



China Telecom Corporation Limited

HKEx Stock Code: 728

An abstract graphic composed of interconnected blue lines and semi-transparent blue and green triangles, creating a network-like structure that spans the right side and bottom of the page.

TRANSFOAM 雲習拓新 科創未來

Interim Report 2024

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IMPORTANT NOTICE

1. The unaudited condensed consolidated interim financial information for the six-month period ended 30 June 2024 of the Company is prepared in accordance with the International Accounting Standard 34. The condensed consolidated interim financial information in this report is unaudited.
2. The profit distribution proposal or proposal for conversion of capital reserve into share capital for the Reporting Period approved by the Board

After fully considering the returns to shareholders, the Company's profitability, cash flow level and capital needs for future development, the thirteenth meeting of the eighth session of the Board of the Company decided to distribute the interim dividend for 2024 to all shareholders in the aggregate amount of RMB15.29 billion, representing over 70% of the profit attributable to equity holders of the Company in the amount of RMB21.81 billion. 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 2024, a dividend of RMB0.1671 per share (equivalent to HK\$0.182289) (pre-tax) was declared and will be 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.

The Board has been authorised by shareholders at the annual general meeting for the year 2023 to decide on the profit distribution proposal and the resolution for the proposed interim dividend was considered and approved at the thirteenth meeting of the eighth session of the Board of the Company on 20 August 2024.

3. Risk Statement of Forward-Looking Statements

Forward-looking statements, such as development strategies, future business plans and prospects, contained in the 2024 interim report of the Company do not constitute a commitment of the Company to investors. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may cause the Company's actual performance, financial condition or results of operations to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, the Company will not update these forward-looking statements. Investors should be aware of the investment risks.

4. Significant Risk Warning

The Company has described in detail the economic and policy environment adaptation risks, sci-tech and innovation risks, network and data security risks, risks relating to emerging businesses in strategic emerging industries and future industries and international business operational risks in this report. Please refer to "Management's Discussion and Analysis" in this report.

SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms and expressions have the following meanings:

4G	4th generation mobile communication technology
5G	5th generation mobile communication technology
5G-A	5G-Advanced, i.e., evolved technology of 5th generation mobile communication
AIDC	Artificial Intelligence Datacentre
ARPU	Monthly average revenue per user
Artificial Intelligence/AI	Technology science that researches and develops theories, methodologies, technologies and application systems for simulating, extending and expanding human intelligence
A Share(s)	Shares of the Company issued in mainland China, listed on domestic stock exchanges and subscribed and traded in RMB
Big Data	Massive, real-time and diversified data information that can be recorded, collected, developed and utilised, and big data-based mining and processing technology
Board/Board of Directors	The board of directors of the Company
CHBG	Customer, Home, Business, Government
China Telecom/the Company	China Telecom Corporation Limited (中國電信股份有限公司), a joint stock limited company incorporated in the People's Republic of China with limited liability, or where the context so requires, refers to China Telecom Corporation Limited and its subsidiaries
China Telecom Digital Intelligence Technology	China Telecom Digital Intelligence Technology Co., Ltd. (中電信數智科技有限公司)
China Telecom Finance	China Telecom Group Finance Co., Ltd. (中國電信集團財務有限公司)
China Telecom Global	China Telecom Global Limited (中國電信國際有限公司)
China Telecommunications	China Telecommunications Corporation (中國電信集團有限公司), formerly known as China Telecommunications Corporation (中國電信集團公司), the controlling shareholder of the Company
China Tower	China Tower Corporation Limited (中國鐵塔股份有限公司)
Cloud/Cloud Computing	An Internet technology that provides flexible and on-demand services to external users through the Internet with pooled cluster computing capabilities
Computing Power	The ability of computer equipment or computing/data centres for processing information, i.e., the ability of computer hardware and software to cooperate to perform certain computing needs
EFLOPS	FLOPS, Floating-Point Operations Per Second, which is commonly used to estimate computer performance; "E" stands for "Exa" and means 10 ¹⁸ ; therefore EFLOPS implies 10 ¹⁸ times of floating-point operations per second

SECTION I DEFINITIONS

FTTR	Fiber to The Room
The Group	The Company and its subsidiaries
Guangdong Rising	Guangdong Rising Holdings Group Co., Ltd. (廣東省廣晟控股集團有限公司), formerly known as Guangdong Rising Assets Management Co., Ltd. (廣東省廣晟資產經營有限公司)
H Share(s)	Shares of the Company that are registered in mainland China, issued outside mainland China, listed on the Stock Exchange and subscribed and traded in Hong Kong dollars
IFRS Accounting Standards	IFRS Accounting Standards, amendments and interpretations issued from time to time by the International Accounting Standards Board
Internet of Things/IoT	Various sensory devices that are based on computer and communication technology, using cellular mobile network, wired network, wireless network, etc. to complete the transmission, coordination and processing of information, so as to realise the network of communication between objects and things, and communication between objects and people
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MIIT	Ministry of Industry and Information Technology
NICES	The 5-in-1 integrated solution which covers Network capabilities, Intelligence capabilities, Cloud computing capabilities, Elements capabilities and Service capabilities
PON	Passive Optical Network
QKD	Quantum Key Distribution, which refers to the remote key distribution leveraging the physical properties of quantum such as indivisibility, non-replication, and uncertainty
Quantum-encrypted Calls and Messages	The communication technology that is closely integrated with quantum information technology to achieve end-to-end voice calls and other encryption protection, and provide users with stable and reliable quantum protection secure communication services
Redcap	Lightweight 5G cellular IoT technology
RDO	Fundamental research (R), applied technological research and development (D) and operational development (O)
Reporting Period	Period from 1 January 2024 to 30 June 2024
SSE	Shanghai Stock Exchange
Stock Exchange/Hong Kong Stock Exchange/HKSE	The Stock Exchange of Hong Kong Limited

SECTION II COMPANY PROFILE

1. CORPORATE INFORMATION

Company name in Chinese	中國電信股份有限公司
Short name in Chinese	中國電信
Company name in English	China Telecom Corporation Limited
Short name in English	China Telecom
Legal representative of the Company	Ke Ruiwen

2. CONTACT PERSONS AND CONTACT INFORMATION

	Secretary of the Board	Securities Affairs Representative	Company Secretary
Name	Li Yinghui	Xu Fei	Wong Yuk Har
Address	31 Jinrong Street, Xicheng District, Beijing, China	31 Jinrong Street, Xicheng District, Beijing, China	28th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong
Telephone	8610-58501508	8610-58501508	852-28779777
Fax	8610-58501531	8610-58501531	852-28770988
E-mail	ir@chinatelecom-h.com	ir@chinatelecom-h.com	ir@chinatelecom-h.com

3. GENERAL INFORMATION

Registered address and office address of the Company	31 Jinrong Street, Xicheng District, Beijing, China
Postal code of the office address of the Company	100033
Principal place of business in Hong Kong	28th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong
Company website	www.chinatelecom-h.com
E-mail	ir@chinatelecom-h.com

4. STOCK INFORMATION

Class of shares	Stock exchange for listing	Stock short name	Stock code
A Shares	Shanghai Stock Exchange	China Telecom	601728
H Shares	Hong Kong Stock Exchange	China Telecom	00728

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

1. DESCRIPTION OF THE COMPANY'S INDUSTRY AND MAIN BUSINESS DURING THE REPORTING PERIOD

According to the "Report of the Performance of the Communications Industry Economy in the First Half of 2024" released by the MIIT, in the first half of 2024, the overall operation of the communications industry was stable, and the cumulative revenues from telecommunications services amounted to RMB894.1 billion, representing a year-on-year increase of 3%. The three fundamental telecommunications enterprises proactively developed emerging businesses such as IPTV, Internet datacentres, Big Data, cloud computing and IoT, with service revenues reaching RMB227.9 billion, representing a year-on-year growth of 11.4%. As of the end of June 2024, the total number of mobile phone users of three fundamental telecommunications enterprises and China Broadcasting Network reached 1,777 million, among which, 5G mobile phone users reached 927 million, representing a net addition of 105 million compared with the end of last year. The total number of mobile phone base stations in China reached 11.88 million, with the total number of 5G base stations reaching 3.917 million, a net increase of 540,000 compared with the end of last year.

Insisting on driving forces from dual engines of fundamental and Industrial Digitalisation businesses, the Company accelerated the development of strategic emerging businesses and further enhanced the digital, intelligent and green product and service capabilities. **The Company continued to promote the transformation and upgrades of fundamental businesses.** The Company further optimised 5G network coverage and service quality and strengthened

the innovation and promotion of 5G applications through AI empowerment. The Company further advanced FTTR upgrades and the expansion of Gigabit broadband applications, continued to enrich Smart Family applications and privileges and developed green products to support a better low-carbon new life. The Company further strengthened the expansion of CHBG integrated applications such as Digital Village, Smart Community and Internet of Video Things (IoVT), accelerated the AI upgrades of platforms and content enrichment and expanded the digital platform business and the scale of fundamental connectivity. **The Company further promoted the rapid development of Industrial Digitalisation business.** The Company strengthened the technological research and development (R&D) and capability innovation for digital platforms and developed more than 110 core platforms to empower the digital transformation and upgrades at scale for customers from over 10 key industries such as government administration, industry, education, healthcare and finance. **The Company continued to speed up the scale development of strategic emerging businesses.** Focusing on seven strategic emerging businesses including cloud computing and computing power, new generation information communications, Big Data, AI, security, quantum and digital platform, the Company sped up the cultivation and development of new quality productive forces and fully promoted the development of key products such as Cloud Computers, Quantum-encrypted Calls and Messages, IoVT and Mobile Phones with Direct Satellites Connection, with dual emphasis on quantity and quality. The Company also deepened deployment and proactively accelerated the in-depth integration of "network + cloud + AI + applications" with traditional industries and further creating new momentum and edges for the high-quality operation and development of the Company.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

In the first half of 2024, the Company's operating revenues amounted to RMB268.0 billion, representing an increase of 2.8% year-on-year. Of which, service revenues amounted to RMB246.2 billion, representing an increase of 4.3% year-on-year, remaining above the industry's growth rate¹. The Company's mobile communications service revenues maintained favourable growth, amounting to RMB105.2 billion, representing an increase of 3.6% year-on-year. Of which, revenues from mobile value-added and applications amounted to RMB18.1 billion, representing an increase of 17.1% year-on-year. The penetration rate of 5G network users increased by 14.3 p.p., and mobile ARPU² reached RMB46.3. Wireline and Smart Family service revenues amounted to RMB64.0 billion, representing an increase of 3.2% year-on-year. Of which, revenue from Smart Family business reached RMB10.7 billion, representing an increase of 14.4% year-on-year. Broadband blended ARPU³ reached RMB48.3. Industrial Digitalisation maintained its rapid development momentum, with its revenue amounting to RMB73.7 billion, representing a year-on-year growth of 7.2%.

For detailed business analysis of the Company, please refer to "3. Chairman's Statement" under "Section III Management's Discussion and Analysis" of this report.

2. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the reporting period, China Telecom resolutely fulfilled its responsibilities in building Cyberpower and Digital China, as well as safeguarding network and information security, further deepened the implementation of its Cloudification and Digital Transformation strategy, comprehensively deepened reforms and opening up and accelerated the development of new quality productive forces in light of its own conditions. The Company strove to develop itself into an enterprise with "three orientations", further strengthened its core functions and enhanced its core competitiveness and achieved new results in high-quality development.

¹ According to the performance of the communications industry economy in the first half of 2024 released by MIIT.

² Mobile ARPU = monthly average revenues from mobile services/the average number of mobile subscribers.

³ Broadband blended ARPU = monthly average revenues from broadband access and Smart Family/the average number of broadband subscribers.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Further strengthened digital information infrastructure

Insisting on “network as the foundation and cloud as the core, while grasping the development direction of intelligence”, the Company continued to promote the evolution and upgrades of the digital information infrastructure. The Company further deepened co-building and co-sharing to build a high-quality network with high-/mid-/low-band coordination as well as 5G/4G integration. The number of 5G base stations exceeded 1.31 million. The 5G network achieved contiguous coverage in areas of townships and above across the country. The Company continued to strengthen the strategic deployment of 5G-A, promoted the upgrade of 5G-A capabilities on all fronts and jointly completed the large-scale deployment of Redcap and carrier aggregation in more than 100 cities. The Company built computing infrastructure with cloud-intelligence integration and training-inferencing integration, completed the construction of domestically leading all liquid-cooling pools with ten-thousand GPUs in Beijing-Tianjin-Hebei and the Yangtze River Delta, which already undertook training tasks for large models at the trillion parameter level. The Company deployed inferencing pools in 31 provinces to meet the inferencing demands from various AI applications. Intelligent computing power reached 21 EFLOPS. The Company promoted the comprehensive upgrade of datacentres to AIDC and achieved agile delivery of cabinets, elastic supply of cooling and power, as well as efficient energy use. The Company established the leading integrated intelligent computing service capabilities, “Xirang”, to offer supreme computing power scheduling services, highly efficient integrated computing acceleration services and inclusive one-stop intelligent computing services, as well as a thriving model application ecosystem. The Company pushed forward the deployment of proprietary intelligent computing power with a hierarchical approach. The Company fully upgraded China Telecom Cloud products and ecological matrix, with

China Telecom Cloud entering into the new development stage of intelligent cloud. Focusing on areas where AI industry concentrates with abundant computing power and clean energy, the Company built computing power interconnection networks with high throughput and low latency, which are also intelligent, inclusive and easy-to-use. The Company continued to optimise the latency circles with the latency of 1ms within cities, 5ms for intra-region and 20ms for inter-regions to consolidate the foundation for computing power connection. The Company built the 400Gbps all-fibre high-speed network which supports elastic bandwidth and time slicing. The Company has exclusive capabilities of quantum-encrypted dedicated lines within the industry to fulfil the demands for secure, elastic and inclusive transmissions in the era of AI. The number of 10G PON ports of Gigabit fibre network exceeded 9 million, with a coverage of 94% of residential areas in cities and towns. The Company carried out the deployment of 50G PON network to support the demands for 10-Gigabit access in locations such as key subdistricts, industrial parks and factories. The Company's cloud-network operation capabilities continued to be strengthened and both the amount of network-wide fault work orders and the processing time have been reduced. The Company also promoted the automation of cloud-network operation, fully accelerated the creation and application of large model for network, and steadily enhanced the automatic processing rate in cloud-network operation and maintenance. The Company took different measures at the same time to further strengthen the green upgrade of cloud-network infrastructure, established green datacentres in an all-round way and accelerated the green transformation of traditional communications buildings. 12 datacentres of the Company were newly rated as the national green datacentres. The Company further promoted AI intelligent energy-saving and green transformation for facility rooms and base stations, with an AI energy-saving coverage rate of 96% among all 5G/4G base stations. The annualised energy-saving in total exceeded 1 billion kWh.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Product application capabilities entering a new stage

Insisting on the customer-oriented approach, the Company accelerated the integration of new elements such as cloud, artificial intelligence (AI), quantum and satellite into standard products, to further enhance product capabilities, business value and service level. The Company sped up the enrichment of contents and intelligent upgrades of platforms with a focus on the integrated CHBG scenes to expand the digital platform business and the scale of fundamental connectivity, with an aim to promote the building of a service-oriented enterprise on all fronts. For individual customers, the Company further promoted the innovation of 5G applications and personal terminals. In terms of applications, the Company accelerated the AI upgrade of applications such as Communications Assistant, Colour Ringback Tone with Video and China Telecom Cloud Drive. The Company also stepped up the scale expansion of differentiated businesses such as Quantum-encrypted Calls and Messages and Mobile Phones with Direct Satellites Connection, and rolled out the world's first Cars with Direct Satellites Connection service. In terms of handsets, the Company launched the first AI phone that is customised by an operator and embedded with proprietary large models to fulfil individual customers' demands for intelligent and convenient communications services. For household customers, the Company further advanced FTTR upgrades and the expansion of Gigabit broadband applications. The Company continuously promoted the AI upgrades of devices such as cloud computer and home monitor in cloud and further strengthened the AI upgrades as well as integration and mutual promotion of platforms such as Smart Family, Smart Community, Digital Village and IoVT. The Company further enriched family applications and continued to enhance service capabilities. The Company

created the living and service circles for communities/villages, to fulfil household customers' scene-based demands for "safe home, low-carbon home and intelligent home". For government and enterprise customers, the Company fulfilled the demands for digitalisation from thousands of industries leveraging "network + cloud + AI + applications" and promoted in-depth integration between digital economy and real economy. The Company pushed forward the upgrade of the 5G NICES Pro+ integrated product portfolio. Through 5G definitive network and proprietary industrial PON, network construction and operating costs were significantly reduced for customers from the new industrialisation sector. e-Surfing Internet of Things (IoT) platform supports secure and reliable access of ultra-large scale terminals at the hundred-million level, as well as online sensing and control of IoT network connectivity at the billion level, with the number of terminal users exceeding 600 million. The Company catalysed the launch of AI applications. Xingchen large model for government administration hotline significantly enhanced operating efficiency and citizens perception of the hotline for people's livelihood. "Xingchen Smart Answers" realised the upgrade to intelligent interaction through SMS, which allowed large model services to reach thousands of families more conveniently. Benchmark use cases of IoVT such as Kitchen Monitoring and City Brain empowered the development of smart city, with accelerating scene-based replication and promotion. The Company intensified its efforts in research and development iteration and capability innovation of core digital platforms, continued to upgrade the capabilities of more than 110 digital platforms such as municipal grassroots governance platform and all-domain tourism platforms, and further empowered customers' digital transformation and upgrades in more than 10 key industries such as government administration, industry, education, healthcare and finance.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Achieved new breakthroughs in sci-tech innovation

The Company further intensified its efforts to achieve breakthroughs in key core technologies and sped up the development of new quality productive forces with a focus on four technological directions, namely network, cloud and cloud-network integration, AI and quantum/security. The Company fully completed the deployment of sci-tech innovation and R&D system RDO, optimised the R&D organisational system and continued to strengthen fundamental research. The Company also optimised the building of sci-tech innovation demonstration bases and accelerated the launch of sci-tech achievements. The Company further increased the input of sci-tech innovation and R&D, with R&D expenses increasing by 12.5% year-on-year. Focusing on strategic emerging industries, the Company accelerated the building of core scientific research teams comprising of top talents, with the number of R&D personnel increasing by 15.3% over the end of last year. The flying geese paradigm of technological experts and talents, comprising of scientists, chief experts, senior experts, and experts, has basically taken shape, with its scale exceeding 10,000 persons. The Company attained breakthroughs in core technologies and released 6G intelligent and simple network architecture and 6G sci-tech innovation experimental apparatus. "Xirang" platform achieved breakthroughs in core technologies of managing and scheduling ten-thousand GPUs in public cloud, and completed the industry's first verification of over 100-kilometre distributed lossless intelligent

computing interconnection on existing network. In addition, the Company launched the industry's first large speech model that supports code switching of 40 dialects, and developed the first quantum security encryption system integrating QKD in China. The Company also upgraded the leading "Tianyan" quantum computing cloud platform. The Company was approved to be the source of original technologies for a number of cutting-edge technologies. The Company took the lead in creating innovation platforms such as cloud computing, quantum communications and next generation optical network innovation consortium. Two projects were awarded the first prize of the National Science and Technology Progress Award 2023 and were included in the list of outstanding enterprises of sci-tech innovation among state-owned central enterprises in 2023. Furthermore, the Company vigorously promoted the conversion of sci-tech achievements, with achievements on its proprietary list increasing by 40.4% year-on-year. The proportion of proprietary IT systems and business platforms reached 50.4%. The Company leveraged sci-tech innovation to promote industrial innovation, and fully completed deployment in seven strategic emerging businesses including cloud computing and computing power, new generation information communications, Big Data, AI, security, quantum and digital platform. The Company further strengthened external empowerment and internal applications, accelerated the cultivation of new growth areas, effectively supported the enhancement of corporate operating efficiency, and continued to create new momentum and edges for high-quality development.

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New progress in security assurance capabilities

The Company strengthened the building of network and information security systems and capabilities, elevated the digital and intelligent level of risk monitoring and prevention, safeguarded the secure operation of cloud-network of the Company and provided security products and services for customers. Through organic integration of its edges in cloud-network resources with security technologies, the Company continued to explore and innovate security products and services to offer sustainable, iterative, and easy-to-maintain network security capabilities. The Company supported the network and data security assurance under scenes such as technological application and evolution, network iteration and upgrade as well as massive data aggregation. The Company also further consolidated its key capabilities in data storage and data masking. The Company empowered new security capabilities leveraging quantum technologies. The Company carried out innovative integration of quantum technologies with businesses such as calls, cloud-network and platforms to create a "quantum+" product portfolio, thus establishing its differentiated security products and service edges. e-Surfing Security Brain 4.0 product was deeply integrated with proprietary security vertical large model "Xingchen – Jianwei" to effectively enhance security operating efficiency and customer experience. As the only domestic "carrier-grade" protection platform with coordinated handling capabilities of multiple protection

measures, Anti-DDoS Cloud Dam was included in Gartner's list of global top service providers selection. The number of cleaning nodes reached 64, covering more than 15,000 customers. The cleaning capacity for whole-network traffic increased by 2.4Tbps in the first half of the year, bringing the total to 13.68Tbps.

