



Press Release
26 March 2024
For Immediate Release

**China Telecom Corporation Limited
Announces Results for Year 2023**

**Achieved Breakthroughs in Sci-tech Innovation
Fully Completed Deployment of Strategic Emerging Businesses
Operating Results Maintained Favourable Trajectory
Continuously Increased Shareholder Value**

FINANCIAL HIGHLIGHTS¹

| <i>(RMB Million)</i> | 2022 | 2023 | Rates of change |
|--|-------------|-------------|------------------------|
| Operating Revenues | 481,448 | 513,551 | 6.7% |
| Service Revenues ² | 434,928 | 464,965 | 6.9% |
| of which: Mobile communications service revenues | 191,026 | 195,660 | 2.4% |
| Wireline and Smart Family service revenues | 118,534 | 123,063 | 3.8% |
| Industrial Digitalisation service revenues | 117,756 | 138,890 | 17.9% |
| EBITDA ³ | 130,359 | 136,830 | 5.0% |
| Net Profit ⁴ | 27,593 | 30,446 | 10.3% |
| EPS <i>(RMB)</i> | 0.30 | 0.33 | 10.3% |
| ROE | 6.4% | 6.9% | 0.5p.p. |
| Full-year dividend per share <i>(RMB)</i> | 0.196 | 0.2332 | 19.0% |

BUSINESS HIGHLIGHTS

| <i>(Million)</i> | 2022 | 2023 | Net addition |
|----------------------------------|-------------|-------------|---------------------|
| Mobile Subscribers | 391.18 | 407.77 | 16.59 |
| of which: 5G Package Subscribers | 267.96 | 318.66 | 50.70 |
| Wireline Broadband Subscribers | 180.90 | 190.16 | 9.26 |
| IPTV Subscribers | 125.71 | 127.81 | 2.10 |

¹ All figures are based on IFRS Accounting Standards.

² Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues.

³ EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

⁴ Net profit represents profit attributable to equity holders of the Company.

**China Telecom Corporation Limited (hereinafter “China Telecom” or the “Company”)
(Stock Code on the Hong Kong Stock Exchange: 728) (Stock Code on the Shanghai Stock
Exchange: 601728) announces its 2023 annual results today in Hong Kong.**

In 2023, the Company fully and deeply implemented its Cloudification and Digital Transformation strategy. The Company fully leveraged its edges in cloud-network integration, further advanced the building of a service-oriented, technology-oriented, and secured enterprise, continued to achieve breakthroughs in sci-tech innovation, and fully completed its deployment in strategic emerging businesses. The Company further upgraded its digital information infrastructure, sped up the formation of new quality productive forces and accelerated the growth of new momentum for market development. The Company deepened corporate reforms, with continuous enhancement of governance capabilities and levels, propelling its high-quality development to a new level.

In 2023, the Company’s operating revenues amounted to RMB513.6 billion, representing an increase of 6.7% year-on-year. Service revenues amounted to RMB465.0 billion, representing an increase of 6.9% year-on-year, maintaining growth for 11 consecutive years. EBITDA amounted to RMB136.8 billion, representing an increase of 5.0% year-on-year. Net profit amounted to RMB30.4 billion, representing an increase of 10.3% year-on-year, and the basic earnings per share were RMB0.33. Capital expenditure was RMB98.8 billion and free cash flow⁵ reached RMB13.0 billion.

The Company attaches great importance to shareholder returns and strives to enhance its profitability and cash flow generation capabilities. Taking the Company’s profitability into full consideration, alongside cash flow levels and capital needs for its future development, the Board of Directors has decided to recommend at the Annual General Meeting that a final dividend of 2023 of RMB0.090 per share (pre-tax) shall be declared. Together with the 2023 interim dividend of RMB0.1432 per share (pre-tax), which has been already distributed, the full year dividend of 2023 amounts to RMB0.2332 per share (pre-tax), and the aggregate amount of the full year dividend increased by 19.0% year-on-year. This represents over 70% of the profit attributable to equity holders of the Company for the year, successfully fulfilling the profit distribution commitment made during the Company’s A Shares issuance. Within three years from 2024, the profit distributed in cash will gradually increase to above 75% of the profit attributable to equity holders of the Company for the year, striving to create more value for shareholders.

