2 meetings during the Reporting Period

Date	Agenda of meeting	Important comments and suggestions	Other Performance of Duties
2024-03-25	THAT the proposal on the structure and operation review of the Board for the year of 2023 be considered.	Nil	Nil
2024-07-12	THAT the proposal on the appointment of the President and Chief Operating Officer and the proposed appointment of Director of the Company be considered.	Nil	Nil

The attendance of each member is as follows:

Name of Members	Actual attendance/Required attendance
Chen Dongqi	2/2
Ng Kar Ling Johnny	2/2
Yeung Chi Wai, Jason	2/2

8. DESCRIPTION OF RISKS IDENTIFIED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee had no objection to the matters under supervision during the Reporting Period.

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

(1) Employees

Total number of employees	277,674
Composition of professions	
Categories of professions	Number of professionals
Management, Finance and Administration	48,937
Sales and Marketing	105,931
Operations and Maintenance	79,551
Sci-tech Research and Product Development	43,255
Total	277,674
Education level	
Categories of education level	Number (person)
Doctoral degree and above	629
Master's degree	36,531
Bachelor's degree	167,312
Vocational school	55,963
High school and below	17,239
Total	277,674

As at the end of the Reporting Period, the percentages of female employees, female managers and female among new employees were 31.18%, 22.25% and 29.98%, respectively. The Company offers equal opportunities to all the applicants in its recruitments 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. For details, please refer to the 2024 Sustainability Report (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 continues to enhance the mechanism that production factors are evaluated by the market and compensated according to contributions, improving efficiency and promoting fairness. The Company promotes the focus of remuneration resources to tilt towards sci-tech talents who have made outstanding contributions and grassroot front-line positions and ensures that employees can share the benefits of the Company's reform and growth. The Company promotes medium and long-term incentives mechanism such as equity incentives for listed companies and equity and dividend incentives for state-owned technology enterprises in accordance with the relevant laws and regulations to further stimulate the enthusiasm, initiative and creativity of core talents.

(3) Training program

The Company carried out full-staff learning and focused on AI learning. Online and offline trainings of the Group covered more than 1.60 million person-times during the year. The Company conducted technical talent training on a hierarchical scale and focused on the cultivation of three engineer teams, namely Industrial Digitalisation, R&D and cloud-network. The Company carried out skill certification exams across various professional lines that covered 50 professions and 470,000 person-times, further promoting the transformation of skilled talents to become excellent engineers.

10. 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 of the Company, 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, striving to create more value for shareholders. After fully considering the Company's cash flow level, the cash return to shareholders, etc., the Board of Directors proposed a final dividend of RMB0.0927 per share (pre-tax) based on total number of issued share capital of the Company at the record date for the implementation of the dividend distribution. Cash dividend to be distributed amounts to an aggregate amount of approximately RMB8,483 million calculated based on 91,507,138,699 shares, being the total number of issued share capital of the Company as at 31 December 2024. The dividend distribution is derived from net profit realised in the current period. Together with the 2024 interim dividend of RMB0.1671 per share (pre-tax) which has been distributed, the full year dividend of 2024 amounts to RMB0.2598 per share (pre-tax) in an aggregate amount of approximately RMB23,774 million which represents 72% of the profit attributable to equity holders of the Company for the year 2024. 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 2024 for consideration and approval.

(2) Specific description of cash dividend policy

Compliance with the Articles of Association or the resolutions of the general meeting	✓ Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Clear and definite standards and proportion of dividend distribution	✓ Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Complete decision-making procedures and mechanisms	✓ Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Independent Directors fulfilled their duties and played their role	✓ Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Minority shareholders have the opportunity to fully express their opinions and appeals, and their legitimate rights and interests have been fully protected	✓ Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

(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)	2.598
Number of shares converted for every 10 shares (share)	0
Amount of cash dividend (pre-tax)	23,773,554,634
Profit attributable to equity holders of the Company in the consolidated financial statements	33,012,069,907.90
Percentage of cash dividend amount to profit attributable to equity holders of the Company in the consolidated financial statements (%)	72.0
Amount of shares repurchased in cash included in cash dividend	0
Total amount of dividend (pre-tax)	23,773,554,634
Percentage of total dividend to profit attributable to equity holders of the Company in the consolidated financial statements (%)	72.0

11. 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).

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

Firstly, share appreciation rights are distributed based on contribution, adhering to the value-oriented principle and tilting towards units with remarkable high-quality development. Secondly, share appreciation rights are distributed based on potential, which adheres to the development orientation and tilts to the key areas of "Cloudification and Digital Transformation" and high-end and high-quality talents. Thirdly, share appreciation rights are granted based on performances. The Company adheres to the 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.

12. 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 is 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 2024, 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 2025, 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.

SECTION IV CORPORATE GOVERNANCE REPORT

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 guidances, 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 2024, 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 regulatory 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 2024, 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 2024, in terms of internal control self-assessment, the Company continued to insist on 100% coverage of all units. The internal control self-assessment work continued to be guided by risk prevention and control, compacting the self-assessment responsibilities of management at all levels. The Company leveraged on assessments and increased the intensity of review with respect to inadequacies in risk prevention and control and self-assessments that went through the motions, urging all units to improve their awareness in terms of independent risk prevention and control. On the basis of meeting internal and external regulatory requirements, the Company increased the autonomy of each unit in developing their self-assessment plans, focused on key areas within each unit to conduct self-evaluations, addressed issues such as unsmooth business processes and redundant controls, and enhanced capabilities for self-inspection, self-correction and self-healing. The Company guided the units to target recurring problems and critical issues and systematically advanced risk governance to effectively reduce risk levels. The Company continuously promoted work experience exchanges among participating units, strengthened information sharing and improved operational

skills. As an effective tool for risk prevention within the Company, internal control self-assessment has played a significant role in enhancing employees' risk awareness, improving management efficiency and ensuring the effectiveness of internal control construction and operations.

In 2024, the Company carried out independent assessment of internal control for its 7 subordinate units. During the year, the independent assessment of internal control was carried out in an orderly manner and centred around major national policy decisions, corporate development strategies and key tasks, while adhering to external regulatory requirements and capital market management standards. Firstly, the Company adopted a research-oriented audit approach to thoroughly investigate governance risks. The Company identified management loopholes and dissected causes of issues to prevent risks at the source and enhance the effectiveness and quality of internal controls. Secondly, the Company strengthened pre-audit analysis by fully leveraging remote auditing. Through digitisation tools, certain on-site audit tasks were able to be front-loaded, enabling early identification of key problem areas and improving audit efficiency and accuracy. Thirdly, the Company refined and detailed quality control standards for independent assessment projects. Building on past experiences, the Company further clarified objectives, deliverables and acceptance criteria for each project phase and effectively enhanced audit quality. Fourthly, the Company attached great importance to issue rectification and enhanced the effectiveness of rectification. The Company guided the development of rectification plans based on the "account cancellation" approach, regularly monitored progress of rectification, and urged improvement and optimisation in relevant systems or processes, ensuring a closed-loop rectification management and effective implementation of rectification measures. Conducted through audit supervision, the independent assessment of internal control served the larger picture of corporate reform and development and facilitated the high-quality development of the Company.

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 always attaches great importance to rectifying internal control deficiencies and consolidates rectification responsibilities through various means to ensure that internal control defects are substantially rectified. In line with business realities, the Company identifies specific failure points of internal control that lead to defects, refines rectification requirements from multiple dimensions such as policies, processes and systems, establishes stringent acceptance criteria for rectification, drives root-cause governance, and ensure high-quality rectification outcomes. 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 2024, 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 department 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.

13. 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 capability, 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.

14. 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 2024. There was no disagreement between the 2024 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).

15. 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, the relevant proposal will be put forward in writing to the shareholders' meeting for approval.

Directors shall be elected at shareholders' general meeting for a term of three years. At the expiry of a director's term, the director may stand for re-election and reappointment for a further term. However, independent directors shall not serve for more than six consecutive years. Pursuant to the Articles of Association, before the Company convenes a shareholders' general meeting, the Board of Directors, the supervisory committee or shareholders, individually or jointly, holding 3% or more of the total voting 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 general meeting if they are matters falling within the functions and powers of shareholders in general meetings. Pursuant to the Articles of Association, shareholders can also request to convene an extraordinary general meeting. Shareholder(s) individually or collectively holding 10% or more of the Company's issued and outstanding voting shares may sign a written proposal requesting the Board of Directors to convene an extraordinary

general meeting. 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 minimum period during which written notice given to the Company of the intention to propose a person for election as a director, and during which written notice to the Company by such person of his/her willingness to be elected may be given, will be at least 7 days. Such period will commence no earlier than the day after the despatch of the notice of the meeting for the purpose of considering such election and shall end no later than 7 days prior to the date of such meeting. 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.

16. SUPERVISORY COMMITTEE

As at 31 December 2024, the Company's Supervisory Committee comprised 5 Supervisors, including 2 Employee Representative Supervisors. The principal duties of the Supervisory Committee include supervising, in accordance with the law, the Company's financials and performance of its Directors, managers and other senior management so as to prevent them from abusing their powers. The Supervisory Committee is a standing supervisory organisation within the Company, which is accountable to and reports to all shareholders. The Supervisory Committee convened 9 meetings in 2024. The term of office for the eighth session of the Supervisory Committee lasts for 3 years, starting from 23 May 2023 until the day of the Annual General Meeting for the year 2025 to be held in year 2026, upon which the ninth session of the Supervisory Committee will be elected.

Number of Supervisory Committee Meetings Attended/Required Attendance in 2024

Supervisors	Number of Meetings Attended/Required Attendance
Huang Xudan (Chairlady of the Supervisory Committee and Shareholder Representative Supervisor)	4/4
Luo Laifeng (Employee Representative Supervisor)	4/4
Guan Lixin (Employee Representative Supervisor)	9/9
Luo Zhendong (Shareholder Representative Supervisor)	9/9
Wang Yibing (Shareholder Representative Supervisor)	8/9
Han Fang (Chairlady of the Supervisory Committee and Shareholder Representative Supervisor)*	5/5
Zhang Jianbin (Employee Representative Supervisor)*	5/5

* Madam Han Fang ("Madam Han"), the Chairlady of the Supervisory Committee and a Shareholder Representative Supervisor, and Mr. Zhang Jianbin ("Mr. Zhang"), an Employee Representative Supervisor, tendered their resignation from the position as Supervisors due to changes in work arrangement. The resignation of Madam Han took effect on the date of election of the new Shareholder Representative Supervisor at the 2024 First EGM. The resignation of Mr. Zhang took effect on the date of election of the new Employee Representative Supervisor by the employee representatives of the Company democratically.

17. 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 2024 is as follows:

Service item	Fee (excluding value-added tax) (RMB million)
Audit services (including fees of interim review and annual audit for the year 2024)	46
Non-audit services (mainly tax and other advisory services)	3
Total	49

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 150 to 156 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 at the 2024 First EGM 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 2024 First EGM. Accordingly, KPMG and KPMG Huazhen LLP have been appointed as the Company's external auditors for the year ended 31 December 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 2025 and would propose the re-appointment of KPMG and KPMG Huazhen LLP at the Annual General Meeting for the year of 2024 of the Company for consideration.

18. 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 "*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, management provides the media and capital market with important information and responds to key questions which are currently of prime concerns 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 2024, 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.

In order to strengthen communications between the Company's management and shareholders as well as potential investors, and to further enhance the corporate transparency, after the 2023 annual results announcement, the Company organised a global roadshow. The management travelled to the United Arab Emirates in the Middle East to engage in in-depth discussions with fund managers from a number of financial institutions, systematically explaining the Company's strategic transformation direction and recent operational achievements to investors. The conference focused on China Telecom's transformation process from a traditional telecommunications operator to a sci-tech company through continuous sci-tech innovation in recent years, particularly highlighting its breakthrough developments in 5G infrastructure, cloud computing platforms, AI technology applications, and satellite communications. In response to the questions that investors were concerned about, the management team provided detailed answers, effectively addressing the investors' insufficient understanding of the Company's transformation achievements and long-term value, and further strengthening their confidence in the Company's future development.

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 2024, the Company successfully held the "Lingang 10,000-card Intelligent Computing Clusters" reverse roadshow event, inviting 35 investors, analysts, and media representatives to attend in person, fully showcasing the Company's recent developments and competitive advantages in the fields of intelligent computing and AI large models, earning high recognition from investors and analysts. Besides, the Company held its annual Digital Technology Ecology Conference in Guangzhou in December 2024 and proactively invited numerous domestic and international investors to participate in the event. This year's conference, themed "AI Empowerment, Building a New Digital Ecology Together", focused on the construction of next-generation information infrastructure networks, AI, quantum security, low-altitude economy and other businesses, comprehensively showcasing China Telecom's significant achievements in promoting digital transformation and intelligent upgrades across various industries.

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 monthly announcements of relevant operational data. The Company attaches great importance to maintaining daily communication with shareholders, investors and analysts. In 2024, the Company participated in a number of investor conferences held by a number of major international investment banks and domestic securities firms around the globe, which facilitated communications with institutional investors.

SECTION IV
CORPORATE GOVERNANCE REPORT

In 2024, the Company attended the following investor conferences held by major international investment banks and domestic securities firms:

Date	Name of Conference
January 2024	UBS Greater China Conference 2024
January 2024	Citi's 2024 China Technology and Telecom Corporate Day
April 2024	HSBC Global Investment Summit 2024
May 2024	J.P. Morgan 20th Annual Global China Summit
May 2024	Goldman Sachs TechNet Conference Asia Pacific 2024
May 2024	Macquarie Asia Conference 2024
May 2024	Tianfeng Securities Mid-year Meetings with Listed Companies 2024
June 2024	Nomura Investor Forum Asia 2024
June 2024	Morgan Stanley China TMT Conference 2024
August 2024	Citi's 2024 China TMT Day
September 2024	GF Securities 2024 Autumn Capital Market Forum
September 2024	HSBC 11th Annual China Conference
September 2024	Nomura China Investor Forum 2024
September 2024	31st Citic CLSA Investor Forum
September 2024	Goldman Sachs China+ Conference 2024
November 2024	Citi's 2024 China Investor Conference
November 2024	Huatai Annual Investment Summit 2025
November 2024	Daiwa Investment Conference Hong Kong 2024
November 2024	CICC Annual Investment Strategy Conference 2024

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. Meanwhile, the underlying software system of the website was also continuously upgraded, effectively ensuring the stability and security 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 *2024 Sustainability Report (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 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 2023 Annual Report "Cloud Intelligence Expands New Horizons, Sci-Tech Innovation for the Future", 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, and ranked No.3 of "Top 100 Reports Worldwide" in the "LACP Vision Awards" by the League of American Communications Professionals LLC (LACP). The prestigious accolades won by China Telecom reflect the market's recognition and commendation of the Company's tireless pursuit of excellence and globally leading outstanding 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 “*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.