Further deepened reforms on all fronts

The Company deeply implemented the deepening and enhancing action of state-owned enterprise (SOE) reforms. Insisting on sci-tech innovation as the core, while focusing on the government and enterprise field, the Company continued to deepen systematic transformation and optimise the system and mechanism conducive to the development as an enterprise with "three orientations"⁴. For three consecutive years, the Company has been rated as Grade A in the assessment by the State-owned Assets Supervision and Administration Commission of the State Council on key reform tasks performance by state-owned central enterprises. The Company established dedicated research institutions for cloud computing, AI, quantum and others, and also recruited corporate strategic level scientists to strive for breakthroughs in cutting-edge technologies and promote in-depth collaboration among industry, academia and research institutes. The Company further deepened the corporate reform of verticals, optimised market-oriented operation mechanism and created high-quality digital platforms and products. The Company pushed forward the establishment of the

⁴ Enterprise with "three orientations": service-oriented, technology-oriented and secured enterprise.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

**Ke Ruiwen***Chairman and Chief
Executive Officer*

satellite subsidiary to consolidate and expand its first-mover advantage in the field of satellite communications and accelerate the high-quality development of satellite communications business. The Company fully promoted the optimisation of main process with cloud core platform as the hub, refined the market-oriented talent allocation mechanism and strengthened the building of talent teams of solutions, secondary development as well as delivery and operation for provincial and city level branches. The Company also strengthened the highly efficient collaboration between provincial branches and professional companies, optimised vertically integrated support process and support mechanism for major projects, accelerated the coverage of branches at the district and county level and promoted the scale development of strategic emerging businesses. The Company deepened the reforms of systems for customer service, channel and cloud-network operation, among others, and strengthened the application of digital and intelligent technologies to support the continued optimisation of product operation system, talent structure as well as process and mechanism. Focusing

on the characteristics associated with the development of strategic emerging businesses, the Company further optimised the resource allocation as well as assessment and incentive mechanisms and innovated the allocation approach of productive elements. The Company developed a sound competitive compensation and incentive system to further strengthen employees' enthusiasm. The Company also accelerated the optimisation of categorised evaluation system and assessment mechanism for scientific research to fully stimulate the innovation potential of sci-tech talents.

3. CHAIRMAN'S STATEMENT

Currently, the development of the new round of sci-tech revolution and industrial transformation is deepening, while the abundant use cases are constantly fulfilling people's aspirations for a better digital life, presenting valuable opportunities for the industry and the Company to further promote high-quality development. In the first half of 2024, the Company firmly seized the development opportunities,

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

implemented the new development principles completely, accurately and comprehensively, and resolutely fulfilled its responsibilities in building Cyberpower and Digital China, as well as safeguarding network and information security. The Company further deepened the implementation of its Cloudification and Digital Transformation strategy and accelerated the intelligent and green evolution and upgrades of the digital information infrastructure. The Company increased the supply of high-quality products and services and sped up the scale expansion of its strategic emerging businesses. The Company comprehensively deepened reforms and opening up and accelerated the development of new quality productive forces in light of its own conditions. The Company strove to develop itself into an enterprise with "three orientations" and further strengthened its core functions and enhanced its core competitiveness. The Company achieved new results in high-quality development and contributed to the advancement of Chinese modernisation with the strength of telecommunications.

1. Overall results

In the first half of 2024, the Company's operating revenues amounted to RMB268.0 billion, representing an increase of 2.8% year-on-year. Of which, service revenues⁵ amounted to RMB246.2 billion, representing an increase of 4.3% year-on-year, remaining above the industry's growth rate. EBITDA⁶ amounted to RMB76.8 billion, representing an increase of 4.7% year-on-year. Net profit⁷ amounted to RMB21.8 billion, representing an increase of 8.2% year-on-year. The basic earnings per share were RMB0.24. Capital expenditure was RMB47.2 billion and free cash flow⁸ reached RMB15.5 billion.

The Company achieved stable growth of revenues from fundamental businesses and promoted value enhancement driven by application innovation, with its subscriber

value rising continuously. Revenues from Industrial Digitalisation business achieved favourable growth, while the development quality steadily elevated. In the first half of the year, the Company's mobile communications service revenues amounted to RMB105.2 billion, representing an increase of 3.6% year-on-year. Of which, revenues from mobile value-added and applications amounted to RMB18.1 billion, representing an increase of 17.1% year-on-year. The net addition of mobile subscribers was 9.08 million, bringing the total number of subscribers to 417 million. Mobile ARPU reached RMB46.3. Wireline and Smart Family service revenues amounted to RMB64.0 billion, representing an increase of 3.2% year-on-year. Of which, revenue from Smart Family business reached RMB10.7 billion, representing an increase of 14.4% year-on-year. The number of broadband subscribers reached 193 million with a net addition of 3.19 million. Broadband blended ARPU reached RMB48.3. Revenues from Industrial Digitalisation amounted to RMB73.7 billion, representing a year-on-year growth of 7.2%, accounting for 30.0% of service revenues, up by 0.8 p.p. year-on-year. Revenue from China Telecom Cloud amounted to RMB55.2 billion, representing an increase of 20.4% year-on-year.

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 year 2024, and the profit to be distributed in cash represents over 70% of the profit attributable to equity holders of the Company for the first half of 2024, i.e., RMB0.1671 per share (pre-tax), representing an increase of 16.7% year-on-year. Within three years from 2024, the Company's profit to be distributed in cash will gradually increase to above 75% of the profit attributable to equity holders of the Company for the year, continuously creating more value for shareholders.

⁵ Service revenues are calculated based on operating revenues minus sales of mobile terminals, sales of wireline equipment and other non-service revenues.

⁶ EBITDA is calculated based on operating revenues minus operating expenses plus depreciation and amortisation. EBITDA has been widely applied in the global telecommunications industry as a benchmark to reflect operating performance, debt raising ability and liquidity, but it is not regarded as a measure of operating performance and liquidity under IFRS Accounting Standards. It also does not represent net cash from operating activities. In addition, the Company's EBITDA may not be comparable to similar indicators provided by other companies.

⁷ Net profit represents profit attributable to equity holders of the Company.

⁸ 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.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

2. Achieving new results in high-quality development by firmly promoting the building of an enterprise with “three orientations”

2.1 Insisting on driving forces from dual engines of fundamental and Industrial Digitalisation businesses, while steadily promoting the building of a service-oriented enterprise

Insisting on the customer-oriented approach, the Company accelerated the integration of new elements such as cloud, artificial intelligence (AI), quantum and satellite into standard products, to further enhance product capabilities, business value and service level. The Company sped up the enrichment of contents and intelligent upgrades of platforms with a focus on the integrated CHBG scenes to expand the digital platform business and the scale of fundamental connectivity, with an aim to promote the building of a service-oriented enterprise on all fronts. For individual customers, the Company further promoted the innovation of 5G applications and personal terminals. In terms of applications, the Company accelerated the AI upgrade of applications such as Communications Assistant, Colour Ringback Tone with Video and China Telecom Cloud Drive. The Company also stepped up the scale expansion of differentiated businesses such as Quantum-encrypted Calls and Messages and Mobile Phones with Direct Satellites Connection, and rolled out the world's first Cars with Direct Satellites Connection service. In terms of handsets, the Company launched the first AI phone that is customised by an operator and embedded with proprietary large models to fulfil individual customers' demands for intelligent and convenient communications services. For household customers, the Company further advanced FTTR upgrades and the expansion of Gigabit broadband applications. The Company continuously promoted the AI upgrades of devices such as cloud computer and home monitor in cloud and further strengthened the AI upgrades as well as integration and mutual promotion of platforms

such as Smart Family, Smart Community, Digital Village and Internet of Video Things (IoVT). The Company further enriched family applications and continued to enhance service capabilities. The Company created the living and service circles for communities/villages, to fulfil household customers' scene-based demands for “safe home, low-carbon home and intelligent home”. For government and enterprise customers, the Company fulfilled the demands for digitalisation from thousands of industries leveraging “network + cloud + AI + applications” and promoted in-depth integration between digital economy and real economy. The Company pushed forward the upgrade of the 5G NICES Pro+ integrated product portfolio. Through 5G definitive network and proprietary industrial PON, network construction and operating costs were significantly reduced for customers from the new industrialisation sector. e-Surfing Internet of Things (IoT) platform supports secure and reliable access of ultra-large scale terminals at the hundred-million level, as well as online sensing and control of IoT network connectivity at the billion level, with the number of terminal users exceeding 600 million. The Company catalysed the launch of AI applications. Xingchen large model for government administration hotline significantly enhanced operating efficiency and citizens perception of the hotline for people's livelihood. “Xingchen Smart Answers” realised the upgrade to intelligent interaction through SMS, which allowed large model services to reach thousands of families more conveniently. Benchmark use cases of IoVT such as Kitchen Monitoring and City Brain empowered the development of smart city, with accelerating scene-based replication and promotion. The Company intensified its efforts in research and development (R&D) iteration and capability innovation of core digital platforms, continued to upgrade the capabilities of more than 110 digital platforms such as municipal grassroots governance platform and all-domain tourism platforms, and further empowered customers' digital transformation and upgrades in more than 10 key industries such as government administration, industry, education, healthcare and finance.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Adapting to new demands of information services in the digital era, the Company accelerated the enhancement of intelligent service capabilities. The Company launched multimodal intelligent services including text, video and speech, with the average number of services exceeding 75 million times per month, representing a year-on-year increase of 13.4%. The Company also promoted brand-new upgrades of the "Good Service as You Wish" service initiatives, with edges of user satisfaction and service reputation becoming further strengthened and enhanced.

2.2 Further leveraging the leading role of sci-tech innovation, with the building of a technology-oriented enterprise entering a new stage

The Company further intensified its efforts to achieve breakthroughs in key core technologies and sped up the development of new quality productive forces with a focus on four technological directions, namely network, cloud and cloud-network integration, AI and quantum/security. The Company fully completed the deployment of sci-tech innovation and R&D system RDO, optimised the R&D organisational system and continued to strengthen fundamental research. The Company also optimised the building of sci-tech innovation demonstration bases and accelerated the launch of sci-tech achievements. The Company further increased the input of sci-tech innovation and R&D, with R&D expenses increasing by 12.5%⁹ year-on-year. Focusing on strategic emerging industries, the Company accelerated the building of core scientific research teams comprising of top talents, with the number of R&D personnel increasing by 15.3% over the end of last year. The flying geese paradigm of technological experts and talents, comprising of scientists, chief experts, senior experts, and experts, has basically taken shape, with its scale exceeding 10,000 persons. The Company attained breakthroughs in core technologies and released 6G intelligent and simple network architecture and 6G

sci-tech innovation experimental apparatus. "Xirang" platform achieved breakthroughs in core technologies of managing and scheduling ten-thousand GPUs in public cloud, and completed the industry's first verification of over 100-kilometre distributed lossless intelligent computing interconnection on existing network. In addition, the Company launched the industry's first large speech model that supports code switching of 40 dialects, and developed the first quantum security encryption system integrating QKD in China. The Company also upgraded the leading "Tianyan" quantum computing cloud platform. The Company further elevated the level of sci-tech innovation and was approved to be the source of original technologies for a number of cutting-edge technologies. The Company took the lead in creating innovation platforms such as cloud computing, quantum communications and next generation optical network innovation consortium. Two projects were awarded the first prize of the National Science and Technology Progress Award 2023¹⁰ and were included in the list of outstanding enterprises of sci-tech innovation among state-owned central enterprises in 2023. Furthermore, the Company vigorously promoted the conversion of sci-tech achievements, with achievements on its proprietary list increasing by 40.4% year-on-year. The proportion of proprietary IT systems and business platforms reached 50.4%, up by 9.5p.p. year-on-year. The Company leveraged sci-tech innovation to promote industrial innovation, and fully completed deployment in seven strategic emerging businesses including cloud computing and computing power, new generation information communications, Big Data, AI, security, quantum and digital platform. The Company further strengthened external empowerment and internal applications, accelerated the cultivation of new growth areas, effectively supported the enhancement of corporate operating efficiency, and continued to create new momentum and edges for high-quality development.

