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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)**

### **THE FIRST QUARTER REPORT OF 2026**

#### **The unaudited financial data of the Group for the first quarter of 2026**

- Operating revenues were RMB132.0 billion, of which service revenues were RMB122.7 billion
- EBITDA was RMB33.9 billion
- Profit attributable to equity holders of the Company was RMB7.4 billion

The board of directors (the “Board”) of China Telecom Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces the results of the Group for the three months ended 31 March 2026. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## KEY FINANCIAL DATA

Financial information set out in this announcement has been prepared in accordance with the IFRS Accounting Standards.

*Amounts expressed in RMB million unless otherwise specified*

<b>Item</b>	<b>For the three months ended 31 March 2026 (the “reporting period”)</b>	<b>The year-on-year increase/decrease in the reporting period (%)</b>
Operating revenues	<b>131,967</b>	(2.6)
Profit attributable to equity holders of the Company	<b>7,350</b>	(17.1)
Basic earnings per share (RMB per share)	<b>0.08</b>	(17.1)

  

	<b>As at the end of the reporting period</b>	<b>As at the end of last year</b>	<b>Increase/decrease as at the end of the reporting period as compared to the end of last year (%)</b>
Total assets	<b>879,079</b>	870,644	1.0
Equity attributable to equity holders of the Company	<b>468,328</b>	460,828	1.6

## BUSINESS DATA

	<b>As at 31 March 2026/ For the period from 1 January 2026 to 31 March 2026</b>	<b>As at 31 March 2025/ For the period from 1 January 2025 to 31 March 2025</b>
Mobile Subscribers (Million)	<b>440.55</b>	429.47
Net Increase of Mobile Subscribers (Million)	<b>1.90</b>	4.95
5G Network Subscribers (Million)	<b>314.13</b>	266.21
Net Increase of 5G Network Subscribers (Million)	<b>12.32</b>	15.48
Handset Data Traffic (kTB)	<b>27,339.6</b>	23,229.3
Wireline Broadband Subscribers (Million)	<b>201.56</b>	198.11
Net Increase of Wireline Broadband Subscribers (Million)	<b>0.44</b>	0.67

*Note:* Mobile subscribers and net increase of mobile subscribers include 5G network subscribers and net increase of 5G network subscribers.

In the first quarter of 2026, the Company fully implemented the “Cloudification, Digital Transformation and AI for Good” strategy, further accelerated its transformation into a service-oriented, technology-oriented and secured enterprise and made solid progress in cost reduction and efficiency improvement, effectively driving innovation-led and high-quality development.

In the first quarter of 2026, operating revenues were RMB132.0 billion, of which service revenues<sup>1</sup> were RMB122.7 billion. The profit attributable to equity holders of the Company was RMB7.4 billion. Basic earnings per share were RMB0.08. EBITDA<sup>2</sup> was RMB33.9 billion, and EBITDA margin<sup>3</sup> was 27.6%.

Upholding a demand-centric approach and seizing the new trend of “AI+consumption”, the Company accelerated the upgrade of integrating elements such as connectivity, terminals, applications and privileges and constantly enhanced the intelligent supply capability of products and services for individuals and households. The Company’s fundamental businesses achieved stable development. The number of 5G network subscribers reached 0.31 billion, while the penetration rate increased to 71.3%. Handset data traffic increased by 17.7% year-on-year, and handset DOU reached 23GB, representing an increase of 12.6% year-on-year. The penetration rate of Gigabit broadband subscribers amounted to approximately 34%.

The Company continuously deepened the intelligent cloud system integrating computing power, platform, data, model, and application. While comprehensively and deeply advancing the “AI+” initiative, it continued to deepen internal application and external empowerment and promote the quality and efficiency enhancement of enterprise operations, empowering the digital and intelligent transformation of the economy and society. Strategic emerging businesses of the Company continued to maintain sound growth momentum. Revenue from China Telecom Cloud increased by 6.8% year-on-year, and intelligent revenues increased by 39.4% year-on-year.