19. SHAREHOLDERS’ RIGHTS

Procedures for convening of an extraordinary general meeting or a class meeting

According to the Articles of Association, shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

- (1) Shareholders who individually or jointly hold more than 10% of the Company’s issued and outstanding shares with voting rights (the “Requesting Shareholders”) may sign a written proposal requesting the Board of Directors to convene an extraordinary general meeting or a class meeting. The Board of Directors shall reply in writing agreeing or disagreeing to convene an extraordinary general meeting or a class meeting within ten days upon receipt of such proposal in accordance with laws, regulations and the Articles of Association.
- (2) If the Board of Directors decides to convene an extraordinary general meeting or a class meeting, a notice to convene such meeting shall be issued within five days after the resolution is adopted by the Board of Directors. Any changes to the original proposal in the notice require the consent of the Requesting Shareholders.
- (3) If the Board of Directors decides not to convene an extraordinary general meeting or a class meeting or does not reply within ten days upon receipt of such request, the Requesting Shareholders have the right to propose to the Supervisory Committee to convene an extraordinary general meeting or a class meeting by way of written request(s).
- (4) If the Supervisory Committee agrees to convene an extraordinary general meeting or a class meeting, a notice to convene such meeting shall be issued within five days upon receipt of such request. Any changes to the original proposal in the notice require the consent of the Requesting Shareholders.
- (5) If the Supervisory Committee does not issue the notice of the shareholders’ general meeting within the required period, it will be deemed as having failed to convene and preside over the shareholders’ general meeting, and shareholders individually or jointly holding 10% or more of the shares of the Company for 90 consecutive days or more (the “Convening Shareholders”) have the right to convene and preside over the meeting on their own.
- (6) In the event where shareholders convene a shareholders’ general meeting on their own initiative, the Convening Shareholders must hold no lower than 10% of shares in the Company immediately before the resolution of such meeting is announced.

Procedures for proposing resolutions at the Annual General Meeting

When the Company convenes an Annual General Meeting, shareholders who individually or jointly hold 3% or more of the total voting 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 Annual General 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 a class 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.

20. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the repeal of the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Mandatory Provisions for Companies Listing Overseas, the consequential and other recent amendments to the Hong Kong Listing Rules, regulatory requirements published by CSRC and Shanghai Stock Exchange such as the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in August 2023), the Guidelines for the Articles of Association of Listed Companies, etc. and the actual conditions of the Company, the Board proposed to make corresponding amendments to the Articles of Association. 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. The proposed amendments to the Articles of Association were considered and approved at the Annual General Meeting for the year 2023 held on 27 May 2024. 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 26 March 2024 and circular of the Company dated 24 April 2024.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

1. ENVIRONMENTAL INFORMATION

Establishment of environmental protection-related mechanisms	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB'000)	215,315

(1) Description of environmental protection of the Company other than key pollutant discharging units

The Company and its subsidiaries are not the key pollutant discharging units announced by the environmental protection department. The Company and its subsidiaries earnestly implement the *Environmental Protection Law of the People's Republic of China*, the *Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes of the People's Republic of China*, the *Law on Prevention and Control of Water Pollution of the People's Republic of China*, the *Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China* and other environmental protection laws and regulations in their daily production and operation. The production and operation activities are in compliance with the relevant national environmental protection requirements.

(2) Relevant information conducive to protecting the ecology, preventing and controlling pollution, and fulfilling environmental responsibilities

Relying on its digital technology advantages, the Company actively empowered atmospheric pollution control and biodiversity conservation, promoting the construction of Beautiful China. In terms of atmospheric pollution prevention and control, leveraging new-generation digital intelligence technologies and based on the Xingchen-Eco Environment Large Model, the Company developed an environmental protection cloud platform to achieve precise tracking and intelligent tracing of pollution sources, assisting in fighting the battle against pollution. In terms of biodiversity conservation, based on remote satellite sensing, 5G and intelligent video analysis capabilities, the Company established a "space, aerial and ground" integrated monitoring system and developed a biodiversity "database" to continuously enhance the diversity, stability and sustainability of the ecosystem.

(3) Measures taken to reduce carbon emissions during the Reporting Period and their effects

Any carbon reduction measures taken	Yes
Reduction on CO ₂ equivalent emissions (unit: tonnes)	15.30 million
Types of carbon reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in the production process, R&D and production of new products that contribute to carbon reduction, etc.)	<p>Firstly, the Company continuously advanced the green transformation of cloud-network infrastructure, deepened the integrated green development of computing power, transmission capacity, and storage capacity, carried out the green upgrade of communication facility rooms and base stations, and strengthened the breakthrough of green low-carbon technologies as well as product development and applications.</p> <p>Secondly, the Company accelerated the synergistic development of computing power and electricity, strengthened open cooperation, collaborated with new energy enterprises, explored and practised in multiple scenarios, and enhanced the level of coordinated operation level between computing power and electricity.</p> <p>Thirdly, the Company strengthened supply chain collaboration for carbon reduction, established a data collection mechanism for scope 3 carbon emissions, and enhanced the disclosure of ESG Report as well as the performance in the "Green and Low-carbon Evaluation of Central Enterprises".</p> <p>Fourthly, the Company enhanced the capabilities of dual carbon products and services, advanced the expansion of key products such as environmental protection and green lighting, promoted green solutions such as corporate carbon accounts, product carbon footprints and green engineering services, and empowered the green transition of enterprises in the high-energy-consuming industries.</p>

For details, please refer to the 2024 Sustainability Report (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. SOCIAL RESPONSIBILITIES

External donation, public welfare projects	Quantity/content
Total investment (RMBO'000)	25,954.63

For details, please refer to the 2024 Sustainability Report (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).

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

Poverty Alleviation and Rural Revitalisation Projects	Quantity/Content
Total investment (RMBO'000)	25,383.67
Forms of support (e.g. industrial assistance, employment assistance, education assistance, etc.)	<p>Industrial assistance: China Telecom focused on industrial revitalisation, leveraging the unique resources of the targeted counties to support the establishment of 24 industrial assistance projects including an edible mushroom AI factory and Aishan Village cultural tourism town in Tianlin County, a specialty agricultural product trading centre and apple technology courtyard in Yanyuan County, a Chinese herbal medicine (rhubarb) planting demonstration field and yak jerky canning factory in Muli County, an unmanned white-feathered chicken breeding demonstration base in Shufu County, fritillaria ecological planting in Jiuzhi County and smart cultural tourism in Banbar County. The Group has implemented 311 industrial assistance projects, contributing to the creation of two brands, "Jiang Guo Guo" in Shufu County, Xinjiang and "Dao Se Tian Xiang" in Babu District, Guangxi, which were selected by the SASAC of the State Council as "Outstanding Brands for Central Enterprises Assisting Rural Industrial Revitalisation", helping 42,000 people to get rid of poverty and achieve prosperity.</p> <p>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 once and participated in all eight "Central Enterprises' Cohesion Actions on Consumption Assistance" organised by the SASAC of the State Council. It carried out more than 150 live broadcasts and more than 500 e-commerce skills training sessions for the consumption assistance programme, assisting farmers in setting up over 1,300 online stores. Throughout the year, it directly purchased agricultural by-products of RMBO330 million and helped with the sales of agricultural by-products of RMBO443 million.</p> <p>Employment training: Gathering the advantages of training resources such as telecommunication colleges, postal academies, online universities, and external teachers, the Company launched a special zone for online universities for rural revitalisation, recorded 48 high-quality courses, and organised 15 open classes of famous teachers' lectures, with a total of 46,100 person-times of grass-roots cadres, 22,200 person-times of rural revitalisation leaders and 51,300 person-times of technicians trained. Throughout the year, the Group supported 97 leading enterprises and 341 rural cooperatives, and directly recruited and assisted in transferring employment of 16,600 people.</p>

Informatisation assistance: China Telecom gave full play to its corporate advantages and empowered rural revitalisation with informatisation. China Telecom Digital Village services covered more than 430,000 administrative villages and more than 100 million villagers. Its video AI capabilities covered over 250,000 villages. It realised “100 Mbps Broadband to Classroom” in 500,000 classes nationwide. The self-developed teaching video cloud platform covered over 200 remote counties and districts, and 2,000 schools, enabling more than 10,000 classes and 500,000 teachers and students to enjoy 300,000 high-quality educational video resources. It provided medical informatised services to 570 counties across the country, supporting the “county-level medical communities + primary healthcare + AI” integrated platform in provinces (regions) such as Xinjiang, Qinghai and Sichuan with 63 projects. The “5G + telemedicine” covered 6,172 hospitals nationwide.

2024 was a critical year for achieving the goals and tasks of the “14th Five-Year Plan”. China Telecom learned from and applied the experience of the “Ten Million Projects” and regarded rural revitalisation work as a major political task. In accordance with its “12345” rural revitalisation action plan, China Telecom aimed to consolidate and expand the achievements of poverty alleviation and promote comprehensive rural revitalisation as 1 goal, focused on empowering through technological innovation and strengthening the “general assistance” work system as 2 enhancements, strived to improve rural development level, rural construction level, and rural governance level as 3 improvements, promoted industrial development, education and training, consumption assistance, and digital-intelligent rural areas as 4 upgrades; and strengthened organisational leadership, policy support, resource investment, talent team, and discipline inspection supervision as 5 guarantees. The Company thereby contributed its telecom power to accelerate the construction of livable and business-friendly beautiful villages, effectively advancing comprehensive rural revitalisation.

In 2024, China Telecom 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 rural revitalisation cadres. It invested RMB259 million of free assistance funds and introduced RMB166 million of free assistance funds. In the former “Three Regions and Three Prefectures” areas, it allocated RMB16.8 billion of

network investment. It invested over RMB3 billion in the “Broadband to Border Areas” special network construction and subsidised RMB330 million of construction costs for the ninth batch of universal services. It provided 5.9 million affordable terminals and waived RMB8.7 billion of communication fees, benefiting 8.423 million households. It procured RMB50.12 million of Xinjiang clothing through the “Workwear Aid for Xinjiang” initiative. The digital village services covered more than 439,000 administrative villages, serving more than 100 million villagers, with AI capabilities covering over 250,000 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 targeted assistance led to a high-level breakthrough in ten major indicators, setting a new historical record. The Company invested RMB182 million of free assistance funds and RMB417 million of paid assistance funds, and introduced RMB89.01 million of free assistance funds and RMB438 million of paid assistance funds. It trained 119,700 person-times of talents in three categories, directly purchased RMB330 million of agricultural products and assisted in selling RMB443 million of agricultural products, completing all target tasks with high quality.

Note: This section contains the environmental and social responsibilities work of China Telecommunications Corporation, the Company's controlling shareholder, in 2024.

SECTION VI SIGNIFICANT EVENTS

1. PERFORMANCE OF UNDERTAKINGS

(1) The ultimate controller, shareholders, related parties, acquirers of the Company, the Company, and other relevant parties of the undertakings during or subsisting to the Reporting Period

Background of undertaking	Type of undertakings	Undertaking party	Content of undertakings	Time of undertaking	Whether there is a term for performance	Term for undertakings	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertakings
Undertakings related to the initial public offering	Restricted tradable shares	Controlling shareholder	Restrictions on the circulation of the shares and the shareholders' commitment to voluntary lock-up their shares	2021-08-20	Yes	36 months from the date of A Share listing of the Company	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	Controlling shareholder, the Company, directors and senior management other than independent directors and directors who do not receive remuneration from the Company	Undertakings to stabilise the share price	2021-08-20	Yes	Within three years from the date of A Share listing of the Company	Yes	N/A	N/A
	Others	The Company, controlling shareholder, directors and senior management	Undertaking to adopt remedial measures for dilution of the immediate returns by the issuance of share	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company, controlling shareholder, directors, supervisors and senior management	Undertaking that there is no false record, misleading statement, or material omission in the Prospectus	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company, controlling shareholder, directors, supervisors and senior management	Undertaking on binding measures for the failure to perform the commitment	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company	Undertaking on disclosure of shareholders' information	2021-08-20	Yes	Long-term	Yes	N/A	N/A
Others	Dividend	The Company	Undertaking on the profit distribution policy and the arrangement in relation to the accumulated profits	2021-08-20	Yes	Long-term	Yes	N/A	N/A

2. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: 0'000 Currency: RMB

	Previously appointed	Currently appointed
Name of the domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP	KPMG Huazhen LLP
Remuneration of the domestic accounting firm	5,900	4,900
Duration of audit of the domestic accounting firm	3 years	1 year
Names of certified public accountants of the domestic accounting firm	Song Shuang, Liu Yuanbo	Kuang Lin, Liu Jingyuan
Duration of audit services provided by certified public accountants of the domestic accounting firm	Song Shuang (3 years), Liu Yuanbo (3 years)	Kuang Lin (1 year), Liu Jingyuan (1 year)
Name of overseas accounting firm	PricewaterhouseCoopers	KPMG
Duration of audit of the overseas accounting firm	3 years	1 year

	Name	Remuneration
Accounting firm for internal control auditing	KPMG Huazhen LLP	1,200

Note: Remuneration of the domestic accounting firm includes fees of interim review and annual audit for the year 2024.

Explanation on change of accounting firms

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, the Board and the shareholders' general meeting have approved the appointments of KPMG and KPMG Huazhen LLP as the Company's external auditors for the year 2024. The Company has fully communicated with the originally appointed accounting firm regarding the change of accounting firms, and the originally appointed accounting firm has no objection to the change of accounting firm.

3. MATERIAL CONNECTED TRANSACTIONS

(1) Connected transactions

Reference is made to the announcement published by the Company on 11 March 2024. On 11 March 2024, 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, upon completion of the subscription, China Telecom Quantum Group holds approximately 21.86% of the issued shares of Quantumctek and will have the power to control the board of directors of Quantumctek. According to the applicable accounting principles, Quantumctek will become an indirect non-wholly owned subsidiary of the Company and the financial results of Quantumctek will be consolidated into the Group's consolidated financial statements.