⁵ Free cash flow is calculated based on EBITDA minus capital expenditure, income tax and depreciation charge for right-of-use assets other than land-use-rights.

Anchoring on its vision and mission of building a technology-oriented enterprise, the Company promoted corporate high-quality development driven by sci-tech innovation. Focusing on digital information infrastructure, the Company strengthened breakthroughs in key core technologies. Research and development (R&D) expenses⁶ increased from RMB4.7 billion in 2020 to RMB13.1 billion in 2023, representing an increase of 175.6% for three years. The Company further strengthened the recruitment of high-end sci-tech talents. The aggregate number of leading sci-tech talents reached 138 in 2023, representing an increase of 392.9% for three years. The Company further intensified its efforts in the transformation of its workforce. The number of R&D personnel reached approximately 33,000, representing an increase of 174.5% for three years, with its proportion increasing to 11.8% from 4.2% in 2020. Giving full play to the collaborative edges of the RDO⁷ system, the Company vigorously promoted the conversion and industrialisation of achievements. The number of invention patent applications exceeded 5,000. The Company's proprietary IT system and business platforms accounted for 45.0%, up by 6.0 p.p. year-on-year. The Company initiated 98 projects in international standardisation organisations, ranking at the forefront among global operators. The Company achieved a series of groundbreaking sci-tech innovative achievements, which accelerated the formation of new quality productive forces, effectively boosting the rapid development of strategic emerging businesses and offering strong driving forces for the dual engines of fundamental businesses and Industrial Digitalisation business.

The Company proactively promoted upgrades of connectivity, applications, and user experience within its fundamental businesses, accelerated the brand-new upgrades of 5G and Smart Family, strengthened the integration and mutual promotion of smart community and digital village platforms and continued addition of high-quality digital products and scene-based services. In 2023, revenues from the Company's fundamental businesses grew steadily with subscriber scale and value rising continuously. Mobile communications service revenues amounted to RMB195.7 billion, representing an increase of 2.4% year-on-year. Of which, revenues from mobile value-added and applications amounted to RMB25.8 billion, representing an increase of 12.4% year-on-year. The net addition of mobile subscribers was 16.59 million, maintaining the industry-leading position for six consecutive years, and bringing the total number of subscribers to 408 million. Mobile ARPU⁸ reached RMB45.4, representing an increase of 0.4% year-on-year. Wireline and Smart Family service revenues amounted to RMB123.1 billion, representing an increase of 3.8% year-on-year. Of which, revenue from the Smart Family business reached RMB19.0 billion, representing an increase of 12.8% year-on-year. The number of broadband subscribers reached 190 million with a net addition of 9.26 million. Broadband blended ARPU⁹ reached RMB47.6, representing an increase of 2.8% year-on-year.

⁶ The growth rate of R&D expenses is calculated based on figures of R&D expenses in Chinese Accounting Standards.

⁷ RDO: fundamental research (R), applied technological research and development (D) and operational development (O).

⁸ Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers.

⁹ Broadband blended ARPU = monthly average revenues from broadband access, e-Surfing HD and Smart Family applications and services/the average number of broadband subscribers.