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

<sup>2</sup> EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

<sup>3</sup> EBITDA margin is calculated based on EBITDA divided by service revenues.

In the first quarter of 2026, operating expenses were RMB123.8 billion, representing a decrease of 0.7% year-on-year, of which depreciation and amortisation were RMB25.7 billion, representing a decrease of 1.0% year-on-year. Network operations and support expenses were RMB39.3 billion, representing a decrease of 1.5% year-on-year, mainly because the Company strengthened precise cost control and continuously increased resource utilisation efficiency through leveraging AI empowerment, while taking into account its business development. Personnel expenses were RMB28.7 billion, representing an increase of 1.6% year-on-year.

In the future, the Company will proactively seize the development trends of the new round of technological revolution and industrial transformation and fully implement its “Cloudification, Digital Transformation and AI for Good” strategy. Aiming to become a leading AI service provider and taking Token services as the main line of business, it will create high-quality digital and intelligent products and services and constantly enhance its core functions and core competitiveness, accelerating the building of a world-class enterprise and proactively bringing returns to shareholders.

## QUARTERLY FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 31 March 2026

(Amounts in million)

	<b>31 March 2026 RMB</b>	31 December 2025 RMB
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, net	<b>401,821</b>	416,183
Construction in progress	<b>63,597</b>	56,481
Right-of-use assets	<b>55,068</b>	58,103
Goodwill	<b>30,913</b>	30,914
Intangible assets	<b>27,086</b>	28,439
Interests in associates and joint ventures	<b>46,217</b>	45,280
Financial assets at fair value through profit or loss	<b>998</b>	923
Financial assets at fair value through other comprehensive income	<b>1,856</b>	1,878
Deferred tax assets	<b>1,014</b>	1,002
Other assets	<b>27,311</b>	25,306
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<b>Total non-current assets</b>	<b>655,881</b>	664,509
<b>Current assets</b>		
Inventories	<b>3,747</b>	3,431
Income tax recoverable	<b>158</b>	74
Accounts receivable, net	<b>69,708</b>	53,146
Contract assets	<b>4,411</b>	4,123
Prepayments and other current assets	<b>32,626</b>	33,845
Financial assets at fair value through profit or loss	<b>27,269</b>	11,709
Short-term bank deposits and restricted cash	<b>39,616</b>	38,413
Cash and cash equivalents	<b>45,663</b>	61,394
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<b>Total current assets</b>	<b>223,198</b>	206,135
	<hr/>	<hr/>
<b>Total assets</b>	<b>879,079</b>	870,644

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (UNAUDITED) (Continued)**

at 31 March 2026

(Amounts in million)

	<b>31 March</b>	31 December
	<b>2026</b>	2025
	<b>RMB</b>	<b>RMB</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short-term debts	2,253	2,448
Current portion of long-term debts	1,500	1,466
Accounts payable	154,504	149,704
Accrued expenses and other payables	91,543	87,180
Contract liabilities	62,790	67,113
Income tax payable	975	1,563
Current portion of lease liabilities	15,429	14,239
	<u>328,994</u>	<u>323,713</u>
<b>Total current liabilities</b>	<b>328,994</b>	<b>323,713</b>
	<u>(105,796)</u>	<u>(117,578)</u>
<b>Net current liabilities</b>	<b>(105,796)</b>	<b>(117,578)</b>
	<u>550,085</u>	<u>546,931</u>
<b>Total assets less current liabilities</b>	<b>550,085</b>	<b>546,931</b>
<b>Non-current liabilities</b>		
Long-term debts	5,597	6,109
Lease liabilities	20,776	25,051
Deferred tax liabilities	39,839	39,294
Other non-current liabilities	7,997	8,217
	<u>74,209</u>	<u>78,671</u>
<b>Total non-current liabilities</b>	<b>74,209</b>	<b>78,671</b>
	<u>403,203</u>	<u>402,384</u>
<b>Total liabilities</b>	<b>403,203</b>	<b>402,384</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION (UNAUDITED) (Continued)**