⁹ The growth rate of R&D expenses is calculated based on figures of R&D expenses in Chinese Accounting Standards.

¹⁰ The "Key Technology and Large-scale Application of the Next Generation Internet Source Address Verification Architecture SAVA" and "Key Technology and Engineering Application of the Fifth Generation Mobile Communications System (5G)" of China Telecom received the first prize of the National Science and Technology Progress Award 2023.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

2.3 Further enhancing capabilities of security products and services supply, with the building of a secured enterprise making solid progress

The Company strengthened the building of network and information security capabilities, elevated the digital and intelligent level of risk monitoring and prevention, safeguarded the secure operation of cloud-network of the Company and provided security products and services for customers. Through organic integration of its edges in cloud-network resources with security technologies, the Company continued to explore and innovate security products and services to offer sustainable, iterative, and easy-to-maintain network security capabilities. The Company supported the network and data security assurance under scenes such as technological application and evolution, network iteration and upgrade as well as massive data aggregation. The Company also further consolidated its key capabilities in data storage and data masking. The Company empowered new security capabilities leveraging quantum technologies. The Company carried out innovative integration of quantum technologies with businesses such as calls, cloud-network and platforms to create a "quantum+" product portfolio, thus establishing its differentiated security products and service edges. e-Surfing Security Brain 4.0 product was deeply integrated with proprietary security vertical large model "Xingchen – Jianwei" to effectively enhance security operating efficiency and customer experience. As the only domestic "carrier-grade" protection platform with coordinated handling capabilities of multiple protection measures, Anti-DDoS Cloud Dam was included in Gartner's list of global top service providers selection. The number of cleaning nodes reached 64, covering more than 15,000 customers. The cleaning capacity for whole-network traffic increased by 2.4Tbps in the first half of the year, bringing the total to 13.68Tbps.

3. Fully deepening reforms and opening up to further bolster innovative development vitality of the Company

The Company deeply implemented the deepening and enhancing action of state-owned enterprise (SOE) reforms. Insisting on sci-tech innovation as the core, while focusing on the government and enterprise field, the Company continued to deepen systematic transformation and optimise the system and mechanism conducive to the development as an enterprise with "three orientations". For three consecutive years, the Company has been rated as Grade A in the assessment by the State-owned Assets Supervision and Administration Commission of the State Council on key reform tasks performance by state-owned central enterprises. The Company established dedicated research institutions for cloud computing, AI, quantum and others, and also recruited corporate strategic level scientists to strive for breakthroughs in cutting-edge technologies and promote in-depth collaboration among industry, academia and research institutes. The Company further deepened the corporate reform of verticals, optimised market-oriented operation mechanism and created high-quality digital platforms and products. The Company pushed forward the establishment of the satellite subsidiary to consolidate and expand its first-mover advantage in the field of satellite communications and accelerate the high-quality development of satellite communications business. The Company fully promoted the optimisation of main process with cloud core platform as the hub, refined the market-oriented talent allocation mechanism and strengthened the building of talent teams of solutions, secondary development as well as delivery and operation for provincial and city level branches. The Company also strengthened the highly efficient collaboration between provincial branches and professional companies, optimised vertically integrated support process and support mechanism for major projects, accelerated

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the coverage of branches at the district and county level and promoted the scale development of strategic emerging businesses. The Company deepened the reforms of systems for customer service, channel and cloud-network operation, among others, and strengthened the application of digital and intelligent technologies to support the continued optimisation of product operation system, talent structure as well as process and mechanism. Focusing on the characteristics associated with the development of strategic emerging businesses, the Company further optimised the resource allocation as well as assessment and incentive mechanisms and innovated the allocation approach of productive elements. The Company developed a sound competitive compensation and incentive system to further strengthen employees' enthusiasm. The Company also accelerated the optimisation of categorised evaluation system and assessment mechanism for scientific research to fully stimulate the innovation potential of sci-tech talents.

The Company optimised its system and mechanism of open cooperation and coordinated the promotion of high-standard opening up to create a mutually beneficial and win-win ecological landscape. The Company continued to strengthen the open cooperation of high-end talents and enhanced joint nurturing with top universities and national laboratories, to form innovation synergy for strategic emerging industries. The Company continued to expand ecological cooperation along the upstream and downstream of the industrial chain and created an ecological system covering fields such as intelligent computing cloud, Xingchen large models, data elements and terminal. The Company initiated the establishment of the Industrial Alliance of Low-altitude Economy and released the "Low-altitude Pilot" action plan to foster the industrial development of the low-altitude economy. The Company further promoted the high-quality development of international operations, optimised the layout of overseas industrial collaboration and built an overseas business ecosphere. The Company strengthened cooperation with international operators. Mobile Phones with Direct Satellites Connection service was successfully

launched in Hong Kong. New full-service international communication accesses were established in Kunming and Haikou to continuously strengthen the cooperation with countries and regions along the "the Belt and Road". The Company further promoted the building of the international cooperation and innovation platforms and gave full play to the role of the World Broadband Association (WBBA) as an international exchange platform as well as a hub for industrial innovation, with its number of members exceeding 80.

4. Deeply implementing 'AI+' to accelerate the creation of important drivers for the development of new quality productive forces

Grasping the development direction of AI, the Company deeply implemented "AI+" and completed the overall AI deployment of "1+1+1+M+N"¹¹ with "Xingchen" as the brand. The Company strengthened the integration and mutual promotion of capabilities in various fields, continuously enriched the Xingchen large model series product portfolio, empowered the intelligent transformation for thousands of industries, and supported enterprises to achieve costs reduction and efficiency enhancement. In terms of the intelligent computing cloud foundation, the Company established the leading integrated intelligent computing service capabilities, "Xirang", to offer supreme computing power scheduling services, highly efficient integrated computing acceleration services and inclusive one-stop intelligent computing services, as well as a thriving model application ecosystem. The Company pushed forward the deployment of proprietary intelligent computing power with a hierarchical approach. "Xirang" has the access of a total of 22 EFLOPS of various types of intelligent computing power from 39 partners. The Company fully upgraded China Telecom Cloud products and ecological matrix, with China Telecom Cloud entering into the new development stage of intelligent cloud. In terms of the foundation for the general-purpose large models, the Company further enhanced the capabilities of large foundation models. The large language model, large speech model and large multimodal model

¹¹ 1+1+1+M+N: 1 foundation for intelligent computing cloud, 1 foundation for the general-purpose large models, 1 data foundation, "M" refers to the number of large models for own use, and "N" refers to the number of large vertical models.

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of Xingchen series have all completed “dual recordation” of algorithms and services. Of which, Xingchen large speech model was the first large speech model that is independently recorded in China. The Company also released China's first AI development tool “Xingchen • Software factory” that can generate code with one click and autonomously test and correct errors. The Company proactively promoted the advancement of large model technologies through open source, and took the lead among state-owned central enterprises to achieve open source for large language models at various grades with billions, tens of billions, and trillions of parameters. The Company has launched 32 large vertical models in fields such as industrial, education, healthcare, as well as government administration, empowering 370 2B projects. The Company also launched standardised AI products such as AI phones, AI cloud computers, AI large model integrated devices to meet the diverse intelligent demands of customers. The Company also launched 10 internal large models for customer service, network operations, office administration and other corporate operation segments. The proportion of intelligent voice service by avatar customer service representatives has steadily increased, while the AI-empowered smart energy-saving effects for base stations and facility rooms have continuously become prominent. In terms of data foundation, the Company launched the “Data Chain AI Network (DCAN)” capability system, and created high-quality data sets that aggregate data from fields such as public, industry and internet. The Company created Xinghai data intelligent core platform which empowered more than 150 projects for government and enterprise customers. The Company also upgraded Lingze 2.0 data elements platform to serve public data operation and the construction of data infrastructure in 22 provinces and cities. The number of partners of data product supermarket model exceeded 1,300, with the number of data products exceeding 2,000.

5. Accelerating the intelligent and green upgrades of digital information infrastructure to consolidate the foundation for high-quality development of the Company

Insisting on “network as the foundation and cloud as the core, while grasping the development direction of intelligence”, the Company continued to promote the evolution and upgrades of the digital information infrastructure. The Company built computing infrastructure with cloud-intelligence integration and training-inferencing integration, completed the construction of domestically leading all liquid-cooling pools with ten-thousand GPUs in Beijing-Tianjin-Hebei and the Yangtze River Delta, which already undertook training tasks for large models at the trillion parameter level. The Company deployed inferencing pools in 31 provinces to meet the inferencing demands from various AI applications. The newly added intelligent computing power was 10 EFLOPS, bringing the total to 21 EFLOPS. The Company promoted the comprehensive upgrade of datacentres to AIDC and achieved agile delivery of cabinets, elastic supply of cooling and power, as well as efficient energy use. Focusing on areas where AI industry concentrates with abundant computing power and clean energy, the Company built computing power interconnection networks with high throughput and low latency, which are also intelligent, inclusive and easy-to-use. The Company continued to optimise the latency circles with the latency of 1ms within cities, 5ms for intra-region and 20ms for inter-regions to consolidate the foundation for computing power connection. The Company built the 400Gbps all-fibre high-speed network which supports elastic bandwidth and time slicing. The Company has exclusive capabilities of quantum-encrypted dedicated lines within the industry to fulfil the demands for secure, elastic and inclusive transmissions in the era of AI. The number of 10G PON ports of Gigabit fibre network exceeded 9

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

million, with a coverage of 94% of residential areas in cities and towns. The Company carried out the deployment of 50G PON network to support the demands for 10-Gigabit access in locations such as key subdistricts, industrial parks and factories. The Company's cloud-network operation capabilities continued to be strengthened and both the amount of network-wide fault work orders and the processing time have been reduced. The Company also promoted the automation of cloud-network operation, fully accelerated the creation and application of large model for network, and steadily enhanced the automatic processing rate in cloud-network operation and maintenance.

The Company further deepened co-building and co-sharing with China Unicom to build a high-quality network with high-/mid-/low-band coordination as well as 5G/4G integration. The newly added co-built and co-shared 5G mid-/high-band base stations exceeded 100,000, with the total number of 5G base stations exceeding 1.31 million. The Company steadily pushed forward with one single 4G network, with the number of 4G mid-band base stations exceeding 2 million. The Company coordinated the promotion of co-sharing 800MHz/900MHz low-band as well as 700MHz inter-network roaming, with the number of low-band base stations reaching 790,000. The 5G network achieved contiguous coverage in areas of townships and above across the country, while the in-depth coverage rate of key areas and key scenes increased by 7.4%. The 5G accessibility rate of administrative villages across the country increased by 25%. Coverage and perceived speed of mobile network steadily increased. The Company continued to strengthen the strategic deployment of 5G-A, promoted the upgrade of 5G-A capabilities on all fronts and jointly completed the large-scale deployment of Redcap and carrier aggregation in more than 100 cities.

