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China Telecom Corporation Limited **中国电信股份有限公司**

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 728)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

- Operating revenues of the Company amounted to RMB260.7 billion, representing an increase of 7.6% year-on-year. Of which, service revenues amounted to RMB236.0 billion, representing an increase of 6.6% year-on-year, remaining above the industry's growth rate
- EBITDA amounted to RMB73.3 billion, representing an increase of 5.0% over the same period of last year. Net profit amounted to RMB20.2 billion, representing an increase of 10.2% over the same period of last year. The basic earnings per share were RMB0.22
- Mobile communications service revenues amounted to RMB101.6 billion, representing an increase of 2.7% year-on-year, continuing to maintain favourable growth. Of which, revenue from mobile value-added and applications amounted to RMB15.4 billion, representing an increase of 19.4% year-on-year. The penetration rate of 5G package subscribers reached 73.4%
- Wireline and Smart Family service revenues amounted to RMB62.0 billion, representing an increase of 3.6% year-on-year. Of which, revenue from Smart Family business amounted to RMB9.3 billion, representing an increase of 15.7% year-on-year. The penetration rate of Gigabit broadband reached 20.3%
- Revenue from Industrial Digitalisation service reached RMB68.8 billion, representing an increase of 16.7% year-on-year, maintaining its rapid growth trend. Revenue from China Telecom Cloud reached RMB45.9 billion, representing a year-on-year growth of 63.4%
- The Board of Directors has resolved to continue declaring an interim dividend in year 2023, and the profit to be distributed in cash shall be 65% of the profit attributable to equity holders of the Company for the first half of 2023, i.e., RMB0.1432 per share

CHAIRMAN'S STATEMENT

The new round of sci-tech revolution and industrial transformation is kicking off a new cycle of innovation. Strategic emerging industries have become a new driver for the high-quality development of the national economy, while the building of Digital China has entered into a new stage of overall deployment and advancement on all fronts. In the first half of 2023, the Company proactively fulfilled its responsibilities in building Cyberpower and Digital China, as well as in safeguarding network and information security, while fully and deeply implemented its Cloudification and Digital Transformation strategy. Adhering to the customer-oriented principle, while insisting on the leading role of sci-tech innovation, the Company accelerated the construction of digital information infrastructure with cloud-network integration as its core feature, vigorously promoted the application of digital technologies, and continued to build a service-oriented, technology-oriented and secured enterprise. The Company also unleashed its momentum through deepened reforms on all fronts and elevated its leadership in corporate innovation and modern governance to a new level, sharing new achievements from its high-quality development with shareholders, customers and the society.

1. OVERALL RESULTS

In the first half of 2023, the Company's operating revenues amounted to RMB260.7 billion, representing an increase of 7.6% year-on-year. Of which, service revenues¹ amounted to RMB236.0 billion, representing an increase of 6.6% year-on-year, remaining above the industry's growth rate². EBITDA³ amounted to RMB73.3 billion, representing an increase of 5.0% over the same period of last year. Net profit⁴ amounted to RMB20.2 billion, representing an increase of 10.2% over the same period of last year, while the basic earnings per share were RMB0.22. Capital expenditure was RMB41.6 billion, while free cash flow⁵ reached RMB17.6 billion.

The Company attaches great importance to shareholder returns and strives to enhance its profitability and cash flow generation capabilities. The Board of Directors has resolved to continue declaring an interim dividend in 2023, and the profit distributed in cash will be 65% of the profit attributable to equity holders of the Company in the first half of the year, i.e., RMB0.1432 per share (pre-tax). The Company is dedicated to creating new value for shareholders continuously. As such, the Company will recommend at the Annual General Meeting that the

¹ Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues.

² According to the performance of the communications industry economy in the first half of 2023 released by MIIT.

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.

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.

profit distributed in cash for the year of 2023 should be increased to 70% or above of the profit attributable to the Company's equity holders for the year, in accordance with the commitment made at the time of A Share issuance.

2. FULLY AND DEEPLY IMPLEMENTING CLOUDIFICATION AND DIGITAL TRANSFORMATION STRATEGY WITH NEW ACHIEVEMENTS FROM HIGH-QUALITY DEVELOPMENT

In the first half of the year, the Company firmly seized opportunities arising from the digital transformation of the economy and society. With deep insight into changes of customer demands, the Company fully and deeply implemented its Cloudification and Digital Transformation strategy. Leveraging its edges in cloud-network integration, the Company promoted sci-tech innovation at a higher level and deepened system and mechanism reforms on all fronts, solidly advancing corporate sustainable high-quality development.

2.1 *Adhering to the customer-oriented principle with steady development driven by dual engines*

Insisting on the leading role of triple-Gigabit comprising “5G + Gigabit broadband + Gigabit WiFi”, the Company continued to promote the transformation and upgrades of its fundamental businesses, accelerated the integration of its fundamental connectivity products with new digital elements such as cloud, AI and security, and deepened the integration of Smart Community and Digital Village scenes, maintaining the steady growth of its fundamental businesses. The Company further optimised its 5G network coverage. Focusing on demands for personal digital applications, the Company promoted AI intelligent upgrades of applications such as Colour Ringback Tone with Video, Communications Assistant and China Telecom Cloud Drive, to enhance user experience of 5G applications. It sped up the construction of Gigabit broadband. With a focus on demands for family digital applications, the Company promoted Gigabit applications and pushed forward the upgrade from Whole-home WiFi to FTTR to elevate user experience with high-speed connectivity and applications for households. The Company continued to enhance its digital life platform capabilities and strengthened the iterative development of products and applications. The Company integrated GBHC⁶ applications, offering scene-based applications such as community services, social public services and home security services. In the first half of the year, the Company's mobile communications service revenues maintained favourable growth, reaching RMB101.6 billion with an increase of 2.7% year-on-year. Of which, revenue from mobile value-added and applications reached RMB15.4 billion, representing an increase of 19.4% year-on-year. The penetration rate of

⁶ GBHC: Government, Business, Home and Customer

5G package subscribers reached 73.4%, with mobile ARPU⁷ reaching RMB46.2, representing an increase of 0.4% year-on-year. Wireline and Smart Family service revenues amounted to RMB62.0 billion, representing an increase of 3.6% year-on-year. Of which, revenue from Smart Family business reached RMB9.3 billion, representing an increase of 15.7% year-on-year. The penetration rate of Gigabit broadband reached 20.3%. Broadband blended ARPU⁸ reached RMB48.2, representing an increase of 2.1% year-on-year.