China Telecommunications is the Company's controlling shareholder and holds approximately 63.90% of the issued share capital of the Company. China Telecommunications and Quantumctek hold 54% and 36% of the equity of China Telecom Quantum Technology Limited, respectively. Accordingly, pursuant to Chapter 14A of the Hong Kong Listing Rules, Quantumctek is an associate of China Telecommunications and therefore a connected person of the Company. The transactions contemplated under the Share Subscription Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio of the subscription is more than 0.1% but less than 5%, the Company is only subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

(2) Continuing connected transactions

The following table sets out the amounts of the Group's continuing connected transactions for the year ended 31 December 2024:

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 TELECOMMUNICATIONS¹ AND/OR ITS ASSOCIATES (EXCLUDING THE GROUP)		
Engineering Framework Agreement		
Provision of engineering services by China Telecommunications and/or its associates	21,045	23,500
Ancillary Telecommunications Services Framework Agreement		
Provision of ancillary telecommunications services by China Telecommunications and/or its associates	23,144	29,000
Community Services Framework Agreement		
Provision of community services by China Telecommunications and/or its associates	4,491	5,800
Centralised Services Agreement		
Provision of centralised services by China Telecommunications and/or its associates	596	2,200
Provision of centralised services by the Group	3,916	5,200
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	552	1,000
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	763	1,150
Amount payable for properties leased by China Telecommunications and/or its associates	69	120
IT Services Framework Agreement		
Provision of IT services by China Telecommunications and/or its associates	8,279	10,000
Provision of IT services by the Group	3,066	7,700

SECTION VI
SIGNIFICANT EVENTS

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	4,826	6,100
Provision of supplies procurement services by the Group	4,039	12,500
Internet Applications Channel Services Framework Agreement		
Provision of Internet applications channel services by the Group	41	1,300
Lease Financing Framework Agreement		
Provision of lease financing services by China Telecommunications and/or its associates	7,633	12,000
Telecommunications Resources Leasing Agreement		
Provision of telecommunications resources leasing services by China Telecommunications and/or its associates	567	780
(2) CONTINUING CONNECTED TRANSACTIONS ENTERED INTO BETWEEN CHINA TELECOM FINANCE AND THE GROUP, THE PARENT GROUP², THE CCS GROUP³, NEW GUOMAI GROUP⁴ AND SAFETY TECHNOLOGY GROUP⁵ RESPECTIVELY		
Maximum daily balance of deposits (including accrued interest) deposited by the Group with China Telecom Finance	42,316	60,000
Maximum daily loan and bill discounting balance (including accrued interest) provided by China Telecom Finance to the Parent Group	8,041	14,000
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 New Guomai Group	—	1,500
Maximum daily loan and bill discounting balance (including accrued interest) provided by China Telecom Finance to Safety Technology Group	80	700
(3) CONTINUING CONNECTED TRANSACTIONS ENTERED INTO BETWEEN THE GROUP AND E-SURFING PAY AND ITS SUBSIDIARIES		
Payment and digital finance related services	974	1,550

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 2024.
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, New Guomai Group and Safety Technology Group.
3. The CCS Group refers to China Communications Services Corporation Limited and its subsidiaries.
4. New Guomai Group refers to New Guomai Digital Culture Co.,Ltd ("New Guomai") 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 22 October 2021, 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 2022 to 31 December 2024. 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 (before adjustment) for the transactions contemplated under the Engineering Framework Agreement and the Ancillary Telecommunications Services Framework Agreement for each of the years ended 31 December 2022, 2023 and 2024 exceeded 5%, 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 30 November 2021.

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 Internet Applications Channel Services Framework Agreement, the Lease Financing Framework Agreement and the Telecommunications Resources Leasing Agreement for each of the years ended 31 December 2022, 2023 and 2024 exceeds 0.1% but is 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 Interconnection Settlement Agreement, the Trademark License Agreement and the Intellectual Property License Framework Agreement for each of the years ended 31 December 2022, 2023 and 2024 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.

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SIGNIFICANT EVENTS

On 20 October 2023, the Board passed resolutions to approve, among others, the revised annual caps in respect of continuing connected transactions contemplated under the Engineering Framework Agreement, the IT Services Framework Agreement, the Supplies Procurement Services Framework Agreement and the Property and Land Use Right Leasing Framework Agreement for the two years ended 31 December 2023 and 2024 (the "Revised Annual Caps"). All other terms and conditions of such agreements shall remain unchanged and valid. As the applicable percentage ratios (excluding the profits ratio) of the Revised Annual Caps which are applicable to the transactions contemplated under these agreements exceed 0.1% but are less than 5%, the Revised Annual Caps 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. Set out below are the Revised Annual Caps. Please refer to the announcement published by the Company on 20 October 2023 in relation to revision of annual caps for continuing connected transactions for details.

Types of Continuing Connected Transactions	Original Annual Caps (RMB million)		Revised Annual Caps (RMB million)	
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2023	For the year ended 31 December 2024
The Engineering Framework Agreement	19,000	19,000	21,800	23,500
Amounts payable by the Group in respect of the IT services received under the IT Services Framework Agreement	6,200	7,500	8,500	10,000
Amounts payable by China Telecommunications and/or its associates in respect of the IT services provided by the Group under the IT Services Framework Agreement	2,800	3,900	6,000	7,700
Amount payable by the Group for the supplies procurement services provided by China Telecommunications and/or its associates under the Supplies Procurement Services Framework Agreement	5,250	5,500	5,800	6,100
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 under the Property and Land Use Right Leasing Framework Agreement	550	600	800	1,000
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 under the Property and Land Use Right Leasing Framework Agreement	800	860	1,000	1,150

Details of the Agreements are shown below:

Engineering Framework Agreement

On 22 October 2021, the Company and China Telecommunications entered into the Engineering Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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 circumstances there are amended rules or regulations in respect of tender scope and scale of the engineering construction projects promulgated by PRC laws and regulations during the term of agreement, both parties agreed to apply such amended rules and regulations.

In terms of the same service provided under the Engineering Framework Agreement, the Group shall have the priority to use the services provided by China Telecommunications and/or its associates, 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 22 October 2021, the Company and China Telecommunications entered into the Ancillary Telecommunications Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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.

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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 22 October 2021, the Company and China Telecommunications entered into the Interconnection Settlement Agreement with a term from 1 January 2022 to 31 December 2024. 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 22 October 2021, the Company and China Telecommunications entered into the Community Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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.

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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 22 October 2021, the Company and China Telecommunications entered into the Centralised Services Agreement with a term from 1 January 2022 to 31 December 2024. 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 22 October 2021, the Company and China Telecommunications entered into the Property and Land Use Right Leasing Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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 22 October 2021, the Company and China Telecommunications entered into the IT Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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.

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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 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. 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 22 October 2021, the Company and China Telecommunications entered into the Supplies Procurement Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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 22 October 2021, the Company and China Telecommunications entered into the Internet Applications Channel Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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;

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(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 undertake 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 22 October 2021, the Company and China Telecommunications entered into the Lease Financing Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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 China Banking and Insurance Regulatory Commission ("CBIRC") (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 22 October 2021, the Company and China Telecommunications entered into the Telecommunications Resources Leasing Agreement with a term from 1 January 2022 to 31 December 2024. 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 22 October 2021, the Company and China Telecommunications entered into the Trademark License Agreement with a term from 1 January 2022 to 31 December 2024. 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 of the State Administration for Market Supervision and the trademarks for which China Telecommunications and/or its associates is applying to China National Intellectual Property Administration of the State Administration for Market Supervision 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.

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Intellectual Property License Framework Agreement

On 22 October 2021, the Company and China Telecommunications entered into the Intellectual Property License Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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, New Guomai Group and Safety Technology Group respectively

On 22 October 2021, 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, New Guomai Group and Safety Technology Group, the "Parent Group"), CCS (together with its subsidiaries, "CCS Group"), New Guomai (together with its subsidiaries, "New Guomai Group") and Safety Technology (together with its subsidiaries, "Safety Technology Group"). As China Telecommunications is the Company's controlling shareholder, and CCS, New Guomai and Safety Technology are subsidiaries of China Telecommunications, pursuant to Chapter 14A of the Listing Rules, China Telecommunications, CCS, New Guomai 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, New Guomai 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 22 October 2021, 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 2022, 2023 and 2024 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 Chapters 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 30 November 2021.

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 2022, 2023 and 2024 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.

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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 financial and financing advice, credit authentication, guarantees, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals 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 CBIRC (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 2022 and expired on 31 December 2024. 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 22 October 2021, 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 2022, 2023 and 2024 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 2022, 2023 and 2024 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 financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals to the Parent Group under the China Telecommunications Corporation Financial Services Framework Agreement.

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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 CBIRC (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 2022 and expired on 31 December 2024. 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 22 October 2021, 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 2022, 2023 and 2024 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 2022, 2023 and 2024 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 financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals 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 CBIRC (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.

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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 transaction terms offered by China Telecom Finance with those interest rates and terms of the same type of deposit or loan 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 transaction terms offered by China Telecom Finance are equivalent to or better than those interest rates and terms offered or fees charged or other relevant transaction 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 2022 and expired on 31 December 2024. Subject to the compliance of relevant laws and regulations and relevant regulatory requirements, both parties would negotiate and agree on the renewal arrangement.

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

On 22 October 2021, China Telecom Finance and New Guomai entered into the financial services framework agreement ("New Guomai Financial Services Framework Agreement"). Pursuant to the agreement, China Telecom Finance agreed to provide financial services to New Guomai Group, including deposit services, loan and bill discounting services and other financial services.

As the deposit services provided by China Telecom Finance to New Guomai Group under the New Guomai 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 New Guomai Group under the New Guomai Financial Services Framework Agreement for each of the years ended 31 December 2022, 2023 and 2024 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 New Guomai Group under the New Guomai Financial Services Framework Agreement for each of the years ended 31 December 2022, 2023 and 2024 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 New Guomai 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 New Guomai 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 New Guomai Group. Under the same conditions, the interest rates and terms for the deposit services offered by China Telecom Finance to the New Guomai 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 New Guomai 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 New Guomai 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 New Guomai Group. Under the same conditions, the interest rates and terms for the loan and bill discounting services offered by China Telecom Finance to the New Guomai 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 New Guomai Group do not require the New Guomai 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 financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals to the New Guomai Group under the New Guomai Financial Services Framework Agreement.

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The fees charged for other financial services provided by China Telecom Finance to the New Guomai Group mentioned above shall comply with the fees standard promulgated by regulatory departments including the People's Bank of China or the CBIRC (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 New Guomai 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 New Guomai Group. Under the same conditions, the fees standard charged to the New Guomai 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 New Guomai has the discretion to choose other financial institutions to provide financial services. For the respective specific transactions under the New Guomai Financial Services Framework Agreement entered into between New Guomai and China Telecom Finance and under the same conditions, the New Guomai Group shall, in principle, take the financial services provided by China Telecom Finance as priority. Under the circumstances which the New Guomai Group considers appropriate and beneficial to the New Guomai Group, the New Guomai Group may engage one or more financial institutions which are the major cooperative commercial banks of the New Guomai Group to provide financial services.

The New Guomai Financial Services Framework Agreement became effective from 1 January 2022 and expired on 31 December 2024. 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 22 October 2021, 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 2022, 2023 and 2024 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 2022, 2023 and 2024 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 financial and financing advice, credit authentication, acceptance of bills, internal fund transfer and settlement and designs of relevant settlement and clearance arrangement proposals 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 CBIRC (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.

SECTION VI SIGNIFICANT EVENTS

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 2022 and expired on 31 December 2024. 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 E-surfing Pay and its subsidiaries

Payment and Digital Finance Related Services Framework Agreement

On 22 October 2021, the Company and E-surfing Pay entered into the Payment and Digital Finance Related Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. 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, E-surfing Pay and its subsidiaries cannot terminate the provision of such services to the Group.

Pursuant to the Payment and Digital Finance Related Services Framework Agreement, E-surfing Pay and its subsidiaries provides 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 E-surfing Pay and its subsidiaries, E-surfing Pay and its subsidiaries shall have the priority to provide such services to the Group under the same conditions. E-surfing Pay and its subsidiaries undertake to the Group that E-surfing Pay and its subsidiaries will not provide services to the Group which are less favourable than the terms offered by E-surfing Pay and its subsidiaries to a third party. E-surfing Pay 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 E-surfing Pay and its subsidiaries fail to meet the Group's demand under the agreement, or if an independent third party offers more favourable terms than E-surfing Pay 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 64.53% of the issued share capital of E-surfing Pay as of the date on which the Payment and Digital Finance Related Services Framework Agreement was entered into, China Telecommunications and E-surfing Pay 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 each of the applicable percentage ratios (except for the profit ratio) of the annual cap for each of the years ended 31 December 2022, 2023 and 2024 for the transactions contemplated under the Payment and Digital Finance Related Services Framework Agreement is expected to exceed 0.1% but is 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.

(3) Arrangements in connection with continuing connected transactions

On 12 July 2024, the Company and China Telecommunications entered into the New Engineering Framework Agreement, the New Ancillary Telecommunications Services Framework Agreement, the New Interconnection Settlement Agreement, the New Community Services Framework Agreement, the New Centralised Services Agreement, the New Property and Land Use Right Leasing Framework Agreement, the New IT Services Framework Agreement, the New Supplies Procurement Services Framework Agreement, the New Internet Applications Channel Services Framework Agreement, the New Lease Financing Framework Agreement, the New Telecommunications Resources Leasing Agreement, the New Trademark License Agreement and the New Intellectual Property License Framework Agreement with a term from 1 January 2025 to 31 December 2027.

On 12 July 2024, the Company and E-surfing Pay entered into the New Payment and Digital Finance Related Services Framework Agreement with a term from 1 January 2025 to 31 December 2027.

On 12 July 2024, financial services framework agreements were entered into between the Company and China Telecom Finance, China Telecom Finance and China Telecommunications, China Telecom Finance and CCS, China Telecom Finance and New Guomai, China Telecom Finance and Safety Technology, respectively. The respective terms of all these financial services framework agreements are effective from 1 January 2025 until 31 December 2027.

At the extraordinary general meeting of the Company held on 21 August 2024, the resolutions in relation to the continuing connected transactions of the Company, including the applicable annual caps for the connected transactions under each of the above agreements for the period from 1 January 2025 to 31 December 2027, were considered and approved. For details of each agreement, please refer to the announcements published by the Company on the website of the Hong Kong Stock Exchange on 12 July 2024 and the circular dated 2 August 2024.

(4) 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 2024.

The Company's external auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2024 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.