Leveraging its edges in cloud-network integration, capabilities from strategic emerging technologies, customer resources and localised services, the Company further enhanced its customer service capabilities while constantly promoted ecological cooperation to achieve leadership in terms of both capabilities and scale in key industries. This boosted the rapid development of its Industrial Digitalisation business. In 2023, the Company's Industrial Digitalisation business maintained rapid growth, with its revenue reaching RMB138.9 billion, representing an increase of 17.9% year-on-year and accounting for 29.9% of service revenues, up by 2.8 p.p. over last year. Its incremental contribution to service revenues increased to 70.4% from 51.6% in 2021. The revenue of the Company's China Telecom Cloud amounted to RMB97.2 billion, representing an increase of 67.9% year-on-year. Revenues from international businesses exceeded RMB13.7 billion.

The Company developed China Telecom Cloud as the source of original cloud computing technologies with high quality and made constant breakthroughs in key technologies. With its proprietary cloud operating system TeleCloudOS 4.0 as the core, the Company has fostered a full-stack cloud technologies and products system that is technologically advanced, independent and controllable, building a cloud foundation that features multi-chip architecture in one cloud, polymorphism and multi-type computing in one cloud. China Telecom Cloud served thousands of industries for cloud migration and the use of cloud, ranking among the top in the market, with China Telecom Cloud being the framework of national cloud fully taking shape. China Telecom Cloud maintained its leading market positions, including the No.1 ranking in government and administration public cloud infrastructure and the No. 1 ranking in the global telco cloud. China Telecom Cloud was the only one among the top three players in the domestic public cloud IaaS and IaaS+PaaS market to have achieved continuous growth in market share¹⁰.

¹⁰ Source of market share data of China Telecom Cloud: IDC.

The Company firmly seized the development opportunities in the era of AI and accelerated R&D of technologies as well as launch of applications in fields of AI and Big Data by fully leveraging the multiplier effect of data elements. The Company created the “1+N+M”¹¹ Xingchen large models series product portfolio and established the base for the general-purpose large foundation model, covering four major capabilities including language, speech, visual and multimodal capabilities, while achieving open source. The Company rolled out 12 large vertical models in vertical fields such as government administration, education and transportation, while empowering more than 600 projects for use cases such as grassroots governance, smart customer service and smart city. The Company released “Xingchen MaaS platform”, providing customers with services such as one-stop large model R&D and applications including computing power, algorithms, data and tools. The Company launched 9 large models for its own use focusing on internal production and operation including network operation, operational analysis and code R&D to help itself accelerate digital transformation and push forward costs reduction and efficiency enhancement. The Company also strengthened R&D of core technologies of Big Data, sped up the deployment in the data elements market. Focusing on four major fields including Big Data PaaS, data core platform, data trading and flow and data security, the Company strove for breakthroughs in core technologies and passed the DCMM5 level certification, the highest level in national data governance. The total number of Big Data API accessed reached 4.6 billion times throughout the year, representing an increase of 45%.

The Company continued to build an integrated end-to-end collaborative security protection system. It has developed security capabilities and services in 7 major categories and more than 50 subdivisions around key products such as Anti-DDoS Cloud Dam and Security Brain. Its Anti-DDoS Cloud Dam maintained the No. 1 ranking in terms of market share in China and was included in Gartner’s list of global top service providers selection. The Company intensified its efforts in achieving breakthroughs of original technologies in the field of quantum. Its quantum computing cloud platform, “Tianyan”, achieved super fusion¹² which enabled the significant increase in the processing speed of superconducting quantum computers. The Company built quantum communications infrastructure at the municipal level with “quantum-network integration”, providing industry customers with security services such as information transmission and data storage.

¹¹ 1+N+M: 1 refers to the general-purpose large foundation model. N refers to the number of large vertical models. M refers to the number of large models for own use.

¹² Super fusion: the fusion of the supercomputing power of China Telecom Cloud and superconducting quantum computing capabilities with 176 quantum bits.

