

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 THIRD QUARTER REPORT OF 2023

The unaudited financial data of the Group for the first three quarters of 2023

- Operating revenues were RMB384,254 million, representing an increase of 6.4% over the same period of last year; of which service revenues were RMB349,743 million, representing an increase of 6.4% over the same period of last year
- EBITDA was RMB105,648 million, representing an increase of 5.2% over the same period of last year
- Profit attributable to equity holders of the Company was RMB27,101 million, representing an increase of 10.4% over the same period of last year

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 nine months ended 30 September 2023. 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 International Financial Reporting Standards (“IFRSs”).

Amounts expressed in RMB million unless otherwise specified

Item	For the nine months ended 30 September 2023 (the “reporting period”)	The year-on-year increase/decrease in the reporting period (%)	
Operating revenues	384,254	6.4	
Profit attributable to equity holders of the Company	27,101	10.4	
Basic earnings per share (RMB per share)	0.30	10.4	
		Increase/ decrease as at the end of the reporting period as compared to the end of last year (%)	
	As at the end of the reporting period	As at the end of last year	
Total assets	835,598	807,698	3.5
Equity attributable to equity holders of the Company	439,288	432,089	1.7

BUSINESS DATA

	As at 30 September 2023/ For the period from 1 January 2023 to 30 September 2023	As at 30 September 2022/ For the period from 1 January 2022 to 30 September 2022
Mobile Subscribers (Million)	405.81	389.89
Net Increase of Mobile Subscribers (Million)	14.63	17.46
5G Package Subscribers (Million)	307.61	251.04
Net Increase of 5G Package Subscribers (Million)	39.65	63.24
Handset Data Traffic (kTB)	52,190.2	44,064.5
Wireline Broadband Subscribers (Million)	189.26	178.68
Net Increase of Wireline Broadband Subscribers (Million)	8.36	8.97
Access Lines in Service (Million)	102.13	105.50
Net Increase/(Decrease) of Access Lines in Service (Million)	(2.82)	(1.14)

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

In the first three quarters of 2023, the Company resolutely fulfilled its responsibilities in building Cyberpower and Digital China as well as safeguarding network and information security, and continued to optimise the deployment in strategic emerging industries. Moreover, it accelerated the progress of self-reliance and self-improvement of high-level technologies, and deepened system and mechanism reforms on all fronts, solidly advancing corporate sustainable high-quality development.

In the first three quarters of 2023, operating revenues were RMB384,254 million, representing an increase of 6.4% over the same period of last year, of which service revenues¹ were RMB349,743 million, representing an increase of 6.4% over the same period of last year. The profit attributable to equity holders of the Company was RMB27,101 million, representing an increase of 10.4% over the same period of last year. Basic earnings per share were RMB0.30. EBITDA² was RMB105,648 million, representing an increase of 5.2% over the same period of last year. EBITDA margin³ was 30.2%.

In terms of mobile communications services, the Company continuously optimised its 5G network coverage. Focusing on demands for personal digital applications, it expedited AI intelligent upgrades of 5G applications, thus realising solid growth in subscriber scale and value. In the first three quarters of 2023, revenues from mobile communications services amounted to RMB151,916 million, representing an increase of 2.4% over the same period of last year. The total number of mobile subscribers reached approximately 406 million with a net addition of 14.63 million. The number of 5G package subscribers reached approximately 308 million with a net addition of 39.65 million, while the penetration rate reached 75.8%. The mobile ARPU⁴ amounted to RMB45.6, representing an increase of 0.2% over the same period of last year.

In terms of wireline and Smart Family services, insisting on the leading role of triple-Gigabit comprising “5G + Gigabit broadband + Gigabit WiFi”, the Company 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, along with reliance on high-speed connectivity and integrated applications under a number of scenes, empowering high-quality digital life. In the first three quarters of 2023, revenues from wireline and Smart Family services reached RMB92,905 million, representing an increase of 3.9% over the same period of last year. The number of wireline broadband subscribers

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

² EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

³ EBITDA margin = EBITDA/service revenues.

⁴ Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers.

reached 189 million. Revenue from Smart Family maintained rapid growth, driving the broadband blended ARPU⁵ to reach RMB47.8. The value contribution from Smart Family continued to improve.

In terms of Industrial Digitalisation, while focusing on customer demands and use cases, the Company proactively deployed strategic emerging industries. Driven by cloud-, AI-, security-and platform-integrated initiatives, and capitalising on 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. In the first three quarters of 2023, the Company’s Industrial Digitalisation service revenues reached RMB99,741 million, representing a year-on-year increase of 16.5%.