(5) Confirmation from the auditors

The auditors of the Group have reviewed the continuing connected transactions of the Group for the year ended 31 December 2024 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.

(6) 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 2024 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 2024 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	170,636,901.35
Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)	169,064,736.18

Aggregate guarantees of the Company (including those guarantees provided to its subsidiaries)

Aggregate amount of guarantees (A + B)	169,064,736.18
Percentage of total aggregate amount of guarantee to net assets of the Company (%)	0.037

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
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Explanation on the potential joint and several liability for outstanding guarantees	Nil
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Clarification of guarantee

The external guarantees provided by the Company were non-financing guarantees provided by China Telecom Finance and China Telecom Global, all 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 2024.

(1) Description of guarantees in 2024

According to the needs of daily production and operation, China Telecom Finance, China Telecom Global and China Telecom Middle East FZ-LLC, all being subsidiaries of the Company (hereinafter referred to as the Company's wholly-owned and holding subsidiaries), contemplated to provide guarantees to wholly-owned subsidiaries of the Company in 2023, in an aggregate amount of not exceeding RMB393.50 million (or equivalent foreign currency). The guarantee limit was valid until 31 March 2024. The guaranteed entities were all wholly-owned subsidiaries of the Company with asset-liability ratio not exceeding 70%. In accordance with relevant laws and regulations, 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 2023 of China Telecom Corporation Limited" disclosed by the Company on 30 March 2023. Within the scope of the above guarantee limits, China Telecom Finance, a subsidiary of the Company, entered into an agreement of guarantee with China Telecom Digital Intelligence Technology on 29 February 2024, pursuant to which China Telecom Finance agreed to provide guarantee to China Telecom Digital Intelligence Technology with a limit of not more than RMB300 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 2024, in an aggregate amount of not exceeding RMB479.20 million (or equivalent foreign currency). The guarantee limit is 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, 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 2024 of China Telecom Corporation Limited" disclosed by the Company on 26 March 2024.

(2) The progress of guarantees during the fourth quarter of 2024

During the fourth quarter of 2024 and within the scope of the above guarantee limits, China Telecom Finance provided 31 guarantees to China Telecom Digital Intelligence Technology, China Telecom Digital City Technology Co., Ltd., Jiangxi Telecom Information Industry Co., Ltd. and Guangdong Eshore Technology Co., Ltd. in the aggregate amount of RMB116.8526 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. Qinghai Branch	60,000.00	October 12, 2024 to December 31, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Qinghai Branch	28,000.00	October 12, 2024 to December 31, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	2,715,800.00	October 25, 2024 to November 10, 2024	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Heilongjiang Branch	36,160.00	October 25, 2024 to October 7, 2026	Non-financing guarantee	Quality Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Anhui Branch	1,007,592.80	November 5, 2024 to November 10, 2024	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	2,883,940.40	November 14, 2024 to November 30, 2024	Non-financing guarantee	Advance Payment Guarantee
	Jiangxi Telecom Information Industry Co., Ltd.	7,550,201.39	November 21, 2024 to March 31, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Anhui Branch	1,007,592.80	November 29, 2024 to December 17, 2024	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Shandong Branch	8,001,000.00	December 2, 2024 to January 30, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Xinjiang Branch	1,406,500.00	December 2, 2024 to February 28, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	7,320,000.00	December 3, 2024 to June 30, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	13,912,000.00	December 11, 2024 to June 30, 2025	Non-financing guarantee	Advance Payment Guarantee

Guarantor	Guaranteed Party	Amount of Guarantee (RMB)	Guarantee period	Type of guarantee	Method of guarantee
	China Telecom Digital City Technology Co., Ltd.	564,680.00	December 16, 2024 to June 23, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Anhui Branch	49,960.00	December 16, 2024 to February 16, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	4,583,565.00	December 16, 2024 to July 24, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	161,000.00	December 16, 2024 to December 1, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	475,520.00	December 16, 2024 to January 7, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	80,300.00	December 16, 2024 to July 16, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	4,125,000.00	December 18, 2024 to August 21, 2026	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	1,830,000.00	December 18, 2024 to June 30, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	3,478,000.00	December 18, 2024 to June 30, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	5,900,000.00	December 19, 2024 to September 5, 2026	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital City Technology Co., Ltd.	531,168.00	December 20, 2024 to December 31, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	16,690,662.50	December 20, 2024 to March 20, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	18,800,000.00	December 23, 2024 to June 20, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	1,226,664.00	December 23, 2024 to February 5, 2025	Non-financing guarantee	Advance Payment Guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	467,500.00	December 24, 2024 to December 18, 2025	Non-financing guarantee	Advance Payment Guarantee

SECTION VI
SIGNIFICANT EVENTS

Guarantor	Guaranteed Party	Amount of Guarantee (RMB)	Guarantee period	Type of guarantee	Method of guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Liaoning Branch	784,635.00	December 24, 2024 to December 10, 2025	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Heilongjiang Branch	975,000.00	December 24, 2024 to November 26, 2029	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Anhui Branch	200,200.00	December 27, 2024 to February 28, 2025	Non-financing guarantee	Advance Payment Guarantee
	Guangdong Eshore Technology Co., Ltd.	10,000,000.00	December 31, 2024 to January 24, 2025	Non-financing guarantee	Acceptance bill of Finance Company

(3) The progress of guarantees during the first to the third quarters of 2024

For details of guarantee progress in 2024, please refer to the 2024 First Quarter Report of China Telecom Corporation Limited, the 2024 Interim Report of China Telecom Corporation Limited and the 2024 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 RMB169.0647 million, accounting

for 0.037% of the Company's latest audited net assets (as of 31 December 2024), 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 2024.

SECTION VII

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 (%)	
(1)	Shares with lock-up restrictions	58,039,303,317	63.43			-662,250,000	-662,250,000	57,377,053,317	62.70	
1.	State-owned shares									
2.	Shares held by state-owned legal persons	57,487,428,317	62.82			-110,375,000	-110,375,000	57,377,053,317	62.70	
3.	Shares held by other domestic shareholders	551,875,000	0.60			-551,875,000	-551,875,000	0	0.00	
Of which:	Shares held by domestic non-state-owned legal persons	551,875,000	0.60			-551,875,000	-551,875,000	0	0.00	
	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	33,467,835,382	36.57			+662,250,000	+662,250,000	34,130,085,382	37.30	
1.	RMB ordinary shares	19,590,425,382	21.41			+662,250,000	+662,250,000	20,252,675,382	22.13	
2.	Domestic-Listed Foreign-Invested Shares									
3.	Overseas-Listed Foreign-Invested Shares	13,877,410,000	15.17					13,877,410,000	15.17	
4.	Others									
(3)	Total number of shares	91,507,138,699	100.00			0	0	91,507,138,699	100.00	

2. Explanation on changes in shares

On 13 August 2024, the Company published the "Announcement on the Release for Trading of Partial Lock-up Shares of the Initial Public Offering of China Telecom Corporation Limited", pursuant to which 662,250,000 lock-up shares allotted during the initial public offering of the Company were released for trading as the lock-up period expired on 20 August 2024. The lock-up period for the lock-up shares of the Company's initial public offering held by China Telecommunications Corporation, the Company's controlling shareholder, has been extended by 6 months to 20 February 2025.

As of the date of this report, 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.

SECTION VII
CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(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
Huawei Technologies Co., Ltd	220,750,000	220,750,000	-	-	Lock-up for strategic allotment of the initial public offering	2024-08-20
Oriental Pearl Group Co., Ltd.	110,375,000	110,375,000	-	-	Lock-up for strategic allotment of the initial public offering	2024-08-20
Sangfor Technologies Inc.	110,375,000	110,375,000	-	-	Lock-up for strategic allotment of the initial public offering	2024-08-20
Shanghai Bilibili Technology Co., Ltd.	110,375,000	110,375,000	-	-	Lock-up for strategic allotment of the initial public offering	2024-08-20
DBAPP Security Co., Ltd.	110,375,000	110,375,000	-	-	Lock-up for strategic allotment of the initial public offering	2024-08-20
Total	58,039,303,317	662,250,000	-	57,377,053,317	/	/

Note: As of the date of this report, 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. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER

(1) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period	218,903
Total number of ordinary shareholders as at the end of February 2025	231,696

(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

Name of shareholder (Full name)	Shareholdings of the top ten shareholders (excluding shares loaned through refinancing)						Nature of shareholder
	Changes during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held with lock-up restrictions	Pledge, marking or freezing conditions	Status of shares	
						Quantity	
China Telecommunications Corporation	-	58,476,519,174	63.90	57,377,053,317	Nil	-	State-owned legal person
HKSCC Nominees Limited	735,839	13,846,717,317	15.13	-	Nil	-	Foreign legal person
Guangdong Rising Holdings Group Co., Ltd.	-420,000,000	4,794,082,653	5.24	-	Nil	-	State-owned legal person
Zhejiang Provincial Financial Development Co., Ltd.	-	2,137,473,626	2.34	-	Nil	-	State-owned legal person
China Life Insurance Company Limited — Traditional — General insurance products — 005L — CT001 Shanghai	213,436,229	980,050,957	1.07	-	Nil	-	Unknown
Jiangsu Guixin 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	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	420,000,000	420,000,000	0.46	-	Pledge	420,000,000	Unknown

SECTION VII
CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Name of shareholder	Number of tradable shares held without lock-up restriction	Class and number of shares	Quantity
		Class	
HKSCC Nominees Limited	13,846,717,317	Overseas-listed foreign-invested shares	13,846,717,317
Guangdong Rising Holdings Group Co., Ltd.	4,794,082,653	RMB ordinary shares	4,794,082,653
Zhejiang Provincial Financial Development Co., Ltd.	2,137,473,626	RMB ordinary shares	2,137,473,626
China Telecommunications Corporation	1,099,465,857	RMB ordinary shares	1,099,465,857
China Life Insurance Company Limited — Traditional — General insurance products — 005L — CT001 Shanghai	980,050,957	RMB ordinary shares	980,050,957
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	420,000,000	RMB ordinary shares	420,000,000
Explanation on the securities account designated for share repurchase of the top ten shareholders		N/A	
Explanation on the voting rights entrusted by or waived by the above shareholders		N/A	
Description of connected relationship or acting in concert among the aforementioned shareholders		The Company is not aware of any connected relationship among the aforementioned shareholders or whether they act in concert.	
Description of the holders of preference shares with restored voting rights and their shareholding		N/A	

Unit: shares

Shareholdings of the top ten shareholders with lock-up restrictions					
Listing and trading of shares with lock-up restrictions					
No.	Name of shareholders with lock-up restrictions	Number of shares held with lock-up restrictions	Date of listing and trading	Number of new shares available for listing and trading	Lock-up restrictions
1	China Telecommunications Corporation	57,377,053,317	2025-02-20	-	Lock-up for 42 months from the date of listing
Description of connected relationship or acting in concert among the aforementioned shareholders					N/A

Note: As of the date of this report, 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.

(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

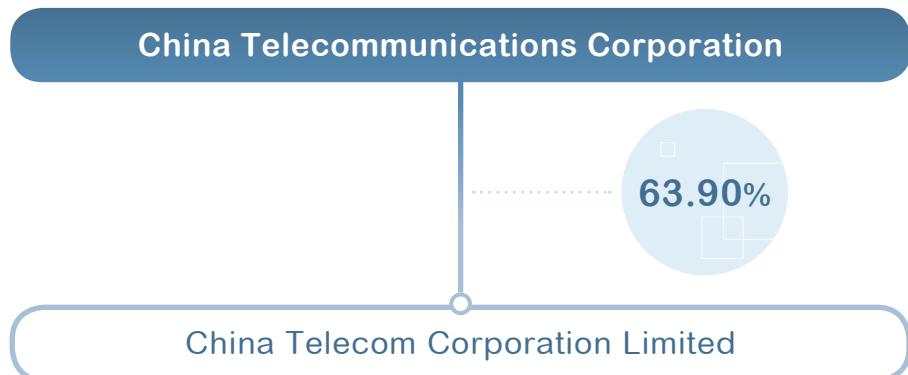
3. INFORMATION ON CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

(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	Basic telecommunications services (see license for specific business scope); value-added telecommunications services (see license for specific business scope); chain operation of national internet service premises; operating its group companies and all state-owned assets and state-owned equity interests formed by state investment in the invested enterprises; contracting overseas telecommunications projects and domestic international bidding projects; operation of system integration, technology development, technical services, design and construction, equipment production and sales, advertising and information consultation related to communication and information business; import and export business; hosting exhibitions. (Market entities shall independently select business projects and carry out business activities in accordance with the law; for projects subject to approval in accordance with the law, business activities shall be carried out in accordance with the approved scope after approval by relevant authorities; 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

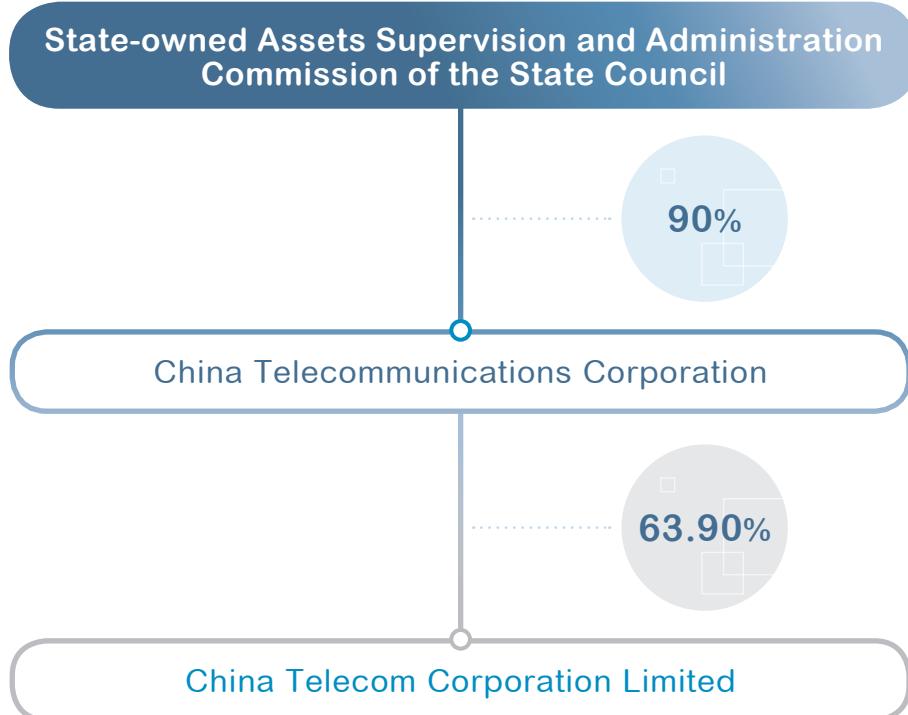


(2) Ultimate controller

1. Legal person

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

SECTION VIII FINANCIAL REPORTS INDEPENDENT AUDITOR'S REPORT



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 (the "Group") set out on pages 157 to 247, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024 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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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
<p>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.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures to assess the recognition of service revenue included the following:</p> <ul style="list-style-type: none">assessing, with the assistance of our IT specialists, the design, implementation and operating effectiveness of management's key internal controls over:<ul style="list-style-type: none">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)
	<ul style="list-style-type: none">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 settings 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; andinspecting 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
<p>The Group had recorded goodwill arising from acquisition of the mobile communications business in 2008.</p> <p>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.</p> <p>We identified the goodwill impairment assessment as a key audit matter because the amount of goodwill was significant as at 31 December 2024, 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.</p>	<p>Our audit procedures to assess the impairment assessment of goodwill included the following:</p> <ul style="list-style-type: none">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; andassessing 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.