Adhering to the market-oriented principle, while focusing on customer demands and use cases, the Company proactively deployed strategic emerging industries. Driven by cloud-, AI-, security- and platform-integrated initiatives, the Company further enhanced its digital products and services capabilities, pushed forward the transformation of Industrial Digitalisation business from being project-based to become operation-based, and from being resource-driven to become capability-driven. Proactively leveraging its edges in cloud-network integration, customer resources and localised services, the Company increased the supply of digital products and services with high quality and high efficiency. The Company also leveraged “network + cloud computing + AI + applications” to promote the cloud migration, the use of data and intelligence injection for numerous walks of life, facilitating the in-depth integration of digital technologies with the real economy. Remarkable results have been achieved in the open cooperation of government and enterprise ecology. Focusing on key ecological areas such as applications, services and sales, the Company carried out deployment in 14 industries and over 120 fields. Through means such as driving force from strategic cooperation, planning of industry cooperation and the building of ecological platform, the Company systematically promoted the establishment of ecology, joined hands with partners to build the full-stack capabilities of industry digital platforms, consolidated the ecological chain of Industrial Digitalisation, and served the digital transformation of customers. In the first half of the year, Industrial Digitalisation business of the Company maintained its rapid growth trend, with its revenue reaching RMB68.8 billion, representing an increase of 16.7% year-on-year, accounting for 29.2% of service revenues, up by 2.6p.p.. Revenue from China Telecom Cloud reached RMB45.9 billion, representing a year-on-year growth of 63.4%.

2.2 Further promoting self-reliance and self-improvement for high-level technologies to strengthen core corporate competitiveness

The Company regards sci-tech innovation as the primary driving force for corporate high-quality development and for embracing the tide of digital economy. Focusing on key areas such as cloud computing, AI, security, quantum, platform and network, the Company boosted its investment in research

⁷ Mobile ARPU = monthly average revenues from mobile services / the average number of mobile subscribers.

⁸ Broadband blended ARPU = monthly average revenues from broadband access and Smart Family / the average number of broadband subscribers.

and development (R&D) of sci-tech innovation, with R&D expenses increasing by 27.2% year-on-year. The Company further strengthened its R&D talent team, with the number of R&D personnel increasing by 21.4%, compared with the end of last year. The Company strove for breakthroughs in key core technologies, accelerated the conversion of innovation achievements at scale and further strengthened its innovation capabilities and core competitiveness, taking solid steps towards becoming a technology-oriented enterprise with independent control of key core technologies as well as the top-tier national sci-tech innovation enterprises.

The Company developed as the source of original cloud computing technologies with high quality, achieving new results in sci-tech R&D breakthroughs. China Telecom Cloud Technology Co., Ltd has been included as one of the “Establishing World-class Specialised and Sophisticated Demonstration Enterprises” by the State-owned Assets Supervision and Administration Commission (SASAC). Breakthroughs were made in key core technologies such as hyper-scale resource pool scheduling, multi-AZ and highly available platform, distributed high-performance storage system with low latency, as well as high-performance virtualised offloading with software-hardware collaboration. The Company continued to consolidate the cloud foundation featuring polymorphism, multi-chip architecture in one cloud and proprietary full-stack cloud to fully support the unified and highly-efficient operation and maintenance as well as smart operation under the multi-cloud environment, realising hybrid of multiple clouds and heterogeneous management. The platform for computing power delivery network, “Xirang”, provided computing power scheduling services for Beijing Verification Platform for Computing Power Interconnection and Intercommunication, becoming the first cross-domain and cross-service-provider computing power scheduling platform. Fully leveraging its edges in cloud-network integration, the Company pushed forward the construction of four-level computing power, launching “Yunxiao”, the first computing power platform from telcos that unifies cloud, intelligent computing and supercomputing, offering services featuring multi-type computing in one cloud comprising “intelligent computing + supercomputing + general computing”. The Company led the industry in rolling out a unified computing power package comprising “fundamental computing power + computing power connectivity + computing algorithm model + computing power security”, providing customers with computing power services and products featuring full range, standardisation, one-stop shopping and convenient delivery. The Company carried out commercial trial of its proprietary cloud-native analytical database, achieving industry-leading capabilities in storage-computing segregation, elastic expansion and failure recovery within seconds. With the original “Zhen Series” full-stack cloud terminal technologies of Cloud Computer, the Company achieved breakthroughs in transmission algorithm of congestion control for intelligent networks, with its market share of public cloud computer products exceeding 30%, ranking first in the industry. China Telecom Cloud maintained its top-3

ranking in the domestic public cloud IaaS and public cloud IaaS+PaaS markets as well as its No. 1 ranking in the government and administration public cloud infrastructure, while also remained as the No. 1 global telco cloud⁹.

The Company firmly seized opportunities arising from breakthroughs in the development of AI technologies, strengthened AI capabilities with a focus on data and algorithms to empower digital applications. The Company further deepened its proprietary R&D of AI core technologies, establishing Xinghe AI algorithm platform foundation, with the number of its proprietary scene-based algorithms reaching 5,500. The Company also upgraded and rolled out its Xinghe General-purpose Visual Large Model 2.0 at ten-billion parameter grade, achieving the shift from intelligence in vertical fields to general intelligence and from urban governance to the empowerment of numerous walks of life. The Company also released TeleChat, a generative large language model, to strengthen key capabilities in audio and multi-mode large models. Based on general training, the Company collaborated with partners from upstream and downstream of the industrial chain to create customised large models for industry applications. The Company provided unified end-to-end AI services covering all fronts. Focusing on industries such as finance, culture and tourism, as well as education, the Company developed hundreds of scene-based integrated intelligent solutions, empowering the acceleration of digital transformation of the economy and society. The Company built a service platform for data elements named “Lingze” and pioneered in building and operating the benchmarking project of “data products supermarket” in Hainan to further unleash the value of data resources.