In the first three quarters of 2023, the Company’s operating expenses were RMB350,417 million, representing an increase of 6.0% over the same period of last year, which was lower than the increase in revenues. The Company continued to enhance network quality and capabilities to support the rapid development of Industrial Digitalisation and Smart Family services and appropriately increased investment in capabilities. Meanwhile, the Company leveraged digital means such as AI to strengthen refined cost management and enhance resource utilisation efficiency. In the first three quarters of 2023, network operations and support expenses were RMB114,420 million, representing an increase of 7.5% over the same period of last year. The Company accelerated the construction of a new digital marketing service channel system, enhancing the efficiency of selling expenses. In the first three quarters of 2023, selling, general and administrative expenses were RMB48,826 million, representing an increase of 2.9% over the same period of last year. The Company strengthened the recruitment of high-tech talents and increased incentives for frontline employees and high-performance teams. In the first three quarters of 2023, personnel expenses were RMB73,760 million, representing an increase of 9.9% over the same period of last year.

In the future, the Company will focus on the overall strategy of Digital China, seize opportunities arising from the development of the digital economy, and firmly, fully and deeply implement its Cloudification and Digital Transformation strategy. Moreover, the Company will continue to promote the building of a service-oriented, technology-oriented and secured enterprise, and persistently enhance its corporate core competitiveness and core functions, thereby accelerating the building of a world-class enterprise.

⁵ Broadband blended ARPU = monthly average revenues from broadband access, e-Surfing HD and Smart Family applications and services/the average number of broadband subscribers.

QUARTERLY FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 30 September 2023

(Amounts in million)

	30 September 2023 RMB	31 December 2022 RMB
ASSETS		
Non-current assets		
Property, plant and equipment, net	397,614	413,963
Construction in progress	74,199	58,443
Right-of-use assets	77,250	87,055
Goodwill	29,924	29,922
Intangible assets	19,330	20,780
Interests in associates and joint ventures	42,562	42,220
Financial assets at fair value through profit or loss	430	402
Equity instruments at fair value through other comprehensive income	925	885
Deferred tax assets	1,428	3,821
Other assets	9,019	9,135
Total non-current assets	652,681	666,626
Current assets		
Inventories	5,015	3,513
Income tax recoverable	45	154
Accounts receivable, net	52,254	24,312
Contract assets	3,866	3,042
Prepayments and other current assets	34,287	33,751
Short-term bank deposits and restricted cash	5,005	3,835
Cash and cash equivalents	82,445	72,465
Total current assets	182,917	141,072
Total assets	835,598	807,698

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

at 30 September 2023

(Amounts in million)

	30 September 2023 RMB	31 December 2022 RMB
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debts	2,865	2,840
Current portion of long-term debts	1,123	3,160
Accounts payable	150,439	127,260
Accrued expenses and other payables	77,227	65,229
Contract liabilities	61,663	67,841
Income tax payable	4,561	919
Current portion of lease liabilities	<u>13,389</u>	<u>14,488</u>
Total current liabilities	<u>311,267</u>	<u>281,737</u>
Net current liabilities	<u>(128,350)</u>	<u>(140,665)</u>
Total assets less current liabilities	<u>524,331</u>	<u>525,961</u>
Non-current liabilities		
Long-term debts	3,599	4,484
Lease liabilities	44,270	52,408
Deferred tax liabilities	26,516	27,945
Other non-current liabilities	<u>6,280</u>	<u>4,697</u>
Total non-current liabilities	<u>80,665</u>	<u>89,534</u>
Total liabilities	<u><u>391,932</u></u>	<u><u>371,271</u></u>
Equity		
Share capital	91,507	91,507
Reserves	<u>347,781</u>	<u>340,582</u>
Total equity attributable to equity holders of the Company	439,288	432,089
Non-controlling interests	<u>4,378</u>	<u>4,338</u>
Total equity	<u>443,666</u>	<u>436,427</u>
Total liabilities and equity	<u><u>835,598</u></u>	<u><u>807,698</u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the nine-month period ended 30 September 2023

(Amounts in million)

	Nine-month period ended	
	30 September	
	2023	2022
	RMB	RMB
Operating revenues	384,254	360,982
Operating expenses		
Depreciation and amortisation	(71,811)	(70,141)
Network operations and support	(114,420)	(106,398)
Selling, general and administrative	(48,826)	(47,435)
Personnel expenses	(73,760)	(67,125)
Other operating expenses	<u>(41,600)</u>	<u>(39,566)</u>
Total operating expenses	<u>(350,417)</u>	<u>(330,665)</u>
Operating profit	33,837	30,317
Net finance costs	(590)	(27)
Investment income and others	225	141
Share of profits of associates and joint ventures	<u>1,542</u>	<u>1,400</u>
Profit before taxation	35,014	31,831
Income tax	<u>(7,871)</u>	<u>(7,194)</u>
Profit for the period	<u>27,143</u>	<u>24,637</u>
Other comprehensive income for the period		
<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	10	(284)
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income	<u>(5)</u>	<u>68</u>
	<u>5</u>	<u>(216)</u>