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 group 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 Frankie C.Y. Lai.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
25 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024 (Amounts in million)

	Notes	31 December 2024 RMB	31 December 2023 RMB
ASSETS			
Non-current assets			
Property, plant and equipment, net	4	427,079	409,943
Construction in progress	5	58,801	72,238
Right-of-use assets	6	69,068	76,908
Goodwill	7	29,925	29,923
Intangible assets	8	25,513	22,702
Interests in associates and joint ventures	10	44,177	43,158
Financial assets at fair value through profit or loss		363	397
Equity instruments at fair value through other comprehensive income	11	1,015	1,426
Deferred tax assets	12	673	1,347
Other assets	13	21,886	9,909
Total non-current assets		678,500	667,951
Current assets			
Inventories	15	3,267	3,417
Income tax recoverable		111	140
Accounts receivable, net	16	42,867	32,210
Contract assets	17	4,731	4,665
Prepayments and other current assets	18	35,140	35,580
Short-term bank deposits and restricted cash		19,802	10,805
Cash and cash equivalents	19	82,207	81,046
Total current assets		188,125	167,863
Total assets		866,625	835,814

SECTION VIII FINANCIAL REPORTS
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 at 31 December 2024 (Amounts in million)

	Notes	31 December 2024 RMB	31 December 2023 RMB
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debts	20	2,835	2,867
Current portion of long-term debts	20	1,238	1,133
Accounts payable	21	160,550	145,872
Accrued expenses and other payables	22	78,790	74,260
Contract liabilities	23	65,185	65,417
Income tax payable		2,410	488
Current portion of lease liabilities	24	14,369	13,399
Total current liabilities		325,377	303,436
Net current liabilities		(137,252)	(135,573)
Total assets less current liabilities		541,248	532,378
Non-current liabilities			
Long-term debts	20	7,459	5,142
Lease liabilities	24	34,842	42,650
Deferred tax liabilities	12	34,107	31,025
Other non-current liabilities		8,288	6,394
Total non-current liabilities		84,696	85,211
Total liabilities		410,073	388,647
Equity			
Share capital	25	91,507	91,507
Reserves	26	360,883	351,419
Total equity attributable to equity holders of the Company		452,390	442,926
Non-controlling interests		4,162	4,241
Total equity		456,552	447,167
Total liabilities and equity		866,625	835,814

Approved and authorised for issue by the Board of Directors on 25 March 2025 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 165 to 247 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024 (Amounts in million except for per share data)

	Notes	2024 RMB	2023 RMB
Operating revenues	27	529,417	513,551
Operating expenses			
Depreciation and amortisation		(101,044)	(99,702)
Network operations and support	28	(165,598)	(160,411)
Selling, general and administrative	29	(66,663)	(66,804)
Personnel expenses	30	(98,279)	(92,805)
Other operating expenses	31	(58,030)	(56,701)
Total operating expenses		(489,614)	(476,423)
Operating profit		39,803	37,128
Net finance costs	32	(228)	(332)
Investment income and others		72	292
Share of profits of associates and joint ventures		2,525	2,116
Profit before taxation		42,172	39,204
Income tax	33	(9,197)	(8,776)
Profit for the year		32,975	30,428
Other comprehensive income for the year			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of investments in equity instruments at fair value through other comprehensive income		(452)	511
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income		115	(135)
		(337)	376
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of subsidiaries outside mainland China		130	63
Share of other comprehensive income of associates and joint ventures		—	2
		130	65
Other comprehensive income for the year, net of tax		(207)	441
Total comprehensive income for the year		32,768	30,869

SECTION VIII FINANCIAL REPORTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024 (Amounts in million except for per share data)

	Notes	2024 RMB	2023 RMB
Profit attributable to			
Equity holders of the Company		33,012	30,446
Non-controlling interests		(37)	(18)
Profit for the year		32,975	30,428
Total comprehensive income attributable to			
Equity holders of the Company		32,805	30,887
Non-controlling interests		(37)	(18)
Total comprehensive income for the year		32,768	30,869
Basic earnings per share (RMB)	38	0.36	0.33
Diluted earnings per share (RMB)	38	0.36	0.33
Number of shares (in million)	25	91,507	91,507

The notes on pages 165 to 247 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024 (Amounts in million)

Notes	Attributable to equity holders of the Company										Non-Controlling interests RMB	Total equity RMB
	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			
Balance as at 1 January 2023	91,507	19,710	47,687	84,901	183	126	(458)	188,433	432,089	4,338	436,427	
Profit for the year	–	–	–	–	–	–	–	30,446	30,446	(18)	30,428	
Other comprehensive income for the year	–	–	–	–	–	378	63	–	441	–	441	
Total comprehensive income for the year	–	–	–	–	–	378	63	30,446	30,887	(18)	30,869	
Distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(78)	(78)
Share of associates and joint ventures' other changes in reserves and others	–	12	–	–	–	–	–	(3)	9	(1)	8	
Dividends	37	–	–	–	–	–	–	(20,059)	(20,059)	–	(20,059)	
Appropriations to statutory surplus reserve	26	–	–	–	2,860	–	–	(2,860)	–	–	–	
Appropriations to general risk reserve	26	–	–	–	–	204	–	(204)	–	–	–	
Balance as at 31 December 2023	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	

The notes on pages 165 to 247 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024 (Amounts in million)

	Notes	2024 RMB	2023 RMB
Net cash from operating activities	(a)	145,049	137,508
Cash flows used in investing activities			
Capital expenditure		(89,928)	(89,866)
Purchase of investments		(1,919)	(109)
Payments for right-of-use assets		(343)	(307)
Proceeds from disposal of property, plant and equipment		1,346	1,223
Proceeds from disposal of right-of-use assets		65	89
Proceeds from disposal of investments		52	124
Payments for equity instruments at fair value through other comprehensive income		(40)	(30)
Purchase of bank deposits		(41,655)	(13,349)
Maturity of bank deposits		22,972	6,742
Short-term loans granted to China Telecom Group by Finance Company	(b)	(4,075)	(8,100)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	10,093	8,091
Net cash used in investing activities		(103,432)	(95,492)
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(15,428)	(14,647)
Proceeds from bank and other loans		6,613	5,988
Repayments of bank and other loans		(8,647)	(11,239)
Payments of dividends		(23,527)	(20,059)
Distribution to non-controlling interests		(90)	(79)
Contribution from non-controlling interests		48	-
Net deposits by China Telecom Group to Finance Company	(b)	951	6,680
Increase in statutory deposit reserves placed by Finance Company	(b)	(465)	(121)
Net cash used in financing activities		(40,545)	(33,477)
Net increase in cash and cash equivalents		1,072	8,539
Cash and cash equivalents as at 1 January		81,046	72,465
Effect of changes in foreign exchange rate		89	42
Cash and cash equivalents as at 31 December		82,207	81,046

SECTION VIII FINANCIAL REPORTS
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2024 (Amounts in million)

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

	2024 RMB	2023 RMB
Profit before taxation	42,172	39,204
Adjustment for:		
Depreciation and amortisation	101,044	99,702
Impairment losses for financial assets and contract assets, net of reversal	3,861	3,419
Write-down of inventories, net of reversal	4	7
Investment income and others	(114)	(295)
Share of profits of associates and joint ventures	(2,525)	(2,116)
Interest income	(2,242)	(2,368)
Net interest expense	2,391	2,545
Net foreign exchange gain or loss and others	79	155
Net loss on retirement and disposal of long-lived assets and others	1,869	4,046
	146,539	144,299
Increase in accounts receivable	(15,027)	(11,067)
Increase in contract assets	(168)	(1,813)
Decrease in inventories	146	90
(Increase)/Decrease in prepayments and other current assets	(5,980)	130
Decrease/(Increase) in restricted cash	244	(182)
Decrease/(Increase) in other assets	994	(683)
Increase in accounts payable	18,194	10,176
Increase in accrued expenses and other payables	2,290	1,657
Decrease in contract liabilities	(245)	(2,432)
	146,987	140,175
Cash generated from operations		
Interest received	1,661	2,225
Interest paid	(2,358)	(2,646)
Investment income received	2,138	1,530
Income tax paid	(3,379)	(3,776)
	145,049	137,508

SECTION VIII FINANCIAL REPORTS
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2024 (Amounts in million)

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

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

(c) SIGNIFICANT NON-CASH TRANSACTIONS

For the years ended 31 December 2024 and 2023, 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 165 to 247 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

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 2024, the total current liabilities of the Group had exceeded the total current assets by RMB137,252 million (31 December 2023: RMB135,573 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 RMB196,413 million (31 December 2023: RMB205,452 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 2024 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 1 "*Presentation of Financial Statement*"- Classification of Liabilities as Current or Non-current ("2020 amendments") and amendments to IAS 1 "*Presentation of Financial Statement*"- Non-current Liabilities with Covenants ("2022 amendments")
- Amendments to IFRS 16 "*Leases*"- Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 "*Statement of Cash Flows*" and IFRS 7 "*Financial Instruments: Disclosures*"- Supplier finance arrangements

The application of the above amendments 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 2024

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 2024:

	Effective for accounting periods beginning on or after
Amendments to IAS 21 "The effects of changes in foreign exchange rates" – Lack of exchangeability	1 January 2025
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 2024. 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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.

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.

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)

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 Group 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.

(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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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 2024, research and development expense, other than those related personnel expenses and depreciation was RMB4,661 million (2023: RMB4,203 million). Research and development related personnel expenses and depreciation for the year ended 31 December 2024 amounted to RMB9,703 million (2023: RMB8,713 million) and RMB163 million (2023: RMB136 million), respectively.

(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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(t) Government grants (continued)

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.

(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.

SECTION VIII FINANCIAL REPORTS
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the year ended 31 December 2024

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 2023	109,014	881,832	29,719	1,020,565
Additions	586	293	296	1,175
Transferred from construction in progress	2,780	71,442	2,039	76,261
Retirement and disposal	(1,139)	(62,783)	(2,310)	(66,232)
Balance as at 31 December 2023	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
Accumulated depreciation and impairment:				
Balance as at 1 January 2023	(70,009)	(514,322)	(22,271)	(606,602)
Depreciation charge for the year	(3,760)	(69,537)	(1,937)	(75,234)
Written back on retirement and disposal	1,037	56,773	2,200	60,010
Balance as at 31 December 2023	(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)
Net book value as at 31 December 2024	39,965	378,414	8,700	427,079
Net book value as at 31 December 2023	38,509	363,698	7,736	409,943

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5. CONSTRUCTION IN PROGRESS

	RMB million
Balance as at 1 January 2023	58,443
Additions	96,000
Transferred to property, plant and equipment	(76,261)
Transferred to intangible assets	(5,944)
Balance as at 31 December 2023	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

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 2024						
Carrying amount	22,194	12,175	25,418	8,819	462	69,068
As at 31 December 2023						
Carrying amount	22,693	14,496	30,938	8,312	469	76,908
For the year ended 31 December 2024						
Depreciation charge	(852)	(5,075)	(7,848)	(2,865)	(173)	(16,813)
For the year ended 31 December 2023						
Depreciation charge	(829)	(5,518)	(7,744)	(2,823)	(143)	(17,057)
For the year ended 31 December 2024						
Provision for impairment loss	(7)	(10)	-	-	-	(17)
For the year ended 31 December 2023						
Provision for impairment loss	-	(3)	-	-	-	(3)

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.

6. RIGHT-OF-USE ASSETS (continued)

For the year ended 31 December 2024, expenses relating to short-term leases and expenses relating to leases of low value assets amounting to RMB1,310 million (2023: RMB1,066 million) and variable lease payments not included in the measurement of lease liabilities amounting to RMB5,836 million (2023: RMB5,057 million), are recognised in profit or loss.

For the year ended 31 December 2024, total cash outflow for leases was RMB24,709 million (2023: RMB23,068 million), and additions to right-of-use assets were RMB11,669 million (2023: RMB13,286 million).

7. GOODWILL

	31 December	
	2024 RMB million	2023 RMB million
Cost:		
Goodwill arising from acquisition of mobile communications business	29,925	29,923

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 1.4% (2023: 2.7% to 3.6%) and a pre-tax discount rate of 9.8% (2023: 9.8%). Cash flows beyond the five-year period are extrapolated using a steady 1.0% growth rate (2023: 1.5%). 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.

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8. INTANGIBLE ASSETS

	Software and others RMB million
Cost:	
Balance as at 1 January 2023	60,779
Additions	3,486
Transferred from construction in progress	5,944
Retirement and disposal	(2,029)
Balance as at 31 December 2023	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
Accumulated amortisation and impairment:	
Balance as at 1 January 2023	(39,999)
Amortisation charge for the year	(7,411)
Written back on retirement and disposal	1,932
Balance as at 31 December 2023	(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)
Net book value as at 31 December 2024	25,513
Net book value as at 31 December 2023	22,702

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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 2024 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., Limited Company 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

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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	1,000	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, and China Telecom Cloud Technology 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.

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10. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	31 December	
	2024 RMB million	2023 RMB million
Cost of investment in associates and joint ventures	37,083	36,986
Share of post-acquisition changes in net assets	7,094	6,172
	44,177	43,158

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.