The Company continued to deepen the cultivation of new-generation information and communications technologies to provide more versatile all-domain access capabilities. It further promoted the capabilities building and application innovation of the arial-ground integrated information network. The Company created the industry's first "Satellite as a Service S+" concept and continued to achieve breakthroughs in key technologies in fields such as satellite network system operation. The Company launched the world's first commercial service of "Mobile Phones with Direct Satellites Connection" at the operational product level, which supports direct satellites connection for consumer-grade 5G terminals with two-way voice calls and text messages. This provided emergency response and communications assurance for industries such as maritime transport, industry and rescue as well as for public users. The Company proactively planned for innovations in key directions of 5G-A, carried out deployment in carrier aggregation, pushed forward the innovative application of cross-domain unified scheduling of resources from the time, frequency and spatial domain, significantly enhancing user experience. The Company strove for breakthroughs of R&D for key technologies in 6G. The Company continued to take the lead in setting standards in key fields such as super uplinks, enhanced coverage, as well as co-building and co-sharing. The Company further intensified its efforts in technological R&D and function iteration of digital platforms and developed more than 110 key digital platforms to empower the digital transformation and upgrades at scale for customers from fields such as government administration, enterprises, education, healthcare and finance.

The Company accelerated the intelligent transformation of digital information infrastructure and consolidated digital foundation to forge key cornerstones for the development of new quality productive forces. The Company proactively built the distributed computing power infrastructure with cloud-intelligence integration, training-inferencing integration as well as cloud-network-edge-terminal coordination. Focusing on the hub node regions of the national integrated computing power network, the Company strengthened the building of intelligent computing capabilities. The Company added 8.1 EFLOPS of intelligent computing power throughout the year, bringing the total to 11.0 EFLOPS, representing an increase of 279.3%. The Company steadily pushed forward the building of general computing power capabilities, with the number of cities covered by "One-City-One-Pool" reaching 280 and the number of edge nodes surpassing 1,000. The Company added 1.0 EFLOPS of general computing power throughout the year, bringing the total to 4.1 EFLOPS¹³, representing an increase of 32.3%.

¹³ The industry's common calculation method has been applied for computing power. Intelligent computing power is calculated using FP16, while general computing power is calculated using FP32.

With the rapid development of digital technologies such as AI, cloud computing, Big Data, and quantum information, new technologies and applications continue to emerge. Digital and intelligent transformation of the economy and society is in great demand, which will bring greater space for the development of the industry. The Company is in an important period of opportunities of promoting high-quality development.

Chairman Ke pointed out that, facing the future, the Company will proactively seize the development trends of the new round of sci-tech revolution and industrial transformation and firmly seize opportunities arising from the development of industries in the process of supporting the advancement of Chinese modernisation. The Company will continue to deeply implement its Cloudification and Digital Transformation strategy, anchoring its mission and vision of building a service-oriented, technology-oriented, and secured enterprise. With network as the foundation and cloud as the core, the Company will grasp the direction of AI development and innovate the supply of products and services. The Company will satisfy the demands for digitalisation from thousands of families and thousands of industries leveraging “network + cloud + AI + applications”. The Company will put sci-tech innovation at a more prominent position and further open up the big cycle of technology, product and industry. The Company will accelerate the fostering and development of new quality productive forces according to its own conditions, speed up the scale expansion of strategic emerging businesses and further create new momentum and edges for development. The Company will deepen the transformation and upgrades of its digital information infrastructure, enhance the green and low carbon capabilities of its cloud-network, and build the key foundation for Digital China. The Company will deepen reforms and opening up on all fronts, comprehensively push forward high-quality development, and further enhance its core functions and core competitiveness. The Company will accelerate the building of a world-class enterprise, further enhance corporate value and proactively bring returns to shareholders.

For further information, please browse the Company’s website at: www.chinatelecom-h.com or scan below QR code to follow China Telecom’s IR public account on Wechat (content available in Chinese only).



FORWARD-LOOKING STATEMENTS

The development strategies, future business plans, prospects and other forward-looking statements in this document do not constitute commitment by China Telecom Corporation Limited (the “Company”) to investors. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Investors are advised to pay attention to investment risks.

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