The Company proactively implemented the green development principles. Under the guidance of the "1248"¹² green development model, the Company took different measures at the same time to further strengthen the green upgrade of cloud-network infrastructure. In the first half of 2024, the greenhouse gas emissions per unit of total volume of telecommunications services maintained a double-digit decline year-on-year. The Company established green datacentres in an all-round way and accelerated the green transformation of traditional communications buildings. 12 datacentres of the Company were newly rated as the national green datacentres, which was the largest number in the industry. The Company further promoted AI intelligent energy-saving and green transformation for facility rooms and base stations, with an AI energy-saving coverage rate of 96% among all 5G/4G base stations and a cumulative coverage of 1,800 facility rooms and 4.95 million sectors. The Company completed green transformation for 14,000 base stations and 280 facility buildings. The annualised energy-saving in total exceeded 1 billion kWh. The Company increased the use of green electricity, with the volume of green electricity with "integration of trading of permit and electricity" increasing by 960 million kWh in the first half of the year, representing an increase of over 200% year-on-year. By strengthening the promotion of green products and services, while focusing on areas such as clean production, pollution control and environmental protection, the Company built a series of green solutions such as ecological environment Big Data platform, air pollution prevention and control command and scheduling system, as well as green lighting to empower the green and low-carbon transformation of the economy and society.

¹² "1248": "1" represents one strategic focus, i.e., green and low-carbon development as an important element of the "Cloudification and Digital Transformation" strategy; "2" represents two priorities, i.e., accelerating transformation towards green development on internal fronts and developing a green production and lifestyle on external fronts; "4" represents four basic strategies, i.e., high-quality development, coordinated development, sustainable development, and innovative development; and "8" represents eight major green initiatives, i.e., constructing new green cloud-network, creating new green operation, building new green ecology, strengthening new green empowerment, promoting new green technologies, consolidating new green support, developing new green energy, and creating new green value.

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6. Proactively fulfilling social responsibilities while further elevating the level of corporate governance

The Company successfully completed communications assurance tasks for multiple key events including the launch of the Shenzhou-18 manned spaceship. The Company utilised satellite communications and drones to effectively assist flood fighting and disaster relief efforts during times of natural disasters such as heavy rains and floods. The Company empowered rural revitalisation with AI technologies, promoted the deep integration of agriculture and rural areas and developed the Digital Village information solution to bridge the digital divide between urban and rural areas. In addition, the Company remained committed to social welfare and proactively helped the disabled and underprivileged. Its more than 90,000 "Caring Stations" have provided 8.42 million person-times of services. The Company protected the rights and interests of its employees in accordance with the law, created a comprehensive system for employee care, and continued to enhance its institutional guarantees. The Company also created professional development paths for employees, striving to achieve the mutual growth of employees and the Company.

Insisting on high-standard corporate governance, the Company fulfilled its obligations of information disclosure in compliance with laws and regulations and increased the level of corporate transparency to effectively safeguard investors' rights to know. The Company continued to improve its corporate compliance management system, maintained compliance and efficient operation of its

Shareholders Meeting, Board of Directors and Supervisory Committee and continued to optimise internal control process. The Company maintained steady and compliance operations and effectively safeguarded the best and long-term interests of its shareholders. The Company received high affirmation from domestic and international capital markets for its outstanding corporate governance. It was voted as the "Most Honoured Companies in Asia" for the 14th consecutive year in the "All-Asia-Executive Team Poll 2024" organised by *Institutional Investor* and was also voted as "No.1 Best Telecommunications Company in Asia". The Company also received top three rankings in Asian telecommunications sector in multiple award polls such as the "Best Board of Directors", the "Best Overall ESG", the "Best Investor Relations", and the "Best IR Team". It was accredited "Golden Bull Most Investment Value Award" and "Golden Bull Award for Hong Kong Stocks" in the Golden Bull Award poll organised by *China Securities Journal*. Moreover, the Company was awarded the "Best Practise of the Board of Directors for Listed Companies in 2023" by the China Association for Public Companies.

7. Outlook

Over the past three years since the Company's A Shares listing, cloud computing, AI, Big Data, quantum information and other disruptive and cutting-edge technologies have been giving rise to new business models, new industries and new patterns. In the face of the changes and opportunities, the Company upheld its fundamental principles and broke new ground, carried out expansion and upgrades, and fully and deeply implemented its Cloudification and Digital Transformation strategy. The

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Company vigorously promoted in-depth reform and high-level opening up and expedited its transformation into a service-oriented, technology-oriented, and secured enterprise. The Company continued to strengthen high-quality development, achieved favourable growth in service revenues, further enhanced its profitability and significantly increased shareholders' returns. The Company has successfully fulfilled commitments made to the capital market during A Shares listing and joined hands with shareholders to draw the development blueprint and share the results of development.

Currently, the Company is at an important point of high-quality development. With three years after A Shares listing as a new start, the Company will seize new opportunities, embrace the new blue ocean and accelerate the development of new momentum and new edges. The Company will continue to deeply implement its Cloudification and Digital Transformation strategy, further deepen reforms on all fronts and fully promote high-quality development. Insisting on the customer-oriented principle, the Company will develop more high-quality, efficient, green and secure integrated intelligent information products and applications to further fulfil customers' aspirations for a better digital life. The Company will further boost the principal role of enterprises in sci-tech innovation, continue to enhance its independent innovation capability, strive for

breakthroughs in key core technologies, accelerate the conversion and application of sci-tech achievements and ensure the steady and far-reaching corporate development with high-level security. The Company will strive to enhance corporate value, proactively bring returns to shareholders and vigorously write a chapter of Chinese modernisation for telecommunications.

Finally, on behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to all shareholders and customers for their continued care and support, and our sincere thanks to all our employees for their hard work and contributions. Furthermore, I would also like to extend our heartfelt gratitude towards Mr. Shao Guanglu for his outstanding contributions to the Company's transformation and upgrades as well as continued development made during his tenure.



Ke Ruiwen

Chairman and Chief Executive Officer
Beijing, China

20 August 2024

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

4. MAJOR OPERATION DURING THE REPORTING PERIOD

OPERATING REVENUES

In the first half of 2024, the Company seized the strategic opportunities brought by the new round of sci-tech revolution and industrial transformation, fully, accurately, and comprehensively implemented the new development principles, continued to deeply implement its "Cloudification and Digital Transformation" strategy, continuously promoted the transformation and upgrades of its fundamental businesses, sped up the scale development of strategic emerging businesses, and advanced the building of a service-oriented, technology-oriented, and secured enterprise to a new level, achieving new results in corporate high-quality development. In the first half of the year, operating revenues amounted to RMB268,011 million, representing an increase of 2.8% over the same period of last year. Service revenues amounted to RMB246,235 million, representing an increase of 4.3% over the same period of last year. Of which, mobile communications service revenues¹³ amounted to RMB105,217 million, representing an increase of 3.6% over the same period of last year. Wireline and Smart Family service revenues¹⁴ amounted to RMB63,993 million, representing an increase of 3.2% over the same period of last year. Industrial Digitalisation service revenues¹⁵ amounted to RMB73,750 million, representing an increase of 7.2% over the same period of last year.

OPERATING EXPENSES

The Company continued to speed up the scale development of strategic emerging businesses and increased investment in key areas such as sci-tech innovation and Industrial Digitalisation. At the same time, it strengthened AI-empowered costs reduction and efficiency enhancement and continuously improved resource efficiency to support corporate high-quality development and long-term value creation. In the first half of 2024, the Company's operating expenses were RMB240,751 million, representing an increase of 2.4% over the same period of last year. Operating expenses accounted for 89.8% of operating

revenues, representing a decrease of 0.4 percentage point over the same period of last year.

The Company sped up the intelligent upgrade of digital information infrastructure based on cloud-network integration, insisted on investment with returns and deepened co-building and co-sharing. In the first half of the year, depreciation and amortisation amounted to RMB49,532 million, representing an increase of 3.5% over the same period of last year.

The Company continued to enhance network quality and capabilities, promoted the scale development of strategic emerging businesses and appropriately increased investment in the building of capabilities. The Company leveraged digital means such as AI to further strengthen refined management and continuously enhance resource utilisation efficiency. In the first half of the year, network operations and support expenses amounted to RMB80,131 million, representing an increase of 5.4% over the same period of last year.

The Company proactively promoted the digital transformation of marketing, improved the utilisation efficiency of selling expenses, and continuously strengthened breakthroughs in key core technologies. In the first half of the year, the selling, general and administrative expenses amounted to RMB33,090 million, representing an increase of 0.8% over the same period of last year.

The Company continued to step up the recruitment of sci-tech and innovative talents, and increased incentives for high-performance teams, key business units, and frontline employees. In the first half of the year, personnel expenses amounted to RMB50,566 million, representing an increase of 3.2% over the same period of last year.

In the first half of the year, other operating expenses amounted to RMB27,432 million, representing a decrease of 6.8% over the same period of last year. The decrease was mainly due to the decrease in the selling expenses of mobile terminals.

¹³ Mobile communications service revenues represent the aggregate amount of mobile communications service fees, mobile Internet access service fees and short messaging service fees, etc., charged to customers for the provision of mobile services.

¹⁴ Wireline and Smart Family service revenues represent the aggregate amount of wireline communications service fees, broadband Internet access service fees, e-Surfing HD service fees and Smart Family applications service fees charged to customers for the provision of wireline services.

¹⁵ Industrial Digitalisation service revenues represent the aggregate amount of fees charged to customers for the provision of Internet datacentre services, cloud services, digital platform services, dedicated Internet access services, etc.

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NET FINANCE COSTS

In the first half of 2024, the Company's interest expense on lease liabilities decreased, and the net finance costs amounted to RMB250 million, representing a decrease of 48.2% over the same period of last year.

PROFITABILITY LEVEL

The Company strove to give play to its edges in cloud-network integration and accelerate the development of new quality productive forces. The resource utilisation and operating efficiency of the Company continued to increase while its profitability further strengthened. In the first half of the year, profit attributable to equity holders of the Company reached RMB21,812 million, representing an increase of 8.2% over the same period of last year. EBITDA was RMB76,792 million, representing an increase of 4.7% over the same period of last year.

CAPITAL EXPENDITURE AND CASH FLOWS

The Company sped up the intelligent and green evolution and upgrade of digital information infrastructure, and continued to invest in capital expenditure. At the same time, the Company constantly deepened the co-building and co-sharing to save capital expenditure correspondingly. In the first half of the year, the capital expenditure amounted to RMB47,222 million, representing an increase of 13.5% over the same period of last year. Correspondingly, free cash flow in the first half of the year decreased to RMB15,462 million, maintaining a healthy cash flow level.

ASSETS AND LIABILITIES

The Company continued to maintain a solid financial position. As at 30 June 2024, the total assets increased to RMB870,991 million from RMB835,814 million at the end of 2023, representing an increase of 4.2%. The total liabilities increased to RMB410,317 million from RMB388,647 million at the end of 2023, representing an increase of 5.6%. The debt-to-asset ratio was 47.1%, and the capital structure remained robust.