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

for the nine-month period ended 30 September 2023

(Amounts in million except for per share data)

	Nine-month period ended	
	30 September	
	2023	2022
	RMB	RMB
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of financial statements of subsidiaries outside mainland China	137	587
Share of other comprehensive income of associates and joint ventures	<u>2</u>	<u>–</u>
	139	587
Other comprehensive income for the period, net of tax	<u>144</u>	<u>371</u>
Total comprehensive income for the period	<u>27,287</u>	<u>25,008</u>
Profit attributable to		
Equity holders of the Company	27,101	24,543
Non-controlling interests	<u>42</u>	<u>94</u>
Profit for the period	<u>27,143</u>	<u>24,637</u>
Total comprehensive income attributable to		
Equity holders of the Company	27,245	24,914
Non-controlling interests	<u>42</u>	<u>94</u>
Total comprehensive income for the period	<u>27,287</u>	<u>25,008</u>
Basic earnings per share (RMB)	<u>0.30</u>	<u>0.27</u>
Diluted earnings per share (RMB)	<u>0.30</u>	<u>0.27</u>
Number of shares (in million)	<u>91,507</u>	<u>91,507</u>

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

for the nine-month period ended 30 September 2023

(Amounts in million)

	<i>Note</i>	Nine-month period ended 30 September	
		2023	2022
		RMB	RMB
Net cash from operating activities	<i>(a)</i>	<u>112,330</u>	<u>116,018</u>
Cash flows used in investing activities			
Capital expenditure		(60,564)	(60,251)
Purchase of investments		(24)	(155)
Payments for right-of-use assets		(156)	(141)
Proceeds from disposal of property, plant and equipment		573	203
Proceeds from disposal of right-of-use assets		15	15
Proceeds from disposal of investments		70	136
Payments for equity instruments at fair value through other comprehensive income		(30)	–
Purchase of short-term bank deposits		(6,304)	(1,933)
Maturity of short-term bank deposits		4,837	174
Short-term loans granted to China Telecom Group by Finance Company		(6,100)	(6,105)
China Telecom Group's repayments of short-term loans granted by Finance Company		<u>6,071</u>	<u>–</u>
Net cash used in investing activities		<u>(61,612)</u>	<u>(68,057)</u>
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(9,030)	(8,604)
Proceeds from bank and other loans		2,900	2,401
Repayments of bank and other loans		(7,293)	(8,446)
Payments of dividends		(20,058)	(24,871)
Distribution to non-controlling interests		(1)	(5)
Net deposits with Finance Company		(7,522)	(2,471)
Decrease/(Increase) in statutory deposit reserves placed by Finance Company		<u>213</u>	<u>(318)</u>
Net cash used in financing activities		<u>(40,791)</u>	<u>(42,314)</u>
Net increase in cash and cash equivalents		9,927	5,647
Cash and cash equivalents as at			
1 January		72,465	73,281
Effect of changes in foreign exchange rate		<u>53</u>	<u>484</u>
Cash and cash equivalents as at 30 September		<u><u>82,445</u></u>	<u><u>79,412</u></u>

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

for the nine-month period ended 30 September 2023

(Amounts in million)

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

	Nine-month period ended	
	30 September	
	2023	2022
	RMB	RMB
Profit before taxation	35,014	31,831
Adjustment for:		
Depreciation and amortisation	71,811	70,141
Impairment losses for financial assets and contract assets, net of reversal	4,254	3,086
Write-down of inventories, net of reversal	24	(7)
Investment income and others	(227)	(141)
Share of profits of associates and joint ventures	(1,542)	(1,400)
Interest income	(1,568)	(1,215)
Net interest expense	1,905	1,394
Net foreign exchange gain or loss and others	253	(152)
Net loss on retirement and disposal of long-lived assets and others	2,260	3,321
	112,184	106,858
Increase in accounts receivable	(32,166)	(19,654)
Increase in contract assets	(930)	(1,401)
Increase in inventories	(1,525)	(961)
Increase in prepayments and other current assets	(265)	(1,193)
Decrease/(Increase) in restricted cash	92	(9)
Increase in other assets	(251)	(460)
Increase in accounts payable	23,482	21,702
Increase in accrued expenses and other payables	20,171	20,192
Decrease in contract liabilities	(6,195)	(6,958)
Cash generated from operations	114,597	118,116
Interest received	1,557	1,195
Interest paid	(2,028)	(1,541)
Investment income received	1,367	1,067
Income tax paid	(3,163)	(2,819)
Net cash from operating activities	112,330	116,018

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, 20 October 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).