

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

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 20 August 2026, reflects the unaudited financial position of the Group as at 30 June 2026 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 2026.

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.

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 2025 annual financial statements. The condensed consolidated interim financial information and the accompanying notes 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 2025 annual financial statements. The Group’s policies on financial risk management were set out in the financial statements included in the Group’s 2025 Annual Report and there have been no significant changes in these policies for the six-month period ended 30 June 2026.

The condensed consolidated interim financial information is unaudited, but has been reviewed by the Audit Committee of the Company. The condensed consolidated interim financial information has also been reviewed by the Company’s international independent auditor in accordance with Hong Kong Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” as issued by the Hong Kong Institute of Certified Public Accountants.

As at 30 June 2026, the total current liabilities of the Group had exceeded the total current assets by RMB112,406 million (31 December 2025: RMB117,578 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 RMB205,808 million (31 December 2025: RMB207,111 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 2026 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 2026

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 2025 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 IFRS 9 "*Financial Instruments*" and IFRS 7 "*Financial Instruments: Disclosures*" – Classification and Measurement of Financial Instruments
- Annual Improvements to IFRS Accounting Standards – Volume 11

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.

Possible impact of new standards and amendments to standards issued but not yet effective for the six months ended 30 June 2026

Up to the date of issue of the condensed 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 six months ended 30 June 2026:

	Effective for accounting periods beginning on or after
IFRS 18 " <i>Presentation and Disclosure in Financial Statements</i> "	1 January 2027
IFRS 19 " <i>Subsidiaries without Public Accountability: Disclosures</i> "	1 January 2027
IFRS 20 " <i>Regulatory Assets and Regulatory Liabilities</i> "	1 January 2029

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18.

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 2026, the Group acquired items of property, plant and equipment and construction in progress with an aggregate cost of RMB32,003 million (for the six-month period ended 30 June 2025: RMB33,615 million) and the depreciation of property, plant and equipment recognised in unaudited condensed consolidated statement of comprehensive income was RMB38,884 million (for the six-month period ended 30 June 2025: RMB39,306 million).

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

for the six-month period ended 30 June 2026

6. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2026	31 December 2025
	RMB million	RMB million
Cost of investment in associates and joint ventures	38,353	37,175
Share of post-acquisition changes in net assets	8,741	8,105
	47,094	45,280

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	Note	Attributable 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 2026, the fair value of investment in China Tower was RMB27,614 million (as at 31 December 2025: RMB37,679 million) based on its quoted market price, which was below its carrying amount by 34.5% (31 December 2025: 9.7%). After assessment, management concluded that there is no impairment on the equity investment in China Tower.

7. OTHER ASSETS

	30 June 2026	31 December 2025
	RMB million	RMB million
Contract costs	5,176	3,737
Other long-term prepaid expenses and receivables	10,052	10,359
	15,228	14,096

Notes:

- (i) Contract costs capitalised as at 30 June 2026 and 31 December 2025 mainly relate to the direct cost of the provision of terminal equipment provided by the Group.
- (ii) Other long-term prepaid expenses and receivables mainly include prepayments of construction and materials, etc.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

8. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Third parties	86,221	62,694
China Telecom Group	3,987	3,801
China Tower	68	83
Other telecommunications operators in the PRC	2,315	1,300
	92,591	67,878
Less: Allowance for credit losses	(20,797)	(14,732)
	71,794	53,146

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

	30 June 2026 RMB million	31 December 2025 RMB million
Within 1 year	69,804	51,198
1 to 2 years	12,729	9,425
2 to 3 years	5,536	4,037
Over 3 years	4,522	3,218
	92,591	67,878
Less: Allowance for credit losses	(20,797)	(14,732)
	71,794	53,146

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

for the six-month period ended 30 June 2026

9. CASH AND CASH EQUIVALENTS

	30 June 2026	31 December 2025
	RMB million	RMB million
Cash at bank and in hand	23,763	41,173
Time deposits with original maturity within three months	16,894	20,221
	40,657	61,394

10. SHORT-TERM AND LONG-TERM DEBTS

Short-term debts comprise:

	30 June 2026	31 December 2025
	RMB million	RMB million
Loans from banks – unsecured	1,677	2,448

The weighted average interest rate of the Group's total short-term debts as at 30 June 2026 was 2.1% (31 December 2025: 2.1%) per annum, and the loans bear interests at rates ranging from 1.1% to 2.45% (31 December 2025: 1.1% to 2.7%) per annum, which are repayable within one year.