5. OTHER DISCLOSURE

(1) POTENTIAL RISKS

Risks of adapting to economic and policy environment

At present, the world economy is undergoing profound cyclical and structural changes, with insufficient economic growth momentum and slower growth. The broad application of information technologies represented by AI promotes the transformation of innovation and growth modes, and changes the traditional production mode, which will have a profound impact on human society. The Company's internal Cloudification and Digital Transformation and structural adjustments need to be further deepened, and the foundation for promoting the transformation of development mode, promoting the effective enhancement of quality and the reasonable growth of quantity needs to be further consolidated. The Company will proactively adapt to market, technology and business development trends, strengthen sci-tech innovation, deepen reform and opening up, continuously shape new momentum and new advantages for development, and accelerate corporate transformation to become a service-oriented, technology-oriented and secured enterprise.

Risks relating to sci-tech innovation

The new round of sci-tech revolution and industrial transformation has developed rapidly, spawning a large number of new scenes, new business forms and new models. Large models have shown an explosive growth trend. Computing power service and cloud service have become the main development directions, and the value of data elements has been released rapidly. The Company's sci-tech innovation and proprietary R&D and control capabilities of products need to be continuously improved. The Company will continue to strive for breakthroughs in key core technologies, further increase the deployment of high-level sci-tech innovation platforms around strategic emerging businesses and future industries, enhance R&D efficiency and results output, and vigorously implement the project of strengthening the enterprise with talents.

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Network and data security risks

The network and data security problems are showing characteristics of complexity and diversity. While the threshold for the occurrence of cyber-attacks has greatly lowered, the scale of the attacks has increased significantly. The security risks brought by new technologies and new scenes increased, and the dynamic characteristics of hybrid multi-cloud environments make security monitoring more complex. The use of data in compliance with laws and regulations and the prevention of data leakage face new challenges. The Company's network and data security system needs to be further improved, and the capabilities to maintain network and data security need to be continuously fortified. The Company will further intensify the construction of the network and data security system, enhance the network security protection capabilities, strengthen the risk prevention of extreme scenes, and improve the independent and self-control capability of core network technologies. The Company will further deepen the protection of data security and users' personal information, improve the building of organisation and capability of anti-fraud governance, and effectively safeguard the security of data and personal information.

Risks of emerging businesses risks from strategic emerging businesses and future industries

There are many uncertainties in the development of strategic emerging businesses and future industries. The competition in the digital service market has become more diversified, and the competition in business areas such as large models and intelligent computing cloud is fierce. The R&D and application capabilities of the Company's emerging businesses need to be further improved. The Company will gain further insight into customer needs, further strengthen ecological cooperation, increase investment in R&D, step up the creation of scene-based solutions, intensify the promotion of differentiated and standardised products and services, and promote the rapid development of strategic emerging businesses.

International business operation risks

Factors such as the intertwined changes in the world, changes in the policy environment of the countries/regions where the Company's business and investments are located have led to increased uncertainties in international business expansion. The Company still has certain deficiencies in terms of overseas product services, government and enterprise product development and operation capabilities, and sales channel expansion. The Company will closely track changes in the international situation, pay attention to changes in policies and rules of relevant countries/regions, and actively use the rule of law and rules to safeguard the legitimate rights and interests of the Company. The Company will strengthen the building of overseas compliance management and risk prevention systems, and conduct risk assessment and regular tracking and monitoring of international business operations to enhance risk response capabilities.

(2) OTHER DISCLOSURES**Purchase, Sale or Redemption of Listed Securities of the Company**

During the six-month period ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2024, the Company did not hold any treasury shares.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

Save as disclosed below, as at 30 June 2024, none of the Directors and Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules.

Name	Position	Class of share	Number of Shares	Capacity	Shares held as approximate percentage of the total number of respective class of shares in issue	Shares held as approximate percentage of the total number of shares in issue
Chen Shengguang	Non-Executive Director	A Share	1,000	Beneficial owner	0.00%	0.00%
			(Long Position)			
			1,000	Interest of spouse	0.00%	0.00%
			(Long Position)			
Zhang Jianbin	Employee Representative Supervisor (resigned on 21 August 2024)	A Share	1	Beneficial owner	0.00%	0.00%
			(Long Position)			

During the six-month period ended 30 June 2024, the Company has not granted its Directors or Supervisors, or their respective spouses or any of their respective minor child (natural or adopted) or on their behalf any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for the shares or debentures.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Material Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2024, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at the shareholders' class meetings of the Company (excluding the Directors and Supervisors) in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of shareholder	Number of shares*	Class of share	Approximate percentage of the respective class of shares in issue	Approximate percentage of the total number of shares in issue	Capacity
China Telecommunications Corporation	58,240,172,066 (Long Position)	A Share	75.02%	63.65%	Beneficial owner
Guangdong Rising Holdings Group Co., Ltd.	5,614,082,653 [#] (Long Position)	A Share	7.23%	6.14%	Beneficial owner
CHINA CITIC FINANCIAL AMC INTERNATIONAL HOLDINGS LIMITED	1,217,572,000 (Long Position)	H Share	8.77%	1.33%	Beneficial owner
China CITIC Financial Asset Management Co., Ltd.	1,217,572,000 (Long Position)	H Share	8.77%	1.33%	Interest of controlled corporation

[#] As at 30 June 2024, the interest in the shares of the Company has been provided by such shareholder as security to a person other than a qualified lender, and the number of shares involved was 820,000,000.

^{*} The information disclosed above is based on the interests and short position as recorded in the register required to be maintained by the Company under Section 336 of the SFO. Pursuant to the relevant provisions of the SFO, shareholders only have to file a disclosure of interest on the occurrence of certain events – called “relevant events”. Accordingly, the exact numbers of shares held by the above-mentioned shareholders as at 30 June 2024 may be different from those as disclosed above.

Save as disclosed above, as at 30 June 2024, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares and underlying shares of the Company.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

Audit Committee

The audit committee has reviewed with management 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 2024.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as set out in Appendix C3 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 2024 to 30 June 2024.

Share Subscription

Reference is made to the announcement of the Company dated 11 March 2024. On 11 March 2024, China Telecom Quantum Information Technology Group Limited, a wholly-owned subsidiary of the Company, entered into the Conditional Share Subscription and Strategic Cooperation Agreement with Quantumtek Co., Ltd. ("Quantumtek"), planning to subscribe for non-public issued shares of Quantumtek with self-owned funds. The transaction has been approved by State-owned Assets Supervision and Administration Commission of the State Council and shareholders' meeting of Quantumtek, and is yet to be approved by and registered with relevant authorities.

Interim Dividend

The interim dividend is expected to be paid on or before 18 October 2024 to those shareholders whose names appear on the H Share Register of Members of the Company on Tuesday, 10 September 2024. For the purpose of determining H Share shareholders' entitlement to the interim dividend, the H Share Register of Members will be closed from Thursday, 5 September 2024 to Tuesday, 10 September 2024 (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 Wednesday, 4 September 2024. 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 (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., 20 August 2024) (RMB0.916676 equivalent to HK\$1.00).

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2024 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 Tuesday, 10 September 2024.

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 Tuesday, 10 September 2024 (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 Wednesday, 4 September 2024. 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.

SECTION III MANAGEMENT'S DISCUSSION AND ANALYSIS

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 18 October 2024. 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 18 October 2024. 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.

Other Information

According to paragraph 40 of Appendix D2 of the Listing Rules, save as disclosed in this report, the Company confirms that the current company information in relation to those matters set out in paragraph 32 of Appendix D2 has not changed materially from the information disclosed in the Company's 2023 Annual Report prepared in accordance with IFRS Accounting Standards ("2023 Annual Report").

SECTION IV CORPORATE GOVERNANCE REPORT

1. GENERAL MEETINGS DURING THE REPORTING PERIOD

Session	Date	Designated websites for publishing resolutions	Resolutions of the Meeting
Annual General Meeting for the year 2023	2024-05-27	www.hkexnews.hk www.chinatelecom-h.com	1. THAT the financial reports of the Company for the year of 2023 audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers be considered and approved. 2. THAT the Annual Reports for the year of 2023 be considered and approved. 3. THAT the report of the Board for the year of 2023 be considered and approved. 4. THAT the report of the Supervisory Committee for the year of 2023 be considered and approved. 5. THAT the profit distribution and dividend declaration plan of the Company for the year of 2023 be considered and approved. 6. THAT the authorisation to the Board to decide on the interim profit distribution plan of the Company for year 2024 be considered and approved. 7. THAT the re-appointment of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as the external auditors of the Company for the year ending 31 December 2024 and the authorisation to the Board to fix the remuneration of the auditors be considered and approved.

SECTION IV CORPORATE GOVERNANCE REPORT

Session	Date	Designated websites for publishing resolutions	Resolutions of the Meeting
			8. THAT the purchase of liabilities insurance for the Company and its Directors, Supervisors and senior management be considered and approved.
			9. THAT the proposal regarding the amendments to the Articles of Association be considered and approved.
			10. THAT the proposal regarding the amendments to the Rules of Procedures of the Shareholders' General Meeting be considered and approved.
			11. THAT the proposal regarding the amendments to the Rules of Procedures of the Meeting of the Board of Directors be considered and approved.
			12. THAT the proposal regarding the amendments to the Rules of Procedures of the Meeting of the Supervisory Committee be considered and approved.

During the Reporting Period, the Company held 1 general meeting, with all resolutions approved. For details, please refer to the relevant announcements published by the Company on the websites of the Stock Exchange and the Company.

The convening, holding, voting and other relevant procedures of the general meetings of the Company were in compliance with the laws and regulations, the Articles of Association of the Company, the Rules of Procedures of the Shareholders' General Meeting and other relevant requirements to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights.

SECTION IV CORPORATE GOVERNANCE REPORT

2. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT SINCE THE DATE OF THE 2023 ANNUAL REPORT

Reference is made to the announcement of the Company dated 23 May 2024. Due to his age, Mr. Shao Guanglu has retired from his positions as an Executive Director, the President and Chief Operating Officer of the Company with effect from 23 May 2024.

Reference is made to the announcement of the Company dated 12 July 2024, the circular of the Company dated 2 August 2024 and the announcement of the Company dated 21 August 2024. On 12 July 2024, Mr. Liang Baojun ("Mr. Liang") has been appointed as the President and Chief Operating Officer of the Company. The relevant appointment became effective from 12 July 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. The appointments of Mr. Liang as an Executive Director of the Company and Madam Huang Xudan ("Madam Huang") as a Shareholder Representative Supervisor of the Company were approved at the extraordinary general meeting of the Company held on 21 August 2024 (the "EGM"). Meanwhile, Mr. Luo Laifeng ("Mr. Luo") has been elected as an Employee Representative Supervisor by the employee representatives of the Company democratically. Terms of office of the above Director and Supervisors commence from 21 August 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. Madam Huang has been elected as the Chairlady of the eighth session of the Supervisory Committee at a meeting of the

Supervisory Committee held on 21 August 2024, with a term commencing from 21 August 2024 until the annual general meeting of the Company for the year 2025 to be held in year 2026. In addition, Madam Han Fang ("Madam Han") and Mr. Zhang Jianbin ("Mr. Zhang") resigned from the position as Supervisors due to changes in work arrangement. The resignation of Madam Han takes effect on the date of election of the new Shareholder Representative Supervisor at the EGM. The resignation of Mr. Zhang takes effect on the date of election of the new Employee Representative Supervisor by the employee representatives of the Company democratically.

