

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

**Fully and deeply implemented Cloudification and Digital Transformation  
With steady growth in operating results  
China Telecom Cloud maintained rapid growth  
AI continued to strengthen in capability of intelligence empowerment**

**FINANCIAL HIGHLIGHTS<sup>1</sup>**

<i>(RMB Million)</i>	2022 First Half	2023 First Half	Rates of change
Operating Revenues	242,319	260,664	7.6%
Service Revenues <sup>2</sup>	221,384	235,977	6.6%
of which: Mobile communications service revenues	98,956	101,607	2.7%
Wireline and Smart Family service revenues	59,871	62,024	3.6%
Industrial Digitalisation service revenues	58,932	68,802	16.7%
EBITDA <sup>3</sup>	69,848	73,346	5.0%
Net Profit <sup>4</sup>	18,291	20,153	10.2%
EPS (RMB)	0.20	0.22	10.2%
Interim dividend per share (RMB)	0.12	0.14	19.3%

**BUSINESS HIGHLIGHTS**

<i>(Million)</i>	2022.12	2023.06	Net addition
Mobile Subscribers	391.18	401.91	10.73
of which: 5G Package Subscribers	267.96	294.86	26.90
Wireline Broadband Subscribers	180.90	186.26	5.36
IPTV Subscribers	125.71	127.42	1.71

<sup>1</sup> All figures are based on International Financial Reporting Standards.

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

<sup>3</sup> EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation.

<sup>4</sup> Net profit represents profit attributable to equity holders of the Company.

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

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.

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 revenues amounted to RMB236.0 billion, representing an increase of 6.6% year-on-year, remaining above the industry’s growth rate<sup>5</sup>. 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, while the basic earnings per share were RMB0.22. Capital expenditure was RMB41.6 billion, while free cash flow<sup>6</sup> 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 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.

<sup>5</sup> According to the performance of the communications industry economy in the first half of 2023 released by MIIT.

<sup>6</sup> 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.

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. 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 5G package subscribers reached 73.4%, with mobile ARPU<sup>7</sup> 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 ARPU<sup>8</sup> 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. 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%.

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 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.

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

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

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. 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 cloud<sup>9</sup>.

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. 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.

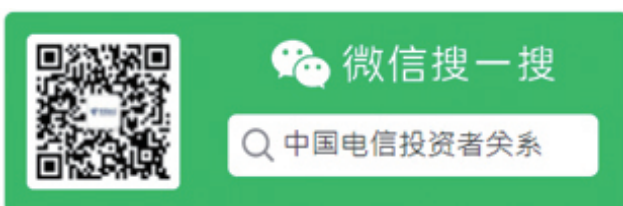
The Company strengthened network co-building and co-sharing with China Unicom to continuously enhance the depth and breadth of its 5G coverage, while accelerated the consolidation of one single 4G mid-band network to jointly create 4G/5G networks with leading user experience, efficiency and technologies. 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.

<sup>9</sup> Source of market share data of China Telecom Cloud: IDC

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.

Chairman Ke pointed out that, 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.

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



## **FORWARD-LOOKING STATEMENTS**

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

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