*at 31 March 2026*

*(Amounts in million)*

	<b>31 March</b>	31 December
	<b>2026</b>	2025
	<b>RMB</b>	<b>RMB</b>
<b>Equity</b>		
Share capital	<b>91,507</b>	91,507
Reserves	<b>376,821</b>	369,321
	<hr/>	<hr/>
<b>Total equity attributable to equity holders of the Company</b>	<b>468,328</b>	460,828
<b>Non-controlling interests</b>	<b>7,548</b>	7,432
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<b>Total equity</b>	<b>475,876</b>	468,260
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<b>Total liabilities and equity</b>	<b>879,079</b>	870,644
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)**

*for the three-month period ended 31 March 2026*

*(Amounts in million)*

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2026</b>	2025
	<i>RMB</i>	<i>RMB</i>
<b>Operating revenues</b>	<b>131,967</b>	135,498
<b>Operating expenses</b>		
Depreciation and amortisation	<b>(25,724)</b>	(25,987)
Network operations and support	<b>(39,318)</b>	(39,901)
Selling, general and administrative	<b>(17,121)</b>	(16,764)
Personnel expenses	<b>(28,655)</b>	(28,203)
Other operating expenses	<b>(12,998)</b>	(13,895)
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<b>Total operating expenses</b>	<b>(123,816)</b>	(124,750)
	<hr/>	<hr/>
<b>Operating profit</b>	<b>8,151</b>	10,748
Net finance costs	<b>(17)</b>	(85)
Investment income and others	<b>199</b>	7
Share of profits of associates and joint ventures	<b>991</b>	648
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<b>Profit before taxation</b>	<b>9,324</b>	11,318
Income tax	<b>(2,051)</b>	(2,490)
	<hr/>	<hr/>
<b>Profit for the period</b>	<b>7,273</b>	8,828
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED) (Continued)**

*for the three-month period ended 31 March 2026*

*(Amounts in million)*

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2026</b>	2025
	<b>RMB</b>	<b>RMB</b>
<b>Other comprehensive income for the period</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in equity instruments at fair value through other comprehensive income	(72)	46
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income	17	(11)
	<u>(55)</u>	<u>35</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of financial statements of subsidiaries outside mainland China	(228)	20
	<u>(228)</u>	<u>20</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>(283)</u>	<u>55</u>
<b>Total comprehensive income for the period</b>	<u><u>6,990</u></u>	<u><u>8,883</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED) (Continued)**

*for the three-month period ended 31 March 2026*

*(Amounts in million except for per share data)*

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2026</b>	2025
	<b>RMB</b>	<b>RMB</b>
<b>Profit attributable to</b>		
Equity holders of the Company	<b>7,350</b>	8,864
Non-controlling interests	<u>(77)</u>	<u>(36)</u>
<b>Profit for the period</b>	<u><b>7,273</b></u>	<u>8,828</u>
<b>Total comprehensive income attributable to</b>		
Equity holders of the Company	<b>7,067</b>	8,919
Non-controlling interests	<u>(77)</u>	<u>(36)</u>
<b>Total comprehensive income for the period</b>	<u><b>6,990</b></u>	<u>8,883</u>
<b>Basic earnings per share (RMB)</b>	<u><b>0.08</b></u>	<u>0.10</u>
<b>Diluted earnings per share (RMB)</b>	<u><b>0.08</b></u>	<u>0.10</u>
<b>Number of shares (in million)</b>	<u><b>91,507</b></u>	<u>91,507</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the three-month period ended 31 March 2026

(Amounts in million)