Long-term debts comprise:

		30 June 2026	31 December 2025
	Note	RMB million	RMB million
Loans from banks – unsecured	(i)	6,818	7,575
Less: Current portion		(1,261)	(1,466)
Non-current portion		5,557	6,109

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 2026, the loans from banks bear interests at contractual rates ranging from 1.08% to 2.80% (31 December 2025: 1.08% to 2.80%) per annum.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

11. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	30 June 2026	31 December 2025
	RMB million	RMB million
Third parties	111,344	109,536
China Telecom Group	31,776	28,512
China Tower	11,148	10,157
Other telecommunications operators in the PRC	2,188	1,499
	156,456	149,704

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 bill dates is as follows:

	30 June 2026	31 December 2025
	RMB million	RMB million
Within 1 year	124,002	120,847
Over 1 year	32,454	28,857
	156,456	149,704

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

for the six-month period ended 30 June 2026

12. OPERATING REVENUES**Disaggregation of revenues**

	Notes	Six-month period ended 30 June	
		2026	2025
		RMB million	RMB million
Type of goods or services			
Mobile communications service revenues	(i)	105,438	106,572
Wireline and Smart Family service revenues	(ii)	61,781	64,133
Industrial Digitalisation service revenues	(iii)	69,881	74,853
Other revenues	(iv)	23,371	25,911
Total operating revenues		260,471	271,469
Revenue from customer contracts		258,039	268,482
Revenue from other sources		2,432	2,987
Total operating revenues		260,471	271,469
Timing of revenue recognition			
At a point in time		18,233	20,298
Over time		242,238	251,171
Total operating revenues		260,471	271,469

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 revenues from sales of mobile terminal equipment, wireline communications equipment and industrial digital equipment, property rental revenue and other revenues.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

13. NETWORK OPERATIONS AND SUPPORT

	Note	Six-month period ended 30 June	
		2026 RMB million	2025 RMB million
Operating and maintenance		48,229	50,061
Utility		9,924	9,570
Network resources usage and related fees	(i)	16,591	15,858
Others		2,399	2,799
		77,143	78,288

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 ended 30 June	
		2026 RMB million	2025 RMB million
Channel commission and customer services expenses		21,375	22,258
Advertising and promotion expenses		651	668
Property and transportation related expenses		1,131	1,210
Research and development expenses	(i)	1,228	1,131
Others		8,374	7,516
		32,759	32,783

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 2026

15. PERSONNEL EXPENSES

Personnel expenses are attributable to the following functions:

	Six-month period ended 30 June	
	2026 RMB million	2025 RMB million
Network operations and support	31,006	31,488
Selling, general and administrative	18,383	18,950
	49,389	50,438

16. OTHER OPERATING EXPENSES

	Notes	Six-month period ended 30 June	
		2026 RMB million	2025 RMB million
Interconnection charges	(i)	7,761	8,499
Cost of goods sold	(ii)	17,487	19,718
Others		1,575	1,155
		26,823	29,372

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

17. NET FINANCE COSTS

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Interest expense on lease liabilities	604	776
Interest expense on short-term and long-term debts	270	322
Less: Interest expense capitalised	(23)	(35)
Net interest expense	851	1,063
Interest income	(815)	(941)
Net foreign exchange gain or loss and others	57	172
	93	294

18. INCOME TAX

Income tax in the profit or loss comprises:

