

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

## 1. PRINCIPAL ACTIVITIES

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

## 2. BASIS OF PREPARATION

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

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

On 11 March 2024, China Telecom Quantum Information Technology Group Limited, a wholly-owned subsidiary of the Company, entered into the Conditional Non-Public A Share Subscription and Strategic Cooperation Agreement with Quantumctek Co., Ltd. (“Quantumctek”) to subscribe for the non-public A shares of Quantumctek with self-owned funds (“Transaction”). As of the end of 2024, the Transaction was approved by the State-owned Assets Supervision and Administration Commission of the State Council and the General Meeting of Shareholders of Quantumctek, and received the approval for registration from the China Securities Regulatory Commission.

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

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

for the six-month period ended 30 June 2025

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

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

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

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

for the six-month period ended 30 June 2025

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

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

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

**Application of amendments to IFRS Accounting Standards**

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

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

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

**4. SEGMENT REPORTING**

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

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

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 6. INTERESTS IN ASSOCIATES AND JOINT VENTURES

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

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

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

Note:

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

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

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

for the six-month period ended 30 June 2025

**7. OTHER ASSETS**

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

Notes:

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

**8. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net, are analysed as follows:

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

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

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

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

### 9. CASH AND CASH EQUIVALENTS

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

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

#### Short-term debts comprise:

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

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

#### Long-term debts comprise:

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

Note:

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

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

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 11. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

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

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

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

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



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 12. OPERATING REVENUES

#### Disaggregation of revenues

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

Notes:

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

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

for the six-month period ended 30 June 2025

## 13. NETWORK OPERATIONS AND SUPPORT

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

Note:

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

## 14. SELLING, GENERAL AND ADMINISTRATIVE

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

Note:

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

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

for the six-month period ended 30 June 2025

**15. PERSONNEL EXPENSES**

Personnel expenses are attributable to the following functions:

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

**16. OTHER OPERATING EXPENSES**

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

Notes:

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 17. NET FINANCE COSTS

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

### 18. INCOME TAX

Income tax in the profit or loss comprises:

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

## 18. INCOME TAX (Continued)

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

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

Notes:

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

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

for the six-month period ended 30 June 2025

**19. DIVIDENDS**

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

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

**20. EARNINGS PER SHARE**

The calculation of basic earnings per share for the six-month periods ended 30 June 2025 and 30 June 2024 is based on the profit attributable to equity holders of the Company of RMB23,017 million and RMB21,812 million, respectively, divided by 91,507,138,699 shares in issue.

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

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

for the six-month period ended 30 June 2025

**21. CAPITAL COMMITMENTS**

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

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

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

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

**Fair Value Measurements**

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

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

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

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

#### Fair Value Measurements (Continued)

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

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

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

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

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

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



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 23. RELATED PARTY TRANSACTIONS

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

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

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

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 23. RELATED PARTY TRANSACTIONS (Continued)

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

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

Notes:

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

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

for the six-month period ended 30 June 2025

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

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

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

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

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

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2025

### 23. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Transactions with China Tower

The principal transactions with China Tower are as follows:

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

Notes:

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

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

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

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

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

for the six-month period ended 30 June 2025

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

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

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

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

The above remuneration has been reflected in personnel expenses.

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

for the six-month period ended 30 June 2025

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

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

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

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

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

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

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

for the six-month period ended 30 June 2025

**24. POST-EMPLOYMENT BENEFITS PLANS**

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

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

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

**25. EVENTS AFTER THE REPORTING PERIOD**

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

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