Based on its edges in cloud, network and data resources as well as its edges in operation and service, the Company strengthened the innovation and integration of security technologies and digital applications. It comprehensively enhanced the capabilities and service level of security products. The Company created key products such as Security Brain, Graded Protection Assistant, Password Security Assessment Assistant, Digital Shield, and Quantum-encrypted Calls, providing customers with full-range and managed security services. The Company intensified efforts in achieving breakthroughs in original quantum technologies and completed the leading quantum-encrypted communications metropolitan network. The Company pushed forward the deployment of its security capabilities, with nearly 11 Tbps anti-DDoS cleaning capacity. The Company’s security capability pools cover nearly 110 cities and are loaded with 15 types of security capabilities, providing versatile and convenient SaaS-based security services for 100,000 security dedicated lines and IDC customers.

Focusing on customers’ demands, the Company accelerated the upgrade of Industrial Digitalisation platform capabilities, built the unified digitalised foundation, enhanced the efficiency and quality of its proprietary digital platform development, and created several industry-leading core platforms in areas such as

⁹ Source of market share data of China Telecom Cloud: IDC

digital government, urban governance, healthcare and finance. By decoupling and packaging of internal digitalisation capabilities as well as introducing external capabilities through cooperation, the Company formed a fundamental capability pool that converges its resource advantages, to empower the development of Industrial Digitalisation. In the first half of the year, over 7,000 fundamental capabilities were supplied, with the number of industry utilisation reaching 1.1 billion times, representing an increase of 31% year-on-year.

The Company continued to deeply cultivate network technologies while deepened fully cloudified decoupling of 5G, interconnectivity across all domains as well as intelligent open-up, attaining sci-tech achievements such as fully cloudified 5G customised networks, 5G Core three-layer decoupling networks, and 5G VoWiFi. It proactively built differentiated capabilities for 5G customised networks which include “customised network, collaborative cloud, intelligent edge, applications on demand, service unification and security systemisation”. The Company also continued promoting benchmarking projects such as smart city, smart factory, smart finance and smart education. The number of newly contracted 5G 2B commercial projects was approximately 6,000, representing an increase of nearly 80% year-on-year and bringing the cumulative number of projects to exceed 20,000. With the upgrade of its proprietary IoT platform, AIoT, to the 3AZ cloud-native architecture, the disaster tolerance capability for data was enhanced, with the number of IoT connected devices exceeding 470 million. The Company also built an industry-leading video backhaul transmission and processing network, with the number of IoT users exceeding 57 million.

2.3 Expediting the construction of digital information infrastructure with cloud-network integration as its core feature

The Company deepened the overall planning and coordinated deployment of various digital elements including “cloud, network, data, intelligence and security” and expedited the construction of intelligent integrated digital information infrastructure that is high-speed and ubiquitous, aerial-ground in one, cloud-network integrated, intelligent and agile, green and low-carbon, and secure and controllable. The Company proactively participated in the national “East-to-West Computing Resources Transfer” project, accelerated the construction of computing power infrastructure and further optimised its “2 + 4 + 31 + X + O” computing power layout. The Company expanded the construction of intelligent computing capabilities, and built public intelligent computing centres in provinces such as Inner Mongolia, Guizhou, and Ningxia, while also deployed reasoning pools across 31 provinces to meet the demands for reasoning from various AI applications. In the first half of the year, the Company added 1.8 EFLOPS of intelligent computing power, bringing the total to reach 4.7 EFLOPS, representing an increase of 62% year-on-year. Furthermore, the

Company expanded its general computing power. The general computing power reached 3.7 EFLOPS, with an increase of 0.6 EFLOPS, representing an increase of 19% year-on-year¹⁰. The Company carried out the construction of IDC by focusing on the hub nodes regions of the national integrated big data centre. The number of cabinets serving external customers reached 534,000. Of which, over 70% of new cabinets were deployed in hotspot areas. The Company built multi-AZ datacentre clusters in areas such as Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macau and Sichuan-Chongqing-Shaanxi. Centring around DC and cloud, the Company further optimised network architecture and reduced latency, and created a latency circle with 1/10/15 ms latency for the east-west direction and 1/5/20 ms latency for the south-north direction¹¹. This flexibly met demands for the interconnection and networking of datacentres from various businesses of 2Mbps–100Gbps granules. The Company also completed the construction of large-bandwidth and intelligent government and enterprise OTN networks with a nationwide coverage. The Company upgraded its all-fibre trunk network that covers “four regions, six axles, eight hubs¹² and multiple channels”. Focusing on key areas, the Company further expanded the coverage of 10G PON Gigabit fibre network. The Company promoted the automated and intelligent upgrades of networks. The proprietary new generation cloud-network operating system was launched and put in use, achieving activation and scheduling within minutes for customers’ cloud-network integrated and end-to-end businesses, further enhancing network operation capabilities and efficiency.

The Company strengthened network co-building and co-sharing with China Unicom to continuously enhance the depth and breadth of its 5G coverage, while accelerated the consolidation of one single 4G mid-band network to jointly create 4G/5G networks with leading user experience, efficiency and technologies. Meanwhile, the Company carried out refined planning and precise construction of 5G mid-band network, maintaining industry comparability in terms of scale and coverage. In the first half of the year, the number of newly built co-built and co-shared 5G base stations was over 150,000, with the number of 5G base stations exceeding 1.15 million. 4G mid-band network basically achieved full co-sharing, with the number of 4G base stations exceeding 2 million, further enhancing network coverage and capacity.