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Provision for PRC income tax	5,270	4,309
Provision for income tax in other tax jurisdictions	125	118
Deferred taxation	883	2,149
	6,278	6,576

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

for the six-month period ended 30 June 2026

18. INCOME TAX (Continued)

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

		Six-month period ended 30 June 2026	2025
	Notes	RMB million	RMB million
Profit before taxation		25,763	29,595
Expected income tax expense at statutory tax rate of 25%	(i)	6,441	7,399
Differential tax rate on mainland China subsidiaries' and branches' income	(i)	(256)	(445)
Differential tax rate on other subsidiaries' income	(ii)	(63)	(77)
Non-taxable income	(iii)	(493)	(355)
Non-deductible expenses	(iv)	349	346
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised		852	539
Impact of tax incentives and reduction including additional deduction for qualified research and development costs, etc.		(534)	(600)
Others	(v)	(18)	(231)
Income tax expense		6,278	6,576

Notes:

- (i) Except for certain subsidiaries and branches which are mainly taxed at the preferential rate of 15%, the provision for mainland China income tax is based on a statutory rate of 25% of the assessable income of the Company, its mainland China subsidiaries and branches as determined in accordance with the relevant income tax rules and regulations of mainland China.
- (ii) Income tax provisions of the Company's subsidiaries in Hong Kong and Macau Special Administrative Regions of the PRC, and in other countries are based on the subsidiaries' assessable income and income tax rates applicable in the respective tax jurisdictions which range from 8.25% to 38%.
- (iii) Amounts mainly represent share of profits of associates and joint ventures and miscellaneous income which are not subject to income tax.
- (iv) Amounts represent miscellaneous expenses in excess of statutory deductible limits for tax purposes.
- (v) Amounts primarily represent settlement of tax filing differences of prior year annual tax return, etc.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

19. DIVIDENDS

Pursuant to the shareholders' approval at the Annual General Meeting held on 19 May 2026, a final dividend of RMB0.0908 per share (pre-tax) totalling approximately RMB8,309 million in respect of the year ended 31 December 2025 was declared. The dividend of RMB7,104 million was paid on 10 June 2026, and the dividend of RMB1,205 million was paid on 8 July 2026.

Pursuant to the shareholders' approval at the Annual General Meeting held on 21 May 2025, a final dividend of RMB0.0927 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.

20. EARNINGS PER SHARE

The calculation of basic earnings per share for the six-month periods ended 30 June 2026 and 30 June 2025 is based on the profit attributable to equity holders of the Company of RMB19,588 million and RMB23,017 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.

21. CAPITAL COMMITMENTS

As at 30 June 2026 and 31 December 2025, the Group had capital commitments as follows:

	30 June 2026	31 December 2025
	RMB million	RMB million
Contracted for but not provided		
Property	3,279	2,193
Telecommunications network plant and equipment	20,440	14,578
	23,719	16,771

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

for the six-month period ended 30 June 2026

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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 following table presents the assets that are measured at fair value at 30 June 2026:

	Level 1	Level 2	Level 3	Total
	Million	Million	Million	Million
Financial assets measured at FVPL				
Wealth management products	1,102	–	51,278	52,380
Equity securities	2	–	1,714	1,716
Financial assets measured at FVOCI				
Negotiable certificates of deposit	2,364	–	–	2,364
Equity securities	677	–	674	1,351
Total	4,145	–	53,666	57,811

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Measurements (Continued)

The following table presents the assets that are measured at fair value at 31 December 2025:

	Level 1 Million	Level 2 Million	Level 3 Million	Total Million
Financial assets measured at FVPL				
Wealth management products	501	–	11,208	11,709
Equity securities	3	–	920	923
Financial assets measured at FVOCI				
Equity securities	952	–	627	1,579
Wealth management products	299	–	–	299
Total	1,755	–	12,755	14,510

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

The monetary funds, the bond funds, the negotiable certificates of deposit, the listed equity securities investments not within the restricted trading period included in the Group's equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss are categorised as level 1 financial instruments.