The changes in the biographical information relating to the Directors and Supervisors of the Company since the publication of the 2023 Annual Report are set out below:

Mr. Li Jun, an Executive Director of the Company, currently serves as the President of China Youth Entrepreneurs Association, and he no longer serves as a Deputy Director General of China Aerospace Information and Satellite Internet Innovation Alliance. Mr. Ng Kar Ling Johnny, an Independent Non-Executive Director of the Company, no longer serves as an Independent Non-Executive Director of China Petroleum & Chemical Corporation which is listed on the HKSE and the SSE.

Save as stated above, there is no other information of the Directors or Supervisors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of the Directors, Supervisors and senior management are available on the website of the Company (www.chinatelecom-h.com).

SECTION IV CORPORATE GOVERNANCE REPORT

3. PROPOSAL FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE

The half-year proposal for profit distribution or conversion of capital reserve

Whether distributed or capitalised	Yes
Number of bonus shares for every 10 shares (share)	–
Dividend amount per 10 shares (RMB) (pre-tax)	1.671
Number of shares capitalised for every 10 shares (share)	–

Description on the proposal for profit distribution or conversion of capital reserve

After fully considering the returns to shareholders, the Company's profitability, cash flow level and capital needs for future development, the thirteenth meeting of the eighth session of the Board of the Company decided to distribute the interim dividend for 2024 to all shareholders in the aggregate amount of RMB15.29 billion, representing over 70% of the profit attributable to equity holders of the Company in the amount of RMB21.81 billion. 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 2024, a dividend of RMB0.1671 per share (equivalent to HK\$0.182289) (pre-tax) was declared and will be 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.

The Board has been authorised by the annual general meeting for the year 2023 to decide the profit distribution proposal and the resolution for the proposed interim dividend was considered and approved at the thirteenth meeting of the eighth session of the Board of the Company on 20 August 2024.

SECTION IV CORPORATE GOVERNANCE REPORT

4. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACT

The Company implemented the second phase of share appreciation rights scheme in 2021 to provide mid – to long-term incentives for key personnel (excluding the Executive Directors, Non-Executive Directors, Independent Non-Executive Directors, Supervisors and senior management of the Company).

Firstly, share appreciation rights are distributed based on contribution, adhering to the value-oriented principle and tilting towards units with remarkable high-quality development. Secondly, share appreciation rights are distributed based on potential, which adheres to the development orientation and tilts to the key areas of “Cloudification and Digital Transformation” and high-end and high-quality talents. Thirdly, share appreciation rights are granted based on performances. The Company adheres to the performance-oriented principle and closely links the number of rights exercised with the Company’s performance and employees’ individual performance, and imposes penalties for failure to achieve performance targets.

The scheme does not involve the grant of shares or other securities of the Company or any of its principal subsidiaries (including the grant of options for the purchase of any of such shares or securities) and therefore, it does not fall within the scope of, and is not subject to, the requirements under Chapter 17 of the Listing Rules.

5. 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 2024. 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 C1 of the Listing Rules throughout the six-month period ended 30 June 2024.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

1. ENVIRONMENTAL INFORMATION

(1) DESCRIPTION OF ENVIRONMENTAL PROTECTION OF THE COMPANY OTHER THAN KEY POLLUTANT DISCHARGING UNITS

The Company and its subsidiaries are not the key pollutant discharging units announced by the environmental protection department. The Company and its subsidiaries earnestly implement the *Environmental Protection Law of the People's Republic of China*, the *Law on the Prevention and Control of Environment Pollution Caused by Solid Wastes of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other environmental protection laws and regulations in their daily production and operation. The production and operation activities are in compliance with the relevant national environmental protection requirements.

(2) RELEVANT INFORMATION ON PROTECTING THE ECOLOGY, PREVENTING AND CONTROLLING POLLUTION, AND FULFILLING ENVIRONMENTAL RESPONSIBILITIES

The Company relies on its digital technology advantages to actively empower ecological environment protection as well as pollution prevention and control, promoting the construction of a beautiful China. In the field of ecological environment protection, it utilises digital platform technology to assist Hainan in building an integrated big data regulatory platform for the ecological environment, enhances ecological environment monitoring capabilities through informatisation and intelligence, and realises interconnection and sharing of various monitoring data to improve the quality of the ecological environment. In the field of pollution prevention and control, it uses a new generation of digital intelligence technology to build an environmental protection cloud platform, helping multiple provinces to significantly improve the level of air pollution prevention and control.

(3) MEASURES TAKEN TO REDUCE CARBON EMISSIONS DURING THE REPORTING PERIOD AND THEIR EFFECTS

The Company continuously implements various energy saving and emission reduction measures to reduce its carbon emissions. In terms of cloud-network infrastructure construction, the Company promoted the construction and deployment of national green datacentres, new generation of AIDC, ROADM all-fibre network and new metropolitan network comprehensive carrying capacity. In terms of cloud-network operation, the Company expanded AI energy-saving coverage and accelerated the green renovation of the facility rooms, the retirement of old equipment and the minimalist base station transformation. In terms of the consumption of green electricity, the Company actively participated in green electricity acquisition, constructed distributed energy and carried out energy cooperation. At the same time, it continuously strengthened sci-tech innovation, enhanced research and application of key core technologies in areas such as green and low-carbon as well as intelligent computing power efficiency and established a standard system for green datacentres. In the first half of 2024, the carbon emissions per unit of total volume of telecommunications services maintained a double-digit decrease year-on-year.

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. CONSOLIDATION AND EXPANSION OF ACHIEVEMENTS IN POVERTY ALLEVIATION AND PROSPERITY OF RURAL VILLAGES

In the first half of 2024, the Company learned and applied the experience of the “Ten Million Projects”, highlighting the 3 key points of rural development, rural construction and rural governance, and implementing 5 major projects of technology empowerment, industrial development, consumption assistance, talent training and brand building, to help yield new results in poverty alleviation and reach new heights in rural revitalisation.

The Company maintained its efforts in poverty alleviation, steadily advancing various targeted support work. It directly purchased and assisted in selling agricultural products of RMB246.20 million, organised various types of talent training activities for 23,271 person-times and comprehensively promoted the smart and intelligent upgrade of digital villages, empowering rural industrial revitalisation, talent revitalisation, cultural revitalisation, ecological revitalisation and organisational revitalization with technology.

The Company successfully completed all tasks for the targeted support assessment in 2023, and has achieved the highest rating for 6 consecutive years in the review and assessment of targeted support carried out by central units, ranking in the top ten in central state-owned enterprises.

Note: This section contains the environmental and social responsibilities work of China Telecommunications Corporation, the Company's controlling shareholder, in the first half of 2024.

SECTION VI SIGNIFICANT EVENTS

1. PERFORMANCE OF UNDERTAKINGS

THE ULTIMATE CONTROLLER, SHAREHOLDERS, RELATED PARTIES, ACQUIRERS OF THE COMPANY, THE COMPANY, AND OTHER RELEVANT PARTIES OF THE UNDERTAKINGS DURING OR SUBSISTING TO THE REPORTING PERIOD

Background of undertaking	Type of undertakings	Undertaking party	Content of undertakings	Time of undertaking	Whether there is a term for performance	Term for undertakings	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertakings
Undertakings related to the initial public offering	Restricted tradable shares	Controlling shareholder	Restrictions on the circulation of the shares and the shareholders' commitment to voluntary lock-up their shares	2021-08-20	Yes	36 months from the date of A Share listing of the Company	Yes	N/A	N/A
	Restricted tradable shares	Controlling shareholder, Guangdong Rising	Undertakings on intention to hold shares and intention to sell shares	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Resolving peer competition	Controlling shareholder	Non-competition undertaking	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Resolving related party transactions	Controlling shareholder, Guangdong Rising	Undertakings to regulate and reduce related party transactions	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Resolution of defects in property rights of land	Controlling shareholder	Loss-bearing commitment for defects in property rights of land	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	Controlling shareholder	Commitment to long-term use of trademark license	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	Controlling shareholder, the Company, directors and senior management other than independent directors and directors who do not receive remuneration from the Company	Undertakings to stabilise the share price	2021-08-20	Yes	Within three years from the date of A Share listing of the Company	Yes	N/A	N/A

SECTION VI SIGNIFICANT EVENTS

Background of undertaking	Type of undertakings	Undertaking party	Content of undertakings	Time of undertaking	Whether there is a term for performance	Term for undertakings	Whether performed timely and strictly	Specific reasons for the failure to timely honor the undertaking	Further plans in the event of failing to timely honor the undertakings
	Others	The Company, controlling shareholder, directors and senior management	Undertaking to adopt remedial measures for dilution of the immediate returns by the issuance of share	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company, controlling shareholder, directors, supervisors and senior management	Undertaking that there is no false record, misleading statement, or material omission in the prospectus	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company, controlling shareholder, directors, supervisors and senior management	Undertaking on binding measures for the failure to perform the commitment	2021-08-20	Yes	Long-term	Yes	N/A	N/A
	Others	The Company	Undertaking on disclosure of shareholders' information	2021-08-20	Yes	Long-term	Yes	N/A	N/A
Others	Dividend	The Company	Undertaking on the profit distribution policy and the arrangement in relation to the accumulated profits	2021-08-20	Yes	Long-term	Yes	N/A	N/A

SECTION VI SIGNIFICANT EVENTS

2. MATERIAL CONTRACTS AND PERFORMANCE

MATERIAL GUARANTEES PERFORMED AND NOT YET FULFILLED DURING THE REPORTING PERIOD

Unit: yuan Currency: Renminbi

External guarantees provided by the Company (excluding guarantees provided to its subsidiaries)	
Total amount of guarantees incurred during the Reporting Period (excluding those provided to subsidiaries)	-
Total balance of guarantees as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)	-
Guarantees provided by the Company to its subsidiaries	
Total amount of guarantees provided to subsidiaries incurred during the Reporting Period	17,813,420.70
Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)	44,058,819.19
Aggregate guarantees of the Company (including those guarantees provided to its subsidiaries)	
Aggregate amount of guarantees (A + B)	44,058,819.19
Percentage of total aggregate amount of guarantee to net assets of the Company (%)	0.0096
Representing:	
Amount of guarantees provided for shareholders, ultimate controller and their related parties (C)	-
Amount of debt guarantees directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	-
Amount of total guarantee exceeding 50% of net assets (E)	-
Aggregate amount of the above three guarantees (C + D + E)	-
Explanation on the potential joint and several liability for outstanding guarantees	Nil
Clarification of guarantee	The external guarantees provided by the Company were non-financing guarantees provided by China Telecom Group Finance Co., Ltd. and China Telecom Global Limited, both being subsidiaries of the Company, to wholly-owned subsidiaries of the Company. If the amount of the above-mentioned external guarantees involves foreign currency, it would be converted at the median rate for the exchange rate of RMB announced by the People's Bank of China on 28 June 2024.