¹⁰ The industry’s common calculation method has been applied for computing power. General computing power is calculated using FP32, while intelligent computing power is calculated using FP16. The computing power of 3.8 EFLOPS at the end of 2022 has been recalculated and converted and growth rates are calculated based on figures after conversion.

¹¹ East-west traffic: data traffic between datacentres. South-north traffic: data traffic between external users and datacentres.

¹² Four regions: Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macau as well as Chengdu-Chongqing. Six axles: the main arteries of mesh interconnection along six directions among the four major regions. Eight hubs: eight hubs in the deployment of the national “East-to-West Computing Resource Transfer” strategy.

2.4 Deepening reforms on all fronts to fully unleash new momentum for corporate development

The Company intensified its efforts, further deepened reforms of key corporate fields and processes on all fronts, and promoted the modernisation of corporate governance system and governance capabilities. The Company deepened reforms of sci-tech innovation system and mechanism, optimised resource allocation as well as assessment and incentive policies for sci-tech innovation, brought together the strength to strive for breakthroughs in original and leading technologies. The Company also strengthened the coordination of RDO¹³ R&D systems and optimised mechanisms for promoting proprietary achievements conversion and adoption. The Company established Quantum Information Technology Group Co. to promote the application of cutting-edge technologies of quantum. The Company optimised the strategic positioning of its AI company and further strengthened the building of AI capabilities. The Company also established a data development centre to step up the opening-up and co-sharing of data and create the cycle from high-quality R&D of technologies, large-scale product promotion to the expansion of industrial development. Adhering to the customer-oriented principle, with digital transformation as the main line and cloud core platform as the hub, the Company continued to optimise corporate main processes, promoted innovative reforms in areas such as sales, channels and operation, and elevated the service level of end-to-end integration delivery and operation. The Company accelerated the digitalisation of businesses, operation and management to enhance the efficiency of corporate operation and steadily achieve cost reduction and efficiency enhancement. The Company continued to intensify market-oriented reforms and insisted on balancing responsibilities, authorities and interests, with dual emphasis on the utilisation of incentives and constraints. Three industry Business Groups (BGs) for government and enterprise including healthcare, education and finance took the lead in achieving corporate operation. The Company continued to deepen market-oriented employment mechanism, optimised a more precise and flexible, standardised and effective remuneration mechanism to fully stimulate employees' vitality in innovation and development. The Company sped up the building of sci-tech talent teams such as top talents, leading sci-tech talents, innovation teams and excellent engineers, further implemented the "Spark" and "Prairie Fire" plan with high quality, and established a full-cycle, layered talent cultivation system. The Company promoted the high-quality and independent training of talents, and laid a solid talent foundation for promoting corporate high-quality development. The Company optimised the system and mechanism for open cooperation, continuously strengthened ecological integration and innovation, vigorously promoted the coordinated development of technology ecology, application ecology, channel ecology and service ecology, further extending and expanding cooperation from industrial chain and supply chain to upstream and downstream of innovation chain and service chain. The Company continued to deepen

¹³ RDO: fundamental research (R), applied technological research and development (D) and operational development (O).

cooperation among industry, academia and research institutes. Focusing on strategic emerging industries, the Company joined hands with universities and scientific research institutes to open up the full chain of industry, academia, research institutes and customers.

3. UNDERTAKING SOCIAL RESPONSIBILITIES WHILE OPTIMISING CORPORATE GOVERNANCE

The Company proactively fulfilled its social responsibilities and further deepened the construction and operation of green cloud-network. In the first half of 2023, through co-building and co-sharing as well as various energy saving measures, the Company reduced its greenhouse gas emissions by more than 5 million tons, while the greenhouse gas emissions intensity decreased by more than 10% year-on-year. The Company, together with China Mobile and China Unicom, jointly published the “*Liquid Cooling Technology White Paper by Telecom Operators*” to further reduce the energy consumption intensity and carbon emissions intensity of datacentres, promoting the green transformation of the economy and society and supporting the accomplishment of carbon dioxide peaking and carbon neutrality targets. The Company effectively supported rural revitalisation, popularised digital services and narrowed the digital divide between urban and rural areas, achieving the highest rating for 5 consecutive years in the review and assessment of targeted support carried out by central units. The Company built nearly 60,000 “Caring Stations” to provide dozens of convenient public welfare services such as resting, drinking water, charging and Internet access, with the cumulative number of services reaching 15 million person-times. The Company also successfully completed communications assurance tasks for important scenes and restored network connection during times of emergency and natural disasters relief.

Insisting on high-standard corporate governance while adhering to excellent, prudent and effective corporate governance principles, the Company continued to optimise its corporate compliance management system and cultivate a culture of compliance continuously and extensively. The Company maintained the compliant and efficient operation of its Shareholders Meeting, Board of Directors and Supervisory Committee, and completed the selection and appointment of directors for the Eighth Session of the Board of Directors. The Company further optimised its internal control process to effectively prevent and resolve risks which ensured the Company’s stable operation and effectively protected the best and long-term interests of shareholders.

The Company received high affirmation and recognition from domestic and international capital markets and industry organisations for its relentless efforts and outstanding performances. It was voted by investors as the “Most Honoured Companies in Asia” for the 13th consecutive year in the “All-Asia-Executive Team Poll” organised by *Institutional Investor*. The Company also received top rankings in the “Best Board of Directors”, “Best Investor Relations Program”, “Best IR Team” and “Best ESG” categories. In addition, the Company received

the “Asia’s Best Corporate Social Responsibility” award for the fourth consecutive year at the “Asian Excellence Award 2023” organised by *Corporate Governance Asia*, a renowned journal on corporate governance in Asia. Moreover, it won a number of awards including “Best Corporate Communications”, “Best Environmental Responsibility” and “Best Investor Relations Company”. In addition, the Company was voted by fund managers and financial analysts from around the globe to receive the Gold Award of “Best Corporate ESG Strategy in China” at the “23rd Asia’s Best Managed Companies Poll” organised by *FinanceAsia*, a reputable financial magazine in Asia.