The Group's investments in wealth management products and unlisted equity securities and the listed equity securities investments within the restricted trading period included in financial assets at fair value through profit or loss, and investments in unlisted equity securities included in equity instruments at fair value through other comprehensive income, are classified as financial instruments categorised as level 3.

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. Except for wealth management products, for other 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.

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 2026

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS
(Continued)**Fair Value Measurements** (Continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	As at 31 December 2025 RMB Million	Purchase RMB Million	Disposal RMB Million	Others RMB Million	Recognised in profit or loss RMB Million	Recognised in other comprehensive income RMB Million	As at 30 June 2026 RMB Million
Financial assets measured at FVPL	12,128	129,060	(89,068)	–	872	–	52,992
Financial assets measured at FVOCI	627	–	–	50	–	(3)	674
	12,755	129,060	(89,068)	50	872	(3)	53,666

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

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 ended 30 June	
		2026 RMB million	2025 RMB million
Construction engineering and design services	(i)	8,617	8,069
Receiving ancillary services	(ii)	10,191	10,727
Receiving community services	(iii)	1,968	1,937
Centralised services transaction revenues	(iv)	2,826	2,029
Centralised services transaction expenses	(iv)	473	34
Property and land use right lease income	(v)	24	31
Property and land use right lease related expenses	(vi)	302	280
Addition to right-of-use assets	(vi)	311	243
Interest expense on lease liabilities	(vi)	9	9
Provision of IT services	(vii)	1,316	1,547
Receiving IT services	(vii)	3,083	2,963
Purchases of telecommunications equipment, materials and procurement services	(viii)	1,669	1,777
Sales of telecommunications equipment, materials and procurement services	(viii)	1,484	2,798
Payment and digital finance related services	(ix)	339	375
Communications resources lease expenses	(x)	185	179
Obtaining entrusted loans*	(xi)	2,011	2,011
Repayment of entrusted loans*	(xi)	2,011	–
Net withdrawal of deposits by China Telecom Group to Finance Company*	(xii)	9,449	1,856
Interest expense on the deposit by China Telecom Group with Finance Company*	(xii)	172	195
Short-term loans granted by Finance Company to China Telecom Group	(xii)	2,000	2,051
China Telecom Group's repayments of short-term loans granted by Finance Company	(xii)	2,061	2,045
Interest income from loans granted by Finance Company to China Telecom Group	(xii)	28	28
Receiving finance lease services	(xiii)	3,116	3,019

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

for the six-month period ended 30 June 2026

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 paid and payable to China Telecom Group in respect of cultural, educational, health care and other community services.
- (iv) Represent related revenues and expenses shared between the Company and China Telecom Group for centralised services.
- (v) Represent amounts of property lease fees received and receivable from China Telecom Group for leasing of properties and land use rights.
- (vi) 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.
- (vii) Represent IT services provided to and received from China Telecom Group.
- (viii) 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.
- (ix) Represent amounts paid and payable to China Telecom Group in respect of payment and digital finance related services.
- (x) 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.
- (xi) Represent the entrusted loan provided by China Telecom Group.
- (xii) Represent amounts related to financial services provided by Finance Company to China Telecom Group, including loan service, deposit service and other financial services.
- (xiii) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

23. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with China Telecom Group (Continued)

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

	30 June 2026	31 December 2025
	RMB million	RMB million
Accounts receivable	3,987	3,801
Contract assets	182	189
Prepayments and other current assets	4,155	4,253
Other assets	1,844	1,515
Accounts payable	31,776	28,512
Accrued expenses and other payables	28,690	37,896
Contract liabilities	251	279
Lease liabilities	1,605	1,504

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 2026, short-term loans granted by Finance Company to China Telecom Group amounted to RMB2,539 million (31 December 2025: RMB2,599 million). Interest rate was 2.30%-2.80%, both with 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 2026