		Three-month period ended	
		31 March	
	Note	2026	2025
		RMB	RMB
<b>Net cash from operating activities</b>	(a)	<u>23,057</u>	<u>10,327</u>
<b>Cash flows used in investing activities</b>			
Capital expenditure		(14,690)	(13,710)
Purchase of investments		(42,846)	(55)
Payments for right-of-use assets		(3)	(20)
Proceeds from disposal of property, plant and equipment		419	275
Proceeds from disposal of right-of-use assets		114	24
Proceeds from disposal of investments		27,358	6
Placement of bank deposits		(7,002)	(18,176)
Maturity of bank deposits		5,387	831
Short-term loans granted to China Telecom Group by Finance Company		–	(8)
China Telecom Group's repayments of short-term loans granted by Finance Company		39	28
<b>Net cash used in investing activities</b>		<u>(31,224)</u>	<u>(30,805)</u>
<b>Cash flows used in financing activities</b>			
Repayments of principal of lease liabilities		(1,650)	(2,615)
Proceeds from bank and other loans		220	616
Repayments of bank and other loans		(2,434)	(1,712)
Contribution from non-controlling interests		627	–
Net deposits by China Telecom Group to Finance Company		(4,566)	(5,339)
Decrease in statutory deposit reserves placed by Finance Company		279	129
<b>Net cash used in financing activities</b>		<u>(7,524)</u>	<u>(8,921)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(15,691)</b>	<b>(29,399)</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>61,394</b>	<b>82,207</b>
<b>Effect of changes in foreign exchange rate</b>		<b>(40)</b>	<b>3</b>
<b>Cash and cash equivalents as at 31 March</b>		<u><b>45,663</b></u>	<u><b>52,811</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED) (Continued)**

for the three-month period ended 31 March 2026

(Amounts in million)

**(a) Reconciliation of profit before taxation to net cash from operating activities**

	<b>Three-month period ended</b>	
	<b>31 March</b>	
	<b>2026</b>	2025
	<b>RMB</b>	<b>RMB</b>
<b>Profit before taxation</b>	<b>9,324</b>	11,318
Adjustment for:		
Depreciation and amortisation	<b>25,724</b>	25,987
Impairment losses for financial assets and contract assets, net of reversal	<b>3,795</b>	2,746
Write-down of inventories, net of reversal	<b>(18)</b>	11
Investment income and others	<b>(199)</b>	(18)
Share of profits of associates and joint ventures	<b>(991)</b>	(648)
Interest income	<b>(417)</b>	(490)
Net interest expense	<b>441</b>	543
Net foreign exchange gain or loss and others	<b>(7)</b>	32
Net loss on retirement and disposal of long-lived assets and others	<b>382</b>	1,146
	<b>38,034</b>	40,627
Increase in accounts receivable	<b>(19,953)</b>	(21,787)
Increase in contract assets	<b>(346)</b>	(480)
Increase in inventories	<b>(296)</b>	(546)
Decrease in prepayments and other current assets	<b>158</b>	368
Decrease in restricted cash	<b>165</b>	99
(Increase)/Decrease in other assets	<b>(858)</b>	172
Increase/(Decrease) in accounts payable	<b>2,852</b>	(8,790)
Increase in accrued expenses and other payables	<b>9,818</b>	6,743
Decrease in contract liabilities	<b>(4,299)</b>	(4,229)
<b>Cash generated from operations</b>	<b>25,275</b>	12,177
Interest received	<b>113</b>	377
Interest paid	<b>(408)</b>	(516)
Investment income received	<b>249</b>	17
Income tax paid	<b>(2,172)</b>	(1,728)
<b>Net cash from operating activities</b>	<b>23,057</b>	10,327

The Board wishes to remind investors that the above financial and business data are based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such data.

**In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.**

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

Beijing, China, 23 April 2026

### ***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. Liu Guiqing (as the President and Chief Operating Officer); Mr. Tang Ke and Mr. Li Yinghui (as the Chief Financial Officer) (both as the Executive Vice Presidents); Mr. Lyu Yongzhong (as the Non-Executive Director); Mr. Ng Kar Ling Johnny, Mr. Chen Dongqi, Madam Lyu Wei and Mr. Lee Sunny Wai Kwong (all as the Independent Non-Executive Directors); Madam Guan Lixin (as the Employee Director).