4. OUTLOOK

At present, the new round of global sci-tech revolution and industrial transformation is thriving. The building of Digital China is an important driver for the advancement of Chinese modernisation in the digital era and digital economy has become an important support for propelling the high-quality development of the economy and society. As the primary productive force, science and technology’s role in seizing the commanding height of future development has become increasingly prominent. Innovation is driving the acceleration of industrial transformation and upgrades. The continuous expansion of information consumption scenes has given rise to a new trend of digital life and new demands for service quality. Strategic emerging industries such as cloud computing and AI have profound influences and are accelerating the transformation of all industries from the bottom.

In face of the new situation and new opportunities, while based on the new development stage, the Company will implement the new development principles completely, accurately and comprehensively. It will proactively serve and integrate into the new development pattern, with a focus on the overall strategy while seizing development opportunities. The Company will firmly, fully and deeply implement its Cloudification and Digital Transformation strategy, intensify sci-tech innovation and enhance the output and conversion efficiency of innovation achievements. The Company will expedite the upgrades of digital information infrastructure, enhance its security service capabilities, and further strengthen value operation. The Company will optimise the deployment in strategic emerging industries, support and promote the establishment of the modern industry system, and deepen corporate reforms on all fronts. The Company will continuously enhance its corporate core competitiveness and core functions, and accelerate the building of a world-class enterprise.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to all our shareholders and customers for their care and support all along. I would also like to express our sincere thanks to all our employees for their hard work and contributions. Furthermore, I would like to express our heartfelt gratitude to Madam Wang Hsuehming for her outstanding contributions to the Company's transformation and upgrades as well as continued development made during her tenure. At the same time, I would like to welcome Mr. Li Jun and Madam Lyu Wei to join our Board of Directors.

Ke Ruiwen

Chairman and Chief Executive Officer

Beijing, China

8 August 2023

GROUP RESULT

China Telecom Corporation Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six-month period ended 30 June 2023 prepared in accordance with International Financial Reporting Standards (“IFRSs”) extracted from the unaudited condensed consolidated interim financial information of the Group as set out in its 2023 Interim Report prepared in accordance with IFRSs.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the six-month period ended 30 June 2023

(Amounts in million except for per share data)

		Six-month period ended 30 June	
		2023	2022
	Notes	RMB	RMB
Operating revenues	4	260,664	242,319
Operating expenses			
Depreciation and amortisation		(47,838)	(46,735)
Network operations and support		(76,052)	(70,051)
Selling, general and administrative		(32,839)	(32,026)
Personnel expenses		(48,998)	(44,618)
Other operating expenses		<u>(29,429)</u>	<u>(25,776)</u>
Total operating expenses		<u>(235,156)</u>	<u>(219,206)</u>
Operating profit		25,508	23,113
Net finance costs	5	(483)	(30)
Investment income and others		159	9
Share of profits of associates and joint ventures		<u>996</u>	<u>833</u>
Profit before taxation		26,180	23,925
Income tax	6	<u>(6,006)</u>	<u>(5,572)</u>
Profit for the period		<u>20,174</u>	<u>18,353</u>

Six-month period ended 30 June	
2023	2022
RMB	RMB

Other comprehensive income for the period

Items that will not be reclassified

subsequently to profit or loss:

Change in fair value of investments in

equity instruments at fair value through
other comprehensive income

89 (205)

Deferred tax on change in fair value of
investments in equity instruments at fair

value through other comprehensive income

(24) 48

65 (157)

*Items that may be reclassified subsequently to
profit or loss:*

Exchange difference on translation of
financial statements of subsidiaries outside
mainland China

201 354

Share of other comprehensive income of
associates and joint ventures

2 –

203 354

**Other comprehensive income for
the period, net of tax**

268 197

Total comprehensive income for the period

20,442 18,550

		Six-month period ended 30 June	
		2023	2022
	<i>Notes</i>	RMB	RMB
Profit attributable to			
Equity holders of the Company		20,153	18,291
Non-controlling interests		<u>21</u>	<u>62</u>
Profit for the period		<u>20,174</u>	<u>18,353</u>
Total comprehensive income attributable to			
Equity holders of the Company		20,421	18,488
Non-controlling interests		<u>21</u>	<u>62</u>
Total comprehensive income for the period		<u>20,442</u>	<u>18,550</u>
Basic earnings per share (RMB)	7	<u>0.22</u>	<u>0.20</u>
Diluted earnings per share (RMB)	7	<u>0.22</u>	<u>0.20</u>
Number of shares (in million)		<u>91,507</u>	<u>91,507</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 30 June 2023

(Amounts in million)

	<i>Note</i>	30 June 2023 RMB	31 December 2022 RMB
ASSETS			
Non-current assets			
Property, plant and equipment, net		400,642	413,963
Construction in progress		74,492	58,443
Right-of-use assets		81,008	87,055
Goodwill		29,924	29,922
Intangible assets		19,716	20,780
Interests in associates and joint ventures		42,019	42,220
Financial assets at fair value through profit or loss		427	402
Equity instruments at fair value through other comprehensive income		990	885
Deferred tax assets		1,694	3,821
Other assets		8,963	9,135
		<hr/>	<hr/>
Total non-current assets		659,875	666,626
Current assets			
Inventories		4,850	3,513
Income tax recoverable		96	154
Accounts receivable, net	9	46,732	24,312
Contract assets		3,614	3,042
Prepayments and other current assets		32,947	33,751
Short-term bank deposits and restricted cash		8,574	3,835
Cash and cash equivalents		83,698	72,465
		<hr/>	<hr/>
Total current assets		180,511	141,072
		<hr/>	<hr/>
Total assets		840,386	807,698