23. RELATED PARTY TRANSACTIONS (Continued)**(b) Transactions with China Tower**

The principal transactions with China Tower are as follows:

	Notes	Six-month period ended 30 June 2026	2025
		RMB million	RMB million
Tower assets lease related expenses	(i)	5,657	5,901
Addition to right-of-use assets	(i)	1,161	1,303
Interest expenses on lease liabilities	(i)	292	402
Provision of IT services	(ii)	29	15

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 2026	31 December 2025
	RMB million	RMB million
Accounts receivable	68	83
Contract assets	*	*
Prepayments and other current assets	43	70
Accounts payable	11,148	10,157
Accrued expenses and other payables	1,815	1,548
Contract liabilities	4	*
Lease liabilities	21,599	19,920

* Amount less than 1 million.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

23. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other joint ventures and associates of the Group

The principal transactions with other joint ventures and associates of the Group are as follows:

	Six-month period ended 30 June 2026	2025
	RMB million	RMB million
Property and land use right lease income	1	3
Provision of IT services	18	22
Receiving IT services	801	608
Purchases of telecommunications equipment, materials and procurement services	24	35

Amounts due from/to other joint ventures and associates of the Group are summarised as follows:

	30 June 2026	31 December 2025
	RMB million	RMB million
Accounts receivable	23	17
Contract assets	2	6
Prepayments and other current assets	13	10
Accounts payable	437	476
Accrued expenses and other payables	4	3
Contract liabilities	2	1
Lease liabilities	23	37

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

for the six-month period ended 30 June 2026

23. RELATED PARTY TRANSACTIONS (Continued)**(d) Transactions with joint ventures and associates of China Telecom Group and its subsidiaries**

The principal transactions with joint ventures and associates of China Telecom Group and its subsidiaries are as follows:

	Six-month period ended 30 June 2026	2025
	RMB million	RMB million
Property and land use right lease income	10	11
Provision of IT services	17	20
Receiving IT services	39	24
Purchases of telecommunications equipment, materials and procurement services	30	48

Amounts due from/to joint ventures and associates of China Telecom Group and its subsidiaries are summarised as follows:

	30 June 2026	31 December 2025
	RMB million	RMB million
Accounts receivable	287	264
Contract assets	–	*
Prepayments and other current assets	4	4
Accounts payable	67	73
Accrued expenses and other payables	2	2
Contract liabilities	56	61
Lease liabilities	18	20

* Amount less than 1 million.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2026

23. RELATED PARTY TRANSACTIONS (Continued)

(e) Key management personnel compensation

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

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

	Six-month period ended 30 June	
	2026	2025
	RMB thousand	RMB thousand
Short-term employee benefits	2,100	3,546
Post-employment benefits	421	562
	2,521	4,108

The above remuneration has been reflected in personnel expenses.

(f) Transactions with other government-related entities

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

Apart from transactions with the parent company and its fellow subsidiaries (Note 23(a)) and China Tower (Note 23(b)) and other joint ventures and associates of the Group (Note 23(c)) and joint ventures and associates of China Telecom Group and its subsidiaries (Note 23(d)), the Group has transactions with other government-related entities, which include but are 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

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

for the six-month period ended 30 June 2026

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

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.

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 2026 were RMB6,614 million (six-month period ended 30 June 2025: RMB6,553 million).

The amount payable for contributions to the above defined contribution retirement plans as at 30 June 2026 was RMB1,162 million (31 December 2025: RMB1,002 million).

25. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors has been authorised by 2025 Annual General Meeting to decide on the interim profit distribution plan. Pursuant to a resolution passed at the Board of Directors' meeting on 20 August 2026, the Board of Directors has resolved to declare an interim dividend of RMB0.1606 per share (pre-tax), totalling approximately RMB14,696 million, for the six-month period ended 30 June 2026. The dividend has not been provided for in the condensed consolidated financial information for the six-month period ended 30 June 2026.