SECTION VI SIGNIFICANT EVENTS

(1) Description of guarantees during the Reporting Period

According to the needs of daily production and operation, China Telecom Finance, China Telecom Global and China Telecom Middle East FZ-LLC, all being subsidiaries of the Company, contemplated to provide guarantees to wholly-owned subsidiaries of the Company in 2023, in an aggregate amount of not exceeding RMB393.50 million (or equivalent foreign currency). The guarantee limit is valid until 31 March 2024. The guaranteed entities are all wholly-owned subsidiaries of the Company with asset-liability ratio not exceeding 70%. In accordance with relevant laws and regulations, China Telecom Finance, China Telecom Global and China Telecom Middle East FZ-LLC have separately performed relevant internal decision-making procedures for the above guarantees. For details, please refer to the “Announcement on the Plan for External Guarantee for 2023 of China Telecom Corporation Limited” disclosed by the Company on 30 March 2023. Within the scope of the above guarantee limits, China Telecom Finance, a subsidiary of the Company, entered into an agreement of guarantee with China Telecom Digital Intelligence Technology on 29 February 2024, pursuant to which China Telecom Finance agreed to provide guarantee to China Telecom Digital Intelligence Technology with a limit of not more than RMB300 million. During the Reporting Period and within the scope of the guarantee limit under the agreement of guarantee described above, China Telecom Finance provided three guarantees to China Telecom Digital Intelligence Technology, details of which are set out in the section below headed “(2) the progress of guarantees during the Reporting Period” in this report.

According to the needs of daily production and operation, China Telecom Finance and China Telecom Global, both being subsidiaries of the Company, contemplated to provide guarantees to wholly-owned subsidiaries of the Company in 2024, in an aggregate amount of not exceeding RMB479.20 million (or equivalent foreign currency). The guarantee limit is valid until 31 March 2025. The guaranteed entities are all wholly-owned subsidiaries of the Company with asset-liability ratio not exceeding 70%. In accordance with relevant laws and regulations, the guarantors have separately performed relevant internal decision-making procedures for the above guarantees. For details, please refer to the “Announcement on the Plan for External Guarantee for 2024 of China Telecom Corporation Limited” disclosed by the Company on 26 March 2024.

SECTION VI SIGNIFICANT EVENTS

(2) The progress of guarantees during the Reporting Period

In the second quarter of 2024 and within the scope of the aggregate guarantee limit described above, China Telecom Finance provided four guarantees totaling RMB17.2322 million to China Telecom Digital Intelligence Technology and China Telecom Digital City Technology Co., Ltd. The details of the guarantees are as follows:

Guarantor	Guaranteed party	Amount of guarantee (RMB)	Guarantee period	Type of guarantee	Method of guarantee
China Telecom Group Finance Co., Ltd.	China Telecom Digital Intelligence Technology Co., Ltd. Anhui Branch	89,000.00	19 April 2024 to 13 August 2027	Non-financing guarantee	Quality guarantee
	China Telecom Digital Intelligence Technology Co., Ltd.	39,595.00	29 April 2024 to 7 May 2024	Non-financing guarantee	Performance guarantee
	China Telecom Digital Intelligence Technology Co., Ltd. Anhui Branch	2,103,600.00	24 May 2024 to 25 May 2024	Non-financing guarantee	Advance payment guarantee
	China Telecom Digital City Technology Co., Ltd.	15,000,000.00	24 June 2024 to 23 June 2025	Non-financing guarantee	Performance guarantee

Note: For details of the progress of guarantees during the first quarter of 2024, please refer to the 2024 First Quarter Report of China Telecom Corporation Limited published on 23 April 2024.

(3) The cumulative amount of guarantees and the amount of overdue guarantees

As at the end of the Reporting Period, the balance of external guarantees provided by the Company and its subsidiaries was RMB44.0588 million, all of which were guarantees provided by subsidiaries of the Company to other wholly-owned subsidiaries of the Company. The Company did not provide guarantees to its subsidiaries or third parties, and there was no overdue guarantee.

Any amount of the above-mentioned external guarantees involving foreign currency is converted at the median rate of the exchange rate of RMB announced by the People's Bank of China on 28 June 2024.

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

1. CHANGES IN SHARE CAPITAL

(1) CHANGES IN SHARE

The total number of shares and share capital structure of the Company remained unchanged during the Reporting Period.

(2) CHANGES IN SHARES WITH LOCK-UP RESTRICTIONS

Shares with lock-up restrictions of the Company remained unchanged during the Reporting Period.

Huawei Technologies Co., Ltd, Oriental Pearl Group Co., Ltd., Sangfor Technologies Inc., Shanghai Bilibili Technology Co., Ltd. and DBAPP Security Co., Ltd. held an aggregate of 662,250,000 A shares with lock-up restrictions of the Company (percentage of shareholding amounted to 0.7237%) which were released for trading on 20 August 2024. According to the restrictions on the circulation of the shares and the shareholders' commitment to voluntary lock-up their shares, the lock-up period for the shares held by China Telecommunications Corporation prior to the Company's initial public offering has been extended by 6 months to 20 February 2025. For details, please refer to the "Announcement on the Release for Trading of Partial Lock-up Shares of the Initial Public Offering of China Telecom Corporation Limited" disclosed on 13 August 2024.

2. INFORMATION ON SHAREHOLDERS

(1) TOTAL NUMBER OF SHAREHOLDERS

Total number of ordinary shareholders as at the end of the Reporting Period	271,104
Total number of holders of preference shares with reinstated voting rights as at the end of the Reporting Period	N/A

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(2) SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS AND THE TOP TEN SHAREHOLDERS OF TRADABLE SHARES (OR SHAREHOLDERS OF UNRESTRICTED SHARES) AS AT THE END OF THE REPORTING PERIOD

Unit: shares

Shareholdings of the top ten shareholders (excluding shares loaned through refinancing)

Name of shareholder (Full name)	Changes during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held with lock-up restrictions	Pledge, marking or freezing conditions		Nature of shareholder
					Status of shares	Quantity	
China Telecommunications Corporation	–	58,476,519,174	63.90	57,377,053,317	Nil	–	State-owned legal person
HKSCC Nominees Limited	1,417,839	13,847,399,317	15.13	–	Nil	–	Foreign legal person
Guangdong Rising Holdings Group Co., Ltd.	(420,000,000)	4,794,082,653	5.24	–	Nil	–	State-owned legal person
Zhejiang Provincial Financial Development Co., Ltd.	–	2,137,473,626	2.34	–	Nil	–	State-owned legal person
Jiangsu Guoxin Group Limited	–	957,031,543	1.05	–	Nil	–	State-owned legal person
Fujian Investment & Development Group Co., Ltd.	–	920,294,182	1.01	–	Nil	–	State-owned legal person
China Life Insurance Company Limited – Traditional – General insurance products – 005L – CT001 Shanghai	19,654,944	786,269,672	0.86	–	Nil	–	Unknown
State Grid Yingda International Holdings Group Co., Ltd.	–	441,501,000	0.48	–	Nil	–	State-owned legal person
Guangdong Rising Holdings Group Co., Ltd. – Special account for pledge of non-public issuance of exchangeable company bonds (first phase) for professional investors in 2024	420,000,000	420,000,000	0.46	–	Pledge	420,000,000	Unknown
Guangdong Rising Holdings Group Co., Ltd. – Special account for pledge of non-public issuance of exchangeable company bonds (first phase) for professional investors in 2023	–	400,000,000	0.44	–	Pledge	400,000,000	Unknown

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Shareholdings of the top ten shareholders without lock-up restriction (excluding shares loaned through refinancing)

Name of shareholder	Number of tradable shares held without lock-up restriction	Class and number of shares	
		Class	Quantity
HKSCC Nominees Limited	13,847,399,317	Overseas-listed foreign-invested shares	13,847,399,317
Guangdong Rising Holdings Group Co., Ltd.	4,794,082,653	RMB ordinary shares	4,794,082,653
Zhejiang Provincial Financial Development Co., Ltd.	2,137,473,626	RMB ordinary shares	2,137,473,626
China Telecommunications Corporation	1,099,465,857	RMB ordinary shares	1,099,465,857
Jiangsu Guoxin Group Limited	957,031,543	RMB ordinary shares	957,031,543
Fujian Investment & Development Group Co., Ltd.	920,294,182	RMB ordinary shares	920,294,182
China Life Insurance Company Limited – Traditional – General insurance products – 005L – CT001 Shanghai	786,269,672	RMB ordinary shares	786,269,672
State Grid Yingda International Holdings Group Co., Ltd.	441,501,000	RMB ordinary shares	441,501,000
Guangdong Rising Holdings Group Co., Ltd. – Special account for pledge of non-public issuance of exchangeable company bonds (first phase) for professional investors in 2024	420,000,000	RMB ordinary shares	420,000,000
Guangdong Rising Holdings Group Co., Ltd. – Special account for pledge of non-public issuance of exchangeable company bonds (first phase) for professional investors in 2023	400,000,000	RMB ordinary shares	400,000,000
Explanation on the securities account designated for share repurchase of the top ten shareholders	N/A		
Explanation on the voting rights entrusted by or waived by the above shareholders	N/A		
Description of connected relationship or acting in concert among the aforementioned shareholders	The Company is not aware of any connected relationship among the aforementioned shareholders or whether they act in concert.		
Description of the holders of preference shares with restored voting rights and their shareholding	N/A		

SECTION VII CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Shareholdings of the top ten shareholders with lock-up restrictions

Unit: shares

No.	Name of shareholders with lock-up restrictions	Number of shares held with lock-up restrictions	Listing and trading of shares with lock-up restrictions		Lock-up restrictions
			Date of listing and trading	Number of new shares available for listing and trading	
1	China Telecommunications Corporation	57,377,053,317	2025-02-20	–	Lock-up for 42 months from the date of listing
2	Huawei Technologies Co., Ltd	220,750,000	2024-08-20	–	Lock-up for 36 months from the date of listing
3	Oriental Pearl Group Co., Ltd.	110,375,000	2024-08-20	–	Lock-up for 36 months from the date of listing
4	Sangfor Technologies Inc.	110,375,000	2024-08-20	–	Lock-up for 36 months from the date of listing
5	Shanghai Bilibili Technology Co., Ltd.	110,375,000	2024-08-20	–	Lock-up for 36 months from the date of listing
6	DBAPP Security Co., Ltd.	110,375,000	2024-08-20	–	Lock-up for 36 months from the date of listing
Description of connected relationship or acting in concert among the aforementioned shareholders		The Company is not aware of any connected relationship among the aforementioned shareholders or whether they act in concert.			

Note: Huawei Technologies Co., Ltd, Oriental Pearl Group Co., Ltd., Sangfor Technologies Inc., Shanghai Bilibili Technology Co., Ltd. and DBAPP Security Co., Ltd. held an aggregate of 662,250,000 A shares with lock-up restrictions of the Company (percentage of shareholding amounted to 0.7237%) which were released for trading on 20 August 2024. According to the restrictions on the circulation of the shares and the shareholders' commitment to voluntary lock-up their shares, the lock-up period for the shares held by China Telecommunications Corporation prior to the Company's initial public offering has been extended by 6 months to 20 February 2025. For details, please refer to the "Announcement on the Release for Trading of Partial Lock-up Shares of the Initial Public Offering of China Telecom Corporation Limited" disclosed on 13 