		30 June	31 December
		2023	2022
	<i>Note</i>	RMB	RMB
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debts		2,908	2,840
Current portion of long-term debts		1,133	3,160
Accounts payable	10	150,431	127,260
Accrued expenses and other payables		74,115	65,229
Contract liabilities		59,622	67,841
Income tax payable		3,187	919
Current portion of lease liabilities		14,187	14,488
		<u>305,583</u>	<u>281,737</u>
Total current liabilities			
		<u>(125,072)</u>	<u>(140,665)</u>
Net current liabilities			
		<u>534,803</u>	<u>525,961</u>
Total assets less current liabilities			
Non-current liabilities			
Long-term debts		4,015	4,484
Lease liabilities		47,260	52,408
Deferred tax liabilities		27,494	27,945
Other non-current liabilities		6,107	4,697
		<u>84,876</u>	<u>89,534</u>
Total non-current liabilities			
		<u>390,459</u>	<u>371,271</u>
Total liabilities			
Equity			
Share capital		91,507	91,507
Reserves		354,061	340,582
		<u>445,568</u>	<u>432,089</u>
Total equity attributable to equity holders of the Company			
Non-controlling interests		<u>4,359</u>	<u>4,338</u>
		<u>449,927</u>	<u>436,427</u>
Total equity			
		<u>840,386</u>	<u>807,698</u>
Total liabilities and equity			

Notes:

1. 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 Appendix 16 to 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 8 August 2023, reflects the unaudited financial position of the Group as at 30 June 2023 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 2023.

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 International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”.

As at 30 June 2023, the total current liabilities of the Group had exceeded the total current assets by RMB125,072 million (31 December 2022: RMB140,665 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 RMB237,003 million (31 December 2022: RMB233,639 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 2023 has been prepared on a going concern basis.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

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

IFRS 17, amendments to IAS 1, IFRS Practice Statement 2, IAS 8 and IAS 12.

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

3. SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which revenues are earned and expenses are incurred, and is identified on the basis of the internal financial reports that are regularly reviewed by the chief operating decision maker (“CODM”) in order to allocate resources and assess performance of the segment. The CODM has been identified as the Executive Directors of the Company. For the 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.

4. OPERATING REVENUES

Disaggregation of revenues

	Notes	Six-month period ended 30 June	
		2023 RMB million	2022 RMB million
Type of goods or services			
Service revenues		235,977	221,384
Mobile communications service revenues	(i)	101,607	98,956
Wireline and Smart Family service revenues	(ii)	62,024	59,871
Industrial Digitalisation service revenues	(iii)	68,802	58,932
Other service revenues	(iv)	3,544	3,625
Sales of goods and others	(v)	24,687	20,935
Total operating revenues		<u>260,664</u>	<u>242,319</u>
Revenue from customer contracts		257,690	239,349
Revenue from other sources and others		<u>2,974</u>	<u>2,970</u>
Total operating revenues		<u>260,664</u>	<u>242,319</u>
Timing of revenue recognition			
A point in time		22,619	18,835
Over time		<u>238,045</u>	<u>223,484</u>
Total operating revenues		<u>260,664</u>	<u>242,319</u>

Notes:

- (i) Represent primarily the aggregate amount of mobile communications service fees, mobile Internet access service fees, caller ID 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 data centre 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.

5. NET FINANCE COSTS

	Six-month period ended 30 June	
	2023	2022
	<i>RMB million</i>	<i>RMB million</i>
Interest expense on lease liabilities	1,107	714
Interest expense on short-term and long-term debts	258	278
Less: Interest expense capitalised*	<u>(46)</u>	<u>(52)</u>
Net interest expense	1,319	940
Interest income	(1,039)	(805)
Net foreign exchange gain or loss and others	<u>203</u>	<u>(105)</u>
	<u>483</u>	<u>30</u>
* Interest expense was capitalised in construction in progress at the following rates per annum	<u>2.8%–3.6%</u>	<u>3.4%–3.7%</u>

6. INCOME TAX

Income tax in the profit or loss comprises:

	Six-month period ended 30 June	
	2023	2022
	<i>RMB million</i>	<i>RMB million</i>
Provision for PRC income tax	4,230	4,709
Provision for income tax in other tax jurisdictions	125	99
Deferred taxation	<u>1,651</u>	<u>764</u>
	<u>6,006</u>	<u>5,572</u>

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

		Six-month period ended 30 June	
		2023	2022
	<i>Notes</i>	RMB million	<i>RMB million</i>
Profit before taxation		<u>26,180</u>	<u>23,925</u>
Expected income tax expense at statutory tax rate of 25%	<i>(i)</i>	6,545	5,981
Impact of tax incentives and reduction including additional deduction for qualified research and development costs, etc.		(432)	(237)
Differential tax rate on mainland China subsidiaries' and branches' income	<i>(i)</i>	(416)	(316)
Differential tax rate on other subsidiaries' income	<i>(ii)</i>	(22)	(27)
Non-deductible expenses	<i>(iii)</i>	424	216
Non-taxable income	<i>(iv)</i>	(260)	(219)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised		353	255
Others	<i>(v)</i>	<u>(186)</u>	<u>(81)</u>
Income tax expense		<u>6,006</u>	<u>5,572</u>

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% to 35%.
- (iii) Amounts represent miscellaneous expenses in excess of statutory deductible limits for tax purposes.
- (iv) Amounts represent share of profits of associates and joint ventures and miscellaneous income which are not subject to income tax.
- (v) Amounts primarily represent settlement of tax filing differences of prior year annual tax return, etc.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six-month periods ended 30 June 2023 and 2022 is based on the profit attributable to equity holders of the Company of RMB20,153 million and RMB18,291 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.

8. DIVIDENDS

The Board of Directors has been authorised by 2022 Annual General Meeting to decide on the interim profit distribution plan. Pursuant to a resolution passed at the Board of Directors' meeting on 8 August 2023, the Board of Directors has resolved to declare an interim dividend of RMB0.1432 (equivalent to HK\$0.156524) per share (pre-tax), totalling approximately RMB13,104 million, for the six-month period ended 30 June 2023. The dividend has not been provided for in the condensed consolidated financial information for the six-month period ended 30 June 2023.