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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	
	2024 RMB million	2023 RMB million
Current assets	91,360	78,083
Non-current assets	241,474	247,924
Current liabilities	75,799	63,934
Non-current liabilities	57,056	64,379
	2024 RMB million	2023 RMB million
Operating revenues	97,772	94,009
Profit for the year	10,730	9,750
Other comprehensive income for the year	(3)	6
Total comprehensive income for the year	10,727	9,756
Dividend received from China Tower	1,743	1,166

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10. INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

China Tower (continued)

Reconcile to the Group's interests in the associate:

	31 December	
	2024	2023
	RMB million	RMB million
Net assets of China Tower	199,979	197,694
Non-controlling interests of China Tower	1	–
The Group's effective interest in China Tower	20.5%	20.5%
The Group's share of net assets of China Tower	40,995	40,527
Adjustment for the remaining balance of the deferred gain from the Tower Assets Disposal	(139)	(317)
Carrying amount of the interest in China Tower in the consolidated financial statements of the Group	40,856	40,210
Fair value of China Tower calculated based on quoted price	37,428	26,816

As at 31 December 2024, the fair value of investment in China Tower was RMB37,428 million based on its quoted market price, which was below its carrying amount by 8.4%. 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:

	2024 RMB million	2023 RMB million
The Group's share of profit of these associates and joint ventures	136	9
The Group's share of total comprehensive income of these associates and joint ventures	136	11
	<hr/>	<hr/>
	31 December 2024 RMB million	2023 RMB million
Aggregate carrying amount of interests in these associates and joint ventures in the consolidated financial statements of the Group	3,321	2,948
	<hr/>	<hr/>

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	31 December 2024 RMB million	2023 RMB million
Equity securities of listed companies	(i)	919	1,371
Unlisted equity securities	(ii)	96	55
		<hr/>	<hr/>
		1,015	1,426
		<hr/>	<hr/>

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.

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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 2024 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 December 2023 RMB million
Accrued salaries, wages and other benefits	3,595	2,264	—	—
Temporary receipts of demolition and modification and deferred revenues	2,508	2,745	—	—
Depreciation, write-off and impairment of property, plant and equipment, etc.	2,852	2,809	(47,596)	(41,932)
Allowance for expected credit loss of accounts receivable	2,385	1,889	—	—
Subscriber points reward program	1,003	997	—	—
Right-of-use assets	—	—	(10,016)	(11,714)
Lease liabilities	10,906	12,550	—	—
Equity instruments at fair value through other comprehensive income	30	30	(151)	(266)
Others	1,050	950	—	—
Deferred tax assets/(liabilities)	24,329	24,234	(57,763)	(53,912)

As at 31 December 2024, the offsetting amount of deferred tax assets and deferred tax liabilities was RMB23,656 million (31 December 2023: RMB22,887 million). As at 31 December 2024, net deferred tax assets and deferred tax liabilities after offsetting were RMB673 million (31 December 2023: RMB1,347 million) and RMB34,107 million (31 December 2023: RMB31,025 million), respectively.

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12. DEFERRED TAX ASSETS AND LIABILITIES (continued)

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

	Recognised in consolidated statement of comprehensive income		
	Balance as at 1 January 2024	RMB million	Balance as at 31 December 2024
	RMB million	RMB million	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)

12. DEFERRED TAX ASSETS AND LIABILITIES (continued)

	Balance as at 1 January 2023 RMB million	Recognised in consolidated statement of comprehensive income RMB million	Balance as at 31 December 2023 RMB million
Accrued salaries, wages and other benefits	2,115	149	2,264
Temporary receipts of demolition and modification and deferred revenues	2,627	118	2,745
Depreciation, write-off and impairment of property, plant and equipment, etc.	2,536	273	2,809
Allowance for expected credit loss of accounts receivable	1,404	485	1,889
Subscriber points reward program	1,064	(67)	997
Lease liabilities	15,054	(2,504)	12,550
Equity instruments at fair value through other comprehensive income	9	21	30
Others	979	(29)	950
Deferred tax assets	25,788	(1,554)	24,234
Depreciation, write-off and impairment of property, plant and equipment, etc.	(35,479)	(6,453)	(41,932)
Right-of-use assets	(14,323)	2,609	(11,714)
Equity instruments at fair value through other comprehensive income	(110)	(156)	(266)
Deferred tax liabilities	(49,912)	(4,000)	(53,912)

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 RMB3,255 million (31 December 2023: RMB1,467 million) in respect of deductible temporary differences and tax losses amounting to RMB13,668 million (31 December 2023: RMB9,269 million) that can be carried forward against future taxable profits as at 31 December 2024. 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	
		2024 RMB million	2023 RMB million
Term deposits	(i)	10,299	48
Contract costs	(ii)	974	1,486
Prepayment for equity investment	(iii)	1,775	–
Other long-term prepaid expenses and receivables	(iv)	8,838	8,375
		21,886	9,909

Notes:

- (i) Term deposits as at 31 December 2024 and 2023 are mainly more than one year.
- (ii) Contract costs capitalised as at 31 December 2024 and 2023 mainly relate to the direct cost of the provision of wireline terminals to subscribers for the provision of Wireline and Smart Family services of the Group. The amount of capitalised costs recognised in profit or loss for the year ended 31 December 2024 was RMB1,120 million (2023: RMB1,348 million). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during this year.
- (iii) The amount is the prepayment by the Group on 11 December 2024 to acquire the equity shares of Quantumctek Co., Ltd. ("Quantumctek"), see Note 48 for details.
- (iv) 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	
	2024 RMB million	2023 RMB million
Materials and supplies	1,333	346
Goods for sale	1,934	3,071
	3,267	3,417

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16. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

	31 December	2024	2023
	RMB million	RMB million	
Third parties	49,726	37,861	
China Telecom Group	2,556	1,670	
China Tower	46	24	
Other telecommunications operators in the PRC	1,259	893	
	53,587	40,448	
Less: Allowance for credit losses	(10,720)	(8,238)	
	42,867	32,210	

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

	31 December	2024	2023
	RMB million	RMB million	
within 1 year	42,715	34,140	
1 to 2 years	6,435	3,490	
2 to 3 years	2,273	1,238	
Over 3 years	2,164	1,580	
	53,587	40,448	
Less: Allowance for credit losses	(10,720)	(8,238)	
	42,867	32,210	

Details of impairment assessment of accounts receivable for the years ended 31 December 2024 and 2023 are set out in Note 40.

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17. CONTRACT ASSETS

	31 December	
	2024 RMB million	2023 RMB million
Third parties	4,916	4,768
China Telecom Group	181	161
China Tower	1	1
	5,098	4,930
Less: Provision for impairment loss	(367)	(265)
	4,731	4,665

Contract assets mainly arise from contracts for the provision of Industrial Digitalisation 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	
	2024 RMB million	2023 RMB million
Amounts due from China Telecom Group	(i) 3,962	9,067
Amounts due from China Tower	22	227
Amounts due from other telecommunications operators in the PRC	310	189
Other receivables	10,028	8,146
Less: Allowance for credit losses	(786)	(774)
Prepayments in connection with terminal equipment purchases	4,187	4,236
Prepaid expenses and deposits	3,303	3,557
Prepaid VAT and input VAT to be deducted	14,114	10,932
	35,140	35,580

Note:

(i) As at 31 December 2024, amounts due from China Telecom Group included short-term loans granted to China Telecom Group and its subsidiaries by Finance Company (31 December 2024: RMB2,062 million, and an impairment allowance recognised at RMB45 million; 31 December 2023: RMB8,080 million, and an impairment allowance recognised at RMB162 million), interest rate was 2.40%-3.00%, both with a maturity period of one year.

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19. CASH AND CASH EQUIVALENTS

	31 December	
	2024 RMB million	2023 RMB million
Cash at bank and in hand	45,938	78,740
Time deposits with original maturity within three months	36,269	2,306
	<hr/> 82,207	<hr/> 81,046

20. SHORT-TERM AND LONG-TERM DEBTS

Short-term debts comprise:

	31 December	
	2024 RMB million	2023 RMB million
Loans from banks – unsecured	2,835	2,867
	<hr/>	<hr/>

The weighted average interest rate of the Group's total short-term debts as at 31 December 2024 was 2.6% (31 December 2023: 3.0%) per annum, and the loans bear interests at rates ranging from 1.1% to 2.9% (31 December 2023: 2.7% to 3.4%) per annum, which are repayable within one year.

Long-term debts comprise:

	Interest rates and final maturity	31 December	
		2024 RMB million	2023 RMB million
Bank loans – unsecured			
Renminbi denominated (Note (i))	Interest rates ranging from 1.08% to 2.60% per annum with maturities through 2036	8,479	6,029
US Dollars denominated	Interest rates of 2.00% per annum mainly, with maturities through 2028	145	160
Euro denominated	Interest rate of 2.30% per annum mainly, with maturities through 2032	73	86
		<hr/> 8,697	<hr/> 6,275
Less: Current portion		(1,238)	(1,133)
		<hr/> 7,459	<hr/> 5,142

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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 2024 are as follows:

	31 December	
	2024	2023
	RMB million	RMB million
Within 1 year	1,238	1,133
Between 1 to 2 years	1,430	1,143
Between 2 to 3 years	1,076	1,036
Between 3 to 4 years	2,508	394
Between 4 to 5 years	1,310	1,604
Thereafter	1,135	965
	<hr/> 8,697	<hr/> 6,275

The Group's short-term and long-term debts do not contain any financial covenants. As at 31 December 2024, the Group had unutilised credit facilities amounting to RMB196,413 million (31 December 2023: RMB205,452 million).

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21. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	31 December	
	2024	2023
	RMB million	RMB million
Third parties	117,720	111,025
China Telecom Group	31,194	26,444
China Tower	10,618	7,505
Other telecommunications operators in the PRC	1,018	898
	160,550	145,872

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	
	2024	2023
	RMB million	RMB million
Due within 1 month or on demand	39,275	40,068
Due after 1 month but within 3 months	32,642	30,859
Due after 3 months but within 6 months	40,409	35,261
Due after 6 months	48,224	39,684
	160,550	145,872

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22. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December	
	2024	2023
	RMB million	RMB million
Amounts due to China Telecom Group	32,364	29,969
Amounts due to China Tower	1,727	1,875
Amounts due to other telecommunications operators in the PRC	34	14
Accrued expenses	20,350	22,648
VAT payable	1,016	948
Deposits and rental receipt in advance	5,188	5,643
Accrued salaries, wages and other benefits	18,111	13,163
	78,790	74,260

23. CONTRACT LIABILITIES

	31 December	
	2024	2023
	RMB million	RMB million
Third parties	65,006	65,171
China Telecom Group	178	245
China Tower	1	1
	65,185	65,417

Majority of contract liabilities as at 31 December 2023 was recognised as operating revenues for the year ended 31 December 2024.

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24. LEASE LIABILITIES

	31 December	
	2024	2023
	RMB million	RMB million
Within one year	14,369	13,399
Within a period of more than one year but not more than two years	13,579	12,976
Within a period of more than two years but not more than five years	18,186	25,780
Within a period of more than five years	3,077	3,894
	49,211	56,049
Less: Current portion	(14,369)	(13,399)
	34,842	42,650

25. SHARE CAPITAL

	31 December	
	2024	2023
	RMB million	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

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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 2023	19,710	47,687	84,901	183	126	(458)	188,433	340,582
Total comprehensive income for the year	-	-	-	-	378	63	30,446	30,887
Share of associates and joint ventures' other changes in reserves and others	12	-	-	-	-	-	(3)	9
Dividends (Note 37)	-	-	-	-	-	-	(20,059)	(20,059)
Appropriations to statutory surplus reserve (Note (iii))	-	-	2,860	-	-	-	(2,860)	-
Appropriations to general risk reserve (Note (v))	-	-	-	204	-	-	(204)	-
Balance as at 31 December 2023	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

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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 2023	28,759	47,687	84,901	54	155,806	317,207
Total comprehensive income for the year	-	-	-	470	28,599	29,069
Share of associates and joint ventures' other changes in reserves	12	-	-	-	-	12
Dividends (Note 37)	-	-	-	-	(20,059)	(20,059)
Appropriations to statutory surplus reserve (Note (iii))	-	-	2,860	-	(2,860)	-
Balance as at 31 December 2023	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

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 2024 and 2023, 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 2024, the Company transferred RMB3,163 million (2023: RMB2,860 million), being 10% of the year's net profit, to this reserve. As at 31 December 2024, the amount of statutory surplus reserve was RMB44,845 million (31 December 2023: RMB41,682 million).

The Company did not make any appropriations to discretionary surplus reserve for the years ended 31 December 2024 and 2023. As at 31 December 2024 and 2023, 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 2024, the amount of retained earnings available for distribution was RMB166,419 million (31 December 2023: RMB161,486 million), being the amount determined in accordance with IFRS Accounting Standards. Final dividend of approximately RMB8,483 million in respect of the financial year 2024 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	2024 RMB million	2023 RMB million
Type of goods or services			
Service revenues		482,033	464,965
Mobile communications service revenues	(i)	202,524	195,660
Wireline and Smart Family service revenues	(ii)	125,680	123,063
Industrial Digitalisation service revenues	(iii)	146,588	138,890
Other service revenues	(iv)	7,241	7,352
Sales of goods and others	(v)	47,384	48,586
Total operating revenues		529,417	513,551
Revenue from customer contracts		521,522	505,531
Revenue from other sources		7,895	8,020
Total operating revenues		529,417	513,551
Timing of revenue recognition			
At a point in time		41,448	42,563
Over time		487,969	470,988
Total operating revenues		529,417	513,551

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 2024 and 2023, 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.

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28. NETWORK OPERATIONS AND SUPPORT

	Note	2024 RMB million	2023 RMB million
Operating and maintenance		106,760	102,270
Utility		19,573	19,516
Network resources usage and related fees	(i)	32,363	29,018
Others		6,902	9,607
		165,598	160,411

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	2024 RMB million	2023 RMB million
Channel commission and customer services expenses		47,265	47,773
Advertising and promotion expenses		2,370	2,882
Property and transportation related expenses		2,972	3,128
Research and development expenses	(i)	4,661	4,203
Auditors' remuneration		46	56
— Audit services		3	4
— Non-audit services		9,346	8,758
Others		66,663	66,804

Note:

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

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30. PERSONNEL EXPENSES

Personnel expenses are attributable to the following functions:

	2024 RMB million	2023 RMB million
Network operations and support	57,878	55,052
Selling, general and administrative	40,401	37,753
	98,279	92,805

31. OTHER OPERATING EXPENSES

	Notes	2024 RMB million	2023 RMB million
Interconnection charges	(i)	15,938	13,910
Cost of goods sold	(ii)	39,710	40,819
Donations		3	17
Others	(iii)	2,379	1,955
		58,030	56,701

Notes:

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

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32. NET FINANCE COSTS

	2024 RMB million	2023 RMB million
Interest expense on lease liabilities	1,792	2,130
Interest expense on short-term and long-term debts	676	504
Less: Interest expense capitalised*	(77)	(89)
Net interest expense	2,391	2,545
Interest income	(2,242)	(2,368)
Net foreign exchange gain or loss and others	79	155
	228	332
	2.6%-3.1%	2.9%-3.6%

* Interest expense was capitalised in construction in progress at the following rates per annum

33. INCOME TAX

Income tax in the profit or loss comprises:

	2024 RMB million	2023 RMB million
Provision for PRC income tax	5,134	3,121
Provision for income tax in other tax jurisdictions	192	236
Deferred taxation	3,871	5,419
	9,197	8,776

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33. INCOME TAX (continued)

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

	Notes	2024 RMB million	2023 RMB million
Profit before taxation		42,172	39,204
Expected income tax expense at statutory tax rate of 25%	(i)	10,543	9,801
Differential tax rate on mainland China subsidiaries' and branches' income	(i)	(1,068)	(858)
Differential tax rate on other subsidiaries' income	(ii)	(55)	(69)
Non-taxable income	(iii)	(716)	(626)
Non-deductible expenses	(iv)	721	928
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised		1,258	1,028
Impact of tax incentives and reduction including additional deduction for qualified research and development costs, etc.		(1,361)	(1,238)
Others	(v)	(125)	(190)
Income tax expense		9,197	8,776

Notes:

- (i) Except for certain subsidiaries and branches which are mainly taxed at the preferential rate of 15%, the provision for mainland China income tax is based on a statutory rate of 25% of the assessable income of the Company, its mainland China subsidiaries and branches as determined in accordance with the relevant income tax rules and regulations of mainland China.
- (ii) Income tax provisions of the Company's subsidiaries in Hong Kong and Macau Special Administrative Regions of the PRC, and in other countries are based on the subsidiaries' assessable income and income tax rates applicable in the respective tax jurisdictions which range from 12% to 38%.
- (iii) Amounts represent share of profits of associates and joint ventures and miscellaneous income which are not subject to income tax.
- (iv) Amounts represent miscellaneous expenses in excess of statutory deductible limits for tax purposes.
- (v) Amounts primarily represent settlement of tax filing differences of prior year annual tax return, etc.

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34. DIRECTORS' AND SUPERVISORS' REMUNERATION

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

2024	Salaries, Retirement						Total
	Directors'/ supervisors' fees	allowances and benefits in kind	Discretionary bonuses ⁸	scheme contributions	Share-based payments		
	RMB thousand	RMB thousand	RMB thousand	RMB thousand	RMB thousand	RMB thousand	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 directors⁵							
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	

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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.

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34. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

2023	Directors'/ supervisors' fees RMB thousand	Salaries, allowances and benefits in kind RMB thousand	Discretionary bonuses ¹⁰ RMB thousand	Retirement scheme contributions RMB thousand	Share-based payments RMB thousand	Total RMB thousand
Executive directors						
Ke Ruiwen	-	240	360	144	-	744
Shao Guanglu	-	240	360	136	-	736
Liu Guiqing	-	216	324	135	-	675
Tang Ke	-	214	321	134	-	669
Xia Bing ¹	-	214	321	134	-	669
Li Yinghui ¹	-	214	321	134	-	669
Li Jun ²	-	143	214	95	-	452
Non-executive director						
Chen Shengguang	-	-	-	-	-	-
Independent non-executive directors³						
Tse Hau Yin, Aloysius ⁴	8	-	-	-	-	8
Xu Erming ⁴	4	-	-	-	-	4
Wang Hsuehming ⁵	108	-	-	-	-	108
Ng, Kar Ling Johnny ⁶	492	-	-	-	-	492
Yeung Chi Wai, Jason	317	-	-	-	-	317
Chen Dongqi ⁶	-	-	-	-	-	-
Lyu Wei ⁷	-	-	-	-	-	-
Supervisors						
Dai Bin ⁸	-	68	337	48	-	453
Xu Shiguang ⁸	-	48	111	37	-	196
Han Fang	-	485	663	121	218	1,487
Zhang Jianbin	-	261	801	122	-	1,184
Guan Lixin ⁹	-	119	522	81	330	1,052
Luo Zhendong ⁹	-	96	396	68	220	780
Wang Yibing	-	-	-	-	-	-
	<u>929</u>	<u>2,558</u>	<u>5,051</u>	<u>1,389</u>	<u>768</u>	<u>10,695</u>

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34. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

- 1 Mr. Xia Bing and Mr. Li Yinghui were appointed as executive directors of the Company on 6 January 2023.
- 2 Mr. Li Jun was appointed as an executive director of the Company on 23 May 2023.
- 3 The independent non-executive directors' remunerations were for their services as directors of the Company.
- 4 Mr. Tse Hau Yin, Aloysius and Mr. Xu Ermeng resigned as independent non-executive directors of the Company on 6 January 2023.
- 5 Madam Wang Hsuehming resigned from position as independent non-executive director of the Company on 23 May 2023.
- 6 Mr. Ng, Kar Ling Johnny and Mr. Chen Dongqi were appointed as independent non-executive directors of the Company on 6 January 2023.
- 7 Madam Lyu Wei was appointed as an independent non-executive director of the Company on 23 May 2023.
- 8 Mr. Dai Bin and Mr. Xu Shiguang resigned as supervisors of the Company on 23 May 2023.
- 9 Madam Guan Lixin and Mr. Luo Zhendong were appointed as supervisors of the Company on 23 May 2023.
- 10 The discretionary bonuses of the executive directors and supervisors were determined based on the Group's performance.
- 11 During year 2023, the Company also settled the bonus for year 2022, including RMB355 thousand for Ke Ruiwen, RMB334 thousand for Shao Guanglu, RMB320 thousand for Liu Guiqing, RMB310 thousand for Tang Ke, RMB310 thousand for Xia Bing, RMB258 thousand for Li Yinghui, RMB124 thousand for Li Jun, and settled special incentives of RMB130 thousand for Han Fang, RMB500 thousand for Zhang Jianbin.
- 12 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 2024 and 2023 were directors of the Company.

The aggregate of the emoluments in respect of the five (2023: five) individuals (non-directors) with the highest emoluments are as follows:

	2024 RMB thousand	2023 RMB thousand
Salaries, allowances and benefits in kind	5,065	7,091
Discretionary bonuses	9,904	5,370
Retirement scheme contributions	535	1,181
	15,504	13,642

The emoluments of the five (2023: five) individuals (non-directors) with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
RMB2,000,001 – RMB2,500,000	–	1
RMB2,500,001 – RMB3,000,000	3	3
RMB3,000,001 – RMB3,500,000	1	1
More than RMB3,500,001	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:

	2024 Number of individuals	2023 Number of individuals
RMB0 – RMB1,000,000	18	19
RMB1,000,001 – RMB1,500,000	2	3

36. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS 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.

For the year ended 31 December 2023, the consolidated profit attributable to equity holders of the Company includes a profit of RMB28,599 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 25 March 2025, a final dividend of RMB0.0927 per share (pre-tax) totalling approximately RMB8,483 million for the year ended 31 December 2024 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 2024.

The 2023 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 2024. Pursuant to a resolution at the Board of Directors' meeting on 20 August 2024, an interim dividend of RMB0.1671 (equivalent to HK\$0.182289) per share (pre-tax) totalling approximately RMB15,291 million in respect of the six-month period ended 30 June 2024 was declared. The dividend of RMB12,972 million was paid on 11 September 2024, and the dividend of RMB2,319 million was paid on 18 October 2024.

37. DIVIDENDS (continued)

Pursuant to the shareholders' approval at the Annual General Meeting held on 27 May 2024, a final dividend of RMB0.090 (equivalent to HK\$0.098814) per share (pre-tax) totalling approximately RMB8,236 million in respect of the year ended 31 December 2023 was declared. The dividend of RMB7,082 million was paid on 13 June 2024, and the dividend of RMB1,154 million was paid on 26 July 2024.

The 2022 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 2023. Pursuant to a resolution at the Board of Directors' meeting on 8 August 2023, an interim dividend of RMB0.1432 (equivalent to HK\$0.156524) per share (pre-tax) totalling approximately RMB13,104 million in respect of the six-month period ended 30 June 2023 was declared. The dividend of RMB11,117 million was paid on 31 August 2023, and the dividend of RMB1,987 million was paid on 28 September 2023.

Pursuant to the shareholders' approval at the Annual General Meeting held on 23 May 2023, a final dividend of RMB0.076 (equivalent to HK\$0.085065) per share (pre-tax) totalling approximately RMB6,955 million in respect of the year ended 31 December 2022 was declared. The dividend of RMB5,900 million was paid on 9 June 2023, and the dividend of RMB1,055 million was paid on 21 July 2023.

38. EARNINGS PER SHARE

The calculation of basic earnings per share for the years ended 31 December 2024 and 2023 is based on the profit attributable to equity holders of the Company of RMB33,012 million and RMB30,446 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 2024 and 2023, the Group had capital commitments as follows:

	31 December	
	2024 RMB million	2023 RMB million
Contracted for but not provided		
Property	3,214	1,912
Telecommunications network plant and equipment	17,012	21,015
	20,226	22,927

39. COMMITMENTS AND CONTINGENCIES (continued)

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 2024.
- (b) As at 31 December 2024 and 2023, 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, equity instruments at fair value through other comprehensive income, accounts receivable, financial assets at fair value through profit or loss and financial assets included in prepayments and other current 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

40. FINANCIAL INSTRUMENTS (continued)

(a) Fair Value Measurements (continued)

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 listed equity securities investments included in the Group's equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss are categorised as level 1 financial instruments. As at 31 December 2024, the fair value of the Group's listed equity securities investments is RMB922 million (31 December 2023: RMB1,373 million), based on quoted market price on PRC stock exchanges. The Group's investments in unlisted equity securities, included in financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income, are classified as financial instruments categorised as level 3. As at 31 December 2024, the fair value of these financial instruments categorised as level 3 is RMB456 million (31 December 2023: RMB450 million). For these 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 3.6% to 4.9% (31 December 2023: 4.2% to 4.9%). As at 31 December 2024 and 2023, the carrying amounts and fair values of the Group's long-term debts were as follows:

	31 December 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB million	RMB million	RMB million	RMB million
Long-term debts	8,697	8,514	6,275	6,124

During the year, there were no transfers among instruments in level 1, level 2 or level 3.

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.

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(i) Credit risk (continued)

Accounts receivable and contract assets arising from contracts with customers (continued)

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 2024 and 2023. Expected credit losses on accounts receivable of others are not material.

Accounts receivable from telephone and Internet subscribers:

	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

	31 December 2023		
	Expected loss rate %	Gross carrying amount RMB million	Loss allowance RMB million
Current, within 1 month	2	5,803	115
1 to 3 months	20	2,552	506
4 to 6 months	59	905	538
7 to 12 months	80	1,469	1,175
Over 12 months	100	1,596	1,596
		12,325	3,930

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:

	Expected loss rate %	31 December 2024	
		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

	Expected loss rate %	31 December 2023	
		Gross carrying amount RMB million	Loss allowance RMB million
Within 6 months	2	9,734	222
7 to 12 months	23	3,657	834
1 to 2 years	68	1,812	1,239
2 to 3 years	100	587	587
Over 3 years	100	894	894
		16,684	3,776

As at 31 December 2024, the expected loss rate for contract assets is 7% (2023: 5%).

As at 31 December 2024, the loss allowance for accounts receivable and contract assets was RMB10,720 million and RMB367 million (2023: RMB8,238 million and RMB265 million), respectively. Loss allowance of RMB256 million as at 31 December 2024 (2023: RMB292 million), which was not calculated collectively in the above, was made individually on debtors with significant balances or credit-impaired debtors.

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(i) Credit risk (continued)

Accounts receivable and contract assets arising from contracts with customers (continued)

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:

	2024 RMB million	2023 RMB million
At the beginning of year	8,238	6,117
Impairment losses for ECL	3,585	3,124
Written off and others	(1,103)	(1,003)
At the end of year	10,720	8,238

(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 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	–	–
	<u>273,983</u>	<u>278,987</u>	<u>233,698</u>	<u>16,246</u>	<u>24,435</u>	<u>4,608</u>

	31 December 2023					
	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	2,867	2,909	2,909	–	–	–
Long-term debts	6,275	7,152	1,207	1,272	3,422	1,251
Accounts payable	145,872	145,872	145,872	–	–	–
Accrued expenses and other payables	50,819	51,610	51,610	–	–	–
Lease liabilities	56,049	60,458	14,922	14,113	27,215	4,208
Other non-current liabilities	182	189	–	189	–	–
	<u>262,064</u>	<u>268,190</u>	<u>216,520</u>	<u>15,574</u>	<u>30,637</u>	<u>5,459</u>

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.

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(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 2024		31 December 2023	
	Effective interest rate %	RMB million	Effective interest rate %	RMB million
Fixed rate debts				
Short-term debts	2.6	2,835	3.0	2,847
Long-term debts	1.3	4,772	1.1	5,677
		7,607		8,524
Variable rate debts				
Short-term debts	—	—	3.1	20
Long-term debts	2.6	3,925	2.6	598
		3,925		618
Total debts		11,532		9,142
Fixed rate debts as a percentage of total debts		66.0%		93.2%

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 2024.

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.

40. FINANCIAL INSTRUMENTS (continued)

(b) Risks (continued)

(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 2024, 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 RMB98 million (2023: approximately RMB40 million) for financial assets and liabilities denominated in foreign currency (primarily in US dollars, Euro and HK dollars).

As at 31 December 2024, 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 RMB161 million (2023: approximately RMB86 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.

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 2024, the Group's liabilities-to-assets ratio is 47.3% (31 December 2023: 46.5%).

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 RMB million (Note (i))	Total RMB million
Balance as at 1 January 2023	2,840	7,644	1,529	66,896	3	17,427	96,339
Financing cash flows	29	(1,507)	(3,773)	(14,647)	(20,138)	6,680	(33,356)
Foreign exchange gain or loss	-	8	-	5	-	-	13
New leases	-	-	-	11,019	-	-	11,019
Lease modifications	-	-	-	(7,224)	-	-	(7,224)
Distribution to non-controlling interests	-	-	-	-	78	-	78
Dividends declared	-	-	-	-	20,059	-	20,059
Additions of equipment	-	-	4,811	-	-	-	4,811
Others	(2)	130	-	-	-	-	128
Balance as at 31 December 2023	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

Notes:

- (i) As at 31 December 2024, the balance of deposits with Finance Company amounting to RMB25,058 million (31 December 2023: RMB24,107 million) were included in amounts due to China Telecom Group in accrued expenses and other payables (Note 22).
- (ii) For the year ended 31 December 2024, other than the net financing cash outflows totalling RMB40,128 million (2023: RMB33,356 million) as presented above, other primary financing activities include Finance Company's placing statutory deposit reserves amounting to RMB465 million (2023: RMB121 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 2024.

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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	2024 RMB million	2023 RMB million
Construction engineering and design services	(i)	21,045	19,031
Receiving ancillary services	(ii)	23,144	22,627
Interconnection revenues*	(iii)	44	47
Interconnection charges*	(iii)	89	87
Receiving community services	(iv)	4,491	4,526
Centralised services transaction revenues	(v)	3,916	3,909
Centralised services transaction expenses	(v)	596	806
Property and land use right lease income	(vi)	69	60
Property and land use right lease related expenses	(vii)	763	779
Addition to right-of-use assets	(vii)	528	673
Interest expense on lease liabilities	(vii)	24	29
Provision of IT services	(viii)	3,066	2,294
Receiving IT services	(viii)	8,279	6,584
Purchases of telecommunications equipment, materials and procurement services	(ix)	4,826	4,306
Sales of telecommunications equipment, materials and procurement services	(ix)	4,039	4,950
Internet applications channel services revenues	(x)	41	62
Payment and digital finance related services	(xi)	974	994
Communications resources lease expenses	(xii)	567	517
Net outflow of deposit by China Telecom Group with Finance Company*	(xiii)	951	6,680
Interest expense on the deposit by China Telecom Group with Finance Company*	(xiii)	437	282
Short-term loans granted by Finance Company to China Telecom Group	(xiii)	4,075	8,100
China Telecom Group's repayments of short-term loans granted by Finance Company	(xiii)	10,093	8,091
Interest income from loans granted by Finance Company to China Telecom Group	(xiii)	123	245
Receiving finance lease services	(xiv)	7,633	5,973
Licence income for intellectual property*	(xv)	—	18

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.

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 amounts related to financial services provided by Finance Company to China Telecom Group, including loan service, deposit service and other financial services.
- (xiv) 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.
- (xv) Represent amounts related to licence income of intellectual property granted by the Group to China Telecom Group and its subsidiaries.

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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 2024 RMB million	2023 RMB million
Accounts receivable	2,556	1,670
Contract assets	181	161
Prepayments and other current assets	3,962	9,067
Other assets	130	135
Accounts payable	31,194	26,444
Accrued expenses and other payables	32,364	29,969
Contract liabilities	178	245
Lease liabilities	1,204	1,051

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	2024 RMB million	2023
		RMB million
Tower assets lease related expenses	(i) 12,201	12,361
Addition to right-of-use assets	(i) 3,828	3,170
Interest expenses on lease liabilities	(i) 949	1,164
Provision of IT services	(ii) 36	40

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 RMB million	2023
		RMB million
Accounts receivable	46	24
Contract assets	1	1
Prepayments and other current assets	22	227
Accounts payable	10,618	7,505
Accrued expenses and other payables	1,727	1,875
Contract liabilities	1	1
Lease liabilities	26,501	31,755

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) Key management personnel compensation

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

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

	2024 RMB thousand	2023 RMB thousand
Short-term employee benefits	9,538	11,179
Post-employment benefits	1,338	1,389
Share-based payments	659	768
	11,535	13,336

The above remuneration has been reflected in personnel expenses.

(d) Transactions with other government-related entities

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

Apart from transactions with the parent company and its fellow subsidiaries (Note 43(a)) and China Tower (Note 43(b)), the Group has transactions with other government-related entities, which include but not limited to the following:

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

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

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

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44. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	31 December	
		2024 RMB million	2023 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment, net		394,783	385,375
Construction in progress		51,109	60,227
Right-of-use assets		65,378	73,303
Goodwill		29,877	29,877
Intangible assets		22,552	20,673
Investments in subsidiaries	9	40,145	34,926
Interests in associates and joint ventures		43,574	42,694
Financial assets at fair value through profit or loss		2	2
Equity instruments at fair value through other comprehensive income		922	1,381
Deferred tax assets		–	784
Other assets		19,110	9,077
Total non-current assets		667,452	658,319
Current assets			
Inventories		1,713	1,527
Accounts receivable, net		35,794	28,057
Contract assets		3,281	3,304
Prepayments and other current assets		23,586	19,597
Short-term bank deposits and restricted cash		4,494	6,299
Cash and cash equivalents		34,771	42,901
Total current assets		103,639	101,685
Total assets		771,091	760,004

44. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

		31 December	
	Note	2024 RMB million	2023 RMB million
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debts		9,627	19,241
Current portion of long-term debts		1,149	1,132
Accounts payable		136,311	124,173
Accrued expenses and other payables		46,903	45,090
Contract liabilities		57,793	57,743
Income tax payable		1,886	39
Current portion of lease liabilities		13,689	12,841
Total current liabilities		267,358	260,259
Net current liabilities		(163,719)	(158,574)
Total assets less current liabilities		503,733	499,745
Non-current liabilities			
Long-term debts		2,756	3,765
Lease liabilities		33,619	41,189
Deferred tax liabilities		33,751	30,742
Other non-current liabilities		7,933	6,313
Total non-current liabilities		78,059	82,009
Total liabilities		345,417	342,268
Equity			
Share capital		91,507	91,507
Reserves	26	334,167	326,229
Total equity		425,674	417,736
Total liabilities and equity		771,091	760,004

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 retirement plans at rates ranging from 15% to 16% of the salaries, bonuses and certain allowances of employees. 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 2024, no forfeited contributions may be used by the Group to reduce the existing level of contributions (2023: nil).

The Group's contributions to the above plans for the year ended 31 December 2024 were RMB12,017 million (31 December 2023: RMB11,018 million).

The amount payable for contributions to the above defined contribution retirement plans as at 31 December 2024 was RMB1,060 million (31 December 2023: RMB960 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 November 2018, the Company approved the granting of 2,394 million 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\$3.81 per unit, exercise price will be adjusted in accordance with the established rules of the plan. A recipient of share appreciation rights may exercise the rights in stages commencing November 2020. As at each of the third, fourth and fifth anniversary of the date of grant, the total number of share appreciation rights exercisable may not in aggregate exceed 33.3%, 66.7% and 100.0%, respectively, of the total share appreciation rights granted to such person. In February 2023, the Board of Directors of the Company considered and approved the proposal in relation to completion of exercise conditions of the 2018 Share Appreciation Rights for key personnel of the Company. It was confirmed that the exercise conditions of the 2018 Share Appreciation Rights have been met, and the Company handled the matters in relation to the exercise of share appreciation rights.

46. SHARE APPRECIATION RIGHTS (continued)

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.

Movements in the number of share appreciation rights for the years presented are as follows:

	2024	2023
As at 1 January	2,400,515,000	4,715,240,000
Exercised	(1,416,444,381)	(2,111,528,550)
Forfeited	(167,895,519)	(203,196,450)
As at 31 December	816,175,100	2,400,515,000

For the year ended 31 December 2024, compensation expense of RMB1,930 million (2023: RMB2,146 million) was recognised by the Group in respect of share appreciation rights.

As at 31 December 2024, the carrying amount of the liability arising from share appreciation rights was RMB2,896 million (31 December 2023: RMB2,176 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 2024 and 2023, 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

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 to subscribe for the non-public A shares of Quantumctek with self-owned funds ("Transaction"). As of the end of 2024, the Transaction was approved by the State-owned Assets Supervision and Administration Commission of the State Council and the General Meeting of Shareholders of Quantumctek, and received the approval for registration from the China Securities Regulatory Commission. In January 2025, the equity transfer and share registration were completed. However, board member appointment has not yet been completed. The prepayment of RMB1,775 million for the Transaction is recorded as other assets in Note 13.

49. PARENT AND ULTIMATE HOLDING COMPANY

The parent and ultimate holding company of the Company as at 31 December 2024 is China Telecommunications Corporation, a state-owned enterprise established in PRC.

FINANCIAL SUMMARY

(Amounts in million except for per share data)

	2024 RMB	Year ended 31 December			
		2023 RMB	2022 RMB	2021 RMB (restated)	2020 RMB
Results of operation					
Operating revenues	529,417	513,551	481,448	439,553	393,561
Depreciation and amortisation	(101,044)	(99,702)	(96,932)	(92,966)	(90,240)
Network operations and support	(165,598)	(160,411)	(147,589)	(133,340)	(119,517)
Selling, general and administrative	(66,663)	(66,804)	(64,277)	(61,154)	(55,059)
Personnel expenses	(98,279)	(92,805)	(84,772)	(76,057)	(65,989)
Other operating expenses	(58,030)	(56,701)	(54,451)	(45,088)	(29,074)
Impairment loss on property, plant and equipment	-	-	-	-	(5,042)
Operating expenses	(489,614)	(476,423)	(448,021)	(408,605)	(364,921)
Operating profit	39,803	37,128	33,427	30,948	28,640
Net finance costs	(228)	(332)	(7)	(1,293)	(3,014)
Investment income and others	72	292	243	2,244	60
Share of profits of associates and joint ventures	2,525	2,116	2,051	1,966	1,701
Profit before taxation	42,172	39,204	35,714	33,865	27,387
Income tax	(9,197)	(8,776)	(8,038)	(7,716)	(6,307)
Profit for the year	32,975	30,428	27,676	26,149	21,080

SECTION VIII FINANCIAL REPORTS
FINANCIAL SUMMARY
(Amounts in million except for per share data)

	2024 RMB	Year ended 31 December			
		2023 RMB	2022 RMB	2021 RMB (restated)	2020 RMB
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	(452)	511	(222)	20	(385)
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income	115	(135)	50	(15)	97
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translation of financial statements of subsidiaries outside mainland China	130	63	712	(233)	(312)
Share of other comprehensive income of associates and joint ventures	—	2	—	—	(4)
Other comprehensive income for the year, net of tax	(207)	441	540	(228)	(604)
Total comprehensive income for the year	32,768	30,869	28,216	25,921	20,476
Profit attributable to					
Equity holders of the Company	33,012	30,446	27,593	25,949	20,850
Non-controlling interests	(37)	(18)	83	200	230
Profit for the year	32,975	30,428	27,676	26,149	21,080
Total comprehensive income attributable to					
Equity shareholders of the Company	32,805	30,887	28,133	25,721	20,244
Non-controlling interests	(37)	(18)	83	200	232
Total comprehensive income for the year	32,768	30,869	28,216	25,921	20,476
Basic earnings per share (RMB)	0.36	0.33	0.30	0.31	0.26
Diluted earnings per share (RMB)	0.36	0.33	0.30	0.31	0.26

SECTION VIII FINANCIAL REPORTS

FINANCIAL SUMMARY

(Amounts in million except for per share data)

	2024 RMB	As at 31 December of the year			
		2023 RMB	2022 RMB	2021 RMB (restated)	2020 RMB
Financial condition					
Property, plant and equipment, net	427,079	409,943	413,963	415,981	418,605
Construction in progress	58,801	72,238	58,443	51,457	48,425
Other non-current assets	192,620	185,770	194,220	167,438	164,050
Cash and bank deposits	102,009	91,851	76,300	75,213	33,092
Other current assets	86,116	76,012	64,772	52,150	50,924
Total assets	866,625	835,814	807,698	762,239	715,096
Current liabilities	325,377	303,436	281,737	265,071	271,142
Non-current liabilities	84,696	85,211	89,534	65,995	77,779
Total liabilities	410,073	388,647	371,271	331,066	348,921
Total equity attributable to equity holders of the Company	452,390	442,926	432,089	428,678	363,456
Non-controlling interests	4,162	4,241	4,338	2,495	2,719
Total equity	456,552	447,167	436,427	431,173	366,175
Total liabilities and equity	866,625	835,814	807,698	762,239	715,096

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

2024 Share Price	HK\$ per H Share			RMB per A Share		
	High	Low	Close	High	Low	Close
	5.00	3.66	4.87	7.35	5.03	7.22

Number of issued shares: (as at 31 December 2024) 91,507,138,699

Distribution of Shares and Shareholdings

The share capital of the Company as at 31 December 2024 was RMB91,507,138,699, divided into 91,507,138,699 shares of RMB1.00 each. As at 31 December 2024, 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

Note: The Company will publish an announcement on the Shanghai Stock Exchange to disclose detailed information related to the 2024 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
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**

* 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 21 May 2025.

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

Tel: (852) 2877 9777/(8610) 5850 1508
IR Enquiry: (852) 2582 0388
Fax: (852) 2877 0988/(8610) 5850 1531
Email: ir@chinatelecom-h.com

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

Computershare Hong Kong Investor Services Limited

Address: Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East Wanchai
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Tel: (852) 2862 8555
Fax: (852) 2865 0990
Website: www.computershare.com/hk/contact

A share registrar

China Securities Depository and Clearing Corporation Limited Shanghai Branch

Address: No. 188 South Yanggao Road
Pudong New Area
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Tel: (86) 4008–058–058
Website: http://www.chinaclear.cn/zdjs/shfgs/branch_BSH.shtml

CORPORATE CULTURE

CORPORATE MISSION

Let the customers fully enjoy a new information life

STRATEGIC GOAL

Be a world-class integrated information services provider

CORE VALUE

Comprehensive innovation, pursuing truth and pragmatism, respecting people and creating value all together

OPERATION PHILOSOPHY

Pursue mutual growth of corporate value and customer value

SERVICE PHILOSOPHY

Customer First Service Foremost

CODE OF CORPORATE PRACTICE

Keep promise and provide excellent service for customers
Cooperate honestly and seek win-win result in joint innovation
Operate prudently and enhance corporate value continuously
Manage precisely and allocate resources scientifically
Care the staff and tap their potential to the full
Reward the society and be a responsible corporate citizen

CORPORATE SLOGAN

Connecting the World



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