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

Pursuant to a resolution at the Board of Directors' meeting on 16 August 2022, an interim dividend of RMB0.120 (equivalent to HK\$0.139523) per share (pre-tax) totalling approximately RMB10,981 million in respect of the six-month period ended 30 June 2022 was declared. The dividend of RMB9,316 million for A shares was paid on 8 September 2022, and the dividend of RMB1,665 million for H shares was paid on 14 October 2022.

Pursuant to the shareholders' approval at the Annual General Meeting held on 19 May 2022, a final dividend of RMB0.170 (equivalent to HK\$0.197211) per share (pre-tax) totalling approximately RMB15,556 million in respect of the year ended 31 December 2021 was declared. The dividend of RMB13,197 million for A shares was paid on 8 June 2022, and the dividend of RMB2,359 million for H shares was paid on 18 July 2022.

9. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>RMB million</i>	<i>RMB million</i>
Third parties		51,944	27,714
China Telecom Group	<i>(i)</i>	2,289	2,073
China Tower	<i>(ii)</i>	15	23
Other telecommunications operators in the PRC		<u>1,169</u>	<u>619</u>
		55,417	30,429
Less: Allowance for credit losses		<u>(8,685)</u>	<u>(6,117)</u>
		<u><u>46,732</u></u>	<u><u>24,312</u></u>

Notes:

- (i) China Telecommunications Corporation together with its subsidiaries other than the Group are referred to as “China Telecom Group”.
- (ii) China Tower Corporation Limited, an associate of the Company, is referred to as “China Tower”.

Ageing analysis of accounts receivable from telephone and Internet subscribers based on the billing dates is as follows:

	30 June 2023	31 December 2022
	<i>RMB million</i>	<i>RMB million</i>
Current, within 1 month	9,340	6,405
1 to 3 months	3,185	2,040
4 to 6 months	1,394	807
7 to 12 months	1,173	1,234
Over 12 months	<u>1,927</u>	<u>1,317</u>
	17,019	11,803
Less: Allowance for credit losses	<u>(4,492)</u>	<u>(3,335)</u>
	<u><u>12,527</u></u>	<u><u>8,468</u></u>

Ageing analysis of accounts receivable from other telecommunications operators and enterprise customers based on dates of rendering of services is as follows:

	30 June 2023	31 December 2022
	<i>RMB million</i>	<i>RMB million</i>
1 to 6 months	29,228	11,817
7 to 12 months	3,742	3,537
1 to 2 years	2,960	1,709
2 to 3 years	1,041	677
Over 3 years	<u>1,427</u>	<u>886</u>
	38,398	18,626
Less: Allowance for credit losses	<u>(4,193)</u>	<u>(2,782)</u>
	<u>34,205</u>	<u>15,844</u>

10. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	30 June 2023	31 December 2022
	<i>RMB million</i>	<i>RMB million</i>
Third parties	112,690	98,076
China Telecom Group	27,171	23,971
China Tower	9,554	4,340
Other telecommunications operators in the PRC	<u>1,016</u>	<u>873</u>
	<u>150,431</u>	<u>127,260</u>

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

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

	30 June 2023	31 December 2022
	<i>RMB million</i>	<i>RMB million</i>
Due within 1 month or on demand	29,395	22,078
Due after 1 month but within 3 months	36,468	28,308
Due after 3 months but within 6 months	40,306	33,280
Due after 6 months	<u>44,262</u>	<u>43,594</u>
	<u>150,431</u>	<u>127,260</u>

11. EVENTS AFTER THE REPORTING PERIOD

The dividend of RMB1,055 million for H shares (Note 8) of the Company was paid on 21 July 2023.

The Board of Directors has been authorised by 2022 Annual General Meeting to decide on the interim profit distribution plan. Pursuant to a resolution passed at the Board of Directors' meeting on 8 August 2023, the Board of Directors has resolved to declare an interim dividend of RMB0.1432 (equivalent to HK\$0.156524) per share (pre-tax), totalling approximately RMB13,104 million, for the six-month period ended 30 June 2023. The dividend has not been provided for in the condensed consolidated financial information for the six-month period ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six-month period ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee has reviewed with management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters of the Group including the review of the Interim Report for the six-month period ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company attaches great importance to corporate governance. We continued to make efforts in improving the Company's internal control mechanisms, strengthening information disclosure and enhancing the Company's transparency, continuously developing corporate governance practices and protecting shareholders' interests to the maximum degree.

The roles of Chairman and Chief Executive Officer of the Company were performed by the same individual, for the six-month period ended 30 June 2023. In the Company's opinion, through supervision by the Board of Directors and Independent Non-Executive Directors, with effective control of the Company's internal check and balance mechanism, the same individual performing the roles of Chairman and Chief Executive Officer can enhance the Company's efficiency in decision-making and execution and effectively capture business opportunities. Many leading international corporations around the world also have similar arrangements.

Save as stated above, the Company has been in compliance with all the code provisions under the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six-month period ended 30 June 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules to govern securities transactions by Directors and Supervisors. Based on the written confirmations from the Directors and Supervisors, the Company's Directors and Supervisors have confirmed their compliance with the Model Code regarding the requirements in conducting securities transactions for the period from 1 January 2023 to 30 June 2023.

INTERIM DIVIDEND

Authorisation to the Board of the Company to decide on the interim profit distribution plan of the Company for year 2023 has been approved by the shareholders at the Annual General Meeting for the year 2022 held on 23 May 2023. After fully considering the returns to shareholders, the Company's profitability, cash flow level and capital needs for future development, the Board has resolved to distribute dividends in the aggregate amount of RMB13,104 million to all shareholders based on 65% of the profit attributable to equity holders of the Company in the amount of RMB20,153 million for the six months ended 30 June 2023. Based on the total share capital registered on the record date for the dividend distribution, and based on the Company's total share capital of 91,507,138,699 shares as at 30 June 2023, an interim dividend of RMB0.1432 per share (equivalent to HK\$0.156524) (pre-tax) will be declared and paid to all shareholders. In case of any change in the total number of issued share capital of the Company before the record date for the implementation of the dividend distribution, the total distribution amount will remain unchanged and the distribution amount per share will be adjusted accordingly with specific adjustments to be announced separately.

The interim dividend is expected to be paid on or before 28 September 2023 to those shareholders whose names appear on the H Share Register of Members of the Company on Wednesday, 30 August 2023. For the purpose of determining H Share shareholders' entitlement to the interim dividend, the H Share Register of Members will be closed from Friday, 25 August 2023 to Wednesday, 30 August 2023 (both days inclusive). In order to be entitled to the interim dividend, holders of H Shares who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Thursday, 24 August 2023. The Company will announce the specific arrangement for the payment of interim dividend to holders of A Shares separately on the Shanghai Stock Exchange.

Dividends will be denominated and declared in Renminbi. Dividends for holders of A Shares and the investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Southbound Trading Link") (the "Southbound Investors") will be paid in Renminbi, whereas dividends for H Share shareholders other than Southbound Investors will be paid in Hong Kong dollars. The relevant exchange rate will be the average median rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of declaration of dividends (i.e., 8 August 2023) (RMB0.914874 equivalent to HK\$1.00).

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, the “Implementation Rules of the Enterprise Income Tax Law of the People’s Republic of China” and the “Circular of the State Taxation Administration on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares” (Guo Shui Han [2008] No. 897), the Company shall be obliged to withhold and pay 10% enterprise income tax when it distributes the 2023 interim dividend to non-resident enterprise shareholders of overseas H Shares (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organisations) whose names appear on the Company’s H Share Register of Members on Wednesday, 30 August 2023.

Pursuant to the “Notice of the State Taxation Administration on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045” (Guo Shui Han [2011] No. 348), if the individual H Share shareholders who are Hong Kong or Macau residents and those whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the individual H Share shareholders. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of less than 10%, the Company will finally withhold and pay individual income tax at the rate of 10% on behalf of the individual H Share shareholders. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H Share shareholders whose country of domicile is a country which has entered into a tax treaty with PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Share shareholders. If those shareholders need to request a refund of tax overpaid from the PRC tax authorities on his own or through an agent or the Company in accordance with the relevant requirements of the “Announcement of the State Taxation Administration on Promulgating the Administrative Measures for Non-resident Taxpayers for Treatments under Tax Treaties” (Announcement [2019] No. 35 of the State Taxation Administration), they shall submit the “Information Report on Non-resident Taxpayers for Treatments under Tax Treaties” (Announcement [2019] No. 35 of the State Taxation Administration), and collect and file such information.

The Company will determine the country of domicile of the individual H Share shareholders based on the registered address as recorded in the H Share Register of Members of the Company on Wednesday, 30 August 2023 (the “Registered Address”). If the country of domicile of an individual H Share shareholder is not the same as the Registered Address or if the individual H Share shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the

individual H Share shareholder shall notify and provide relevant supporting documents to the Company on or before Thursday, 24 August 2023. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H Share shareholders may either personally attend or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

For Southbound Investors (including enterprises and individuals), the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the investors of the Southbound Trading Link, will receive all dividends distributed by the Company and will distribute the dividends to the relevant investors under the Southbound Trading Link through its depository and clearing system. According to the relevant provisions under the “Notice on Taxation Policies for Shanghai- Hong Kong Stock Connect Pilot Programme” (Cai Shui [2014] No. 81) and “Notice on Taxation Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme” (Cai Shui [2016] No. 127), the Company shall withhold and pay individual income tax at the rate of 20% with respect to dividends received by the Mainland individual investors for investing in the H Shares of the Company listed on the Stock Exchange through the Southbound Trading Link. In respect of the dividends received by Mainland securities investment funds investing in the H Shares of the Company listed on the Stock Exchange through the Southbound Trading Link, the tax levied shall be ascertained by reference to the rules applicable to individual investors. The Company is not required to withhold and pay income tax on dividends derived by the Mainland enterprise investors under the Southbound Trading Link, and such enterprises shall report the income and make tax payment by themselves. The record date for entitlement to the shareholders’ rights and the relevant arrangements of dividend distribution for the Southbound Investors are the same as those for the Company’s H Share shareholders.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Share shareholders or any disputes relating to the tax withholding and payment mechanism or arrangements.

For H Share shareholders other than the Southbound Investors, the Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the “Receiving Agent”) and will pay to such Receiving Agent the interim dividend declared for payment to H Share shareholders other than the Southbound Investors. The Receiving Agent will pay the interim dividend net of the applicable tax on 28 September 2023. The relevant dividend warrants will be despatched to H Share shareholders by ordinary post and the risk of errors involved

in the postage will be borne by the H Share shareholders. For the Southbound Investors, the interim dividend net of the applicable tax will be paid by the Company to the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited on 28 September 2023. The Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited will pay the interim dividend net of the applicable tax to the Southbound Investors.

INTERIM REPORT

The Interim Report for the six-month period ended 30 June 2023 prepared in accordance with the IFRSs will be despatched to holders of H shares of the Company and made available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.chinatelecom-h.com) in due course.

By Order of the Board
China Telecom Corporation Limited
Ke Ruiwen
Chairman and Chief Executive Officer

Beijing, China, 8 August 2023

FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this announcement in relation to development strategies, future operation plans, outlook, etc. do not constitute a commitment to investors by the Company. 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, the Company does not intend to update these forward-looking statements. Investors are advised to pay attention to the investment risks.

As at the date of this announcement, the Board of Directors of the Company consists of Mr. Ke Ruiwen (as the Chairman and Chief Executive Officer); Mr. Shao Guanglu (as the President and Chief Operating Officer); Mr. Liu Guiqing, Mr. Tang Ke, Mr. Xia Bing and Mr. Li Yinghui (as the Chief Financial Officer) (all as the Executive Vice Presidents); Mr. Li Jun; Mr. Chen Shengguang (as the Non-Executive Director); Mr. Ng, Kar Ling Johnny, Mr. Yeung Chi Wai, Jason, Mr. Chen Dongqi and Madam Lyu Wei (all as the Independent Non-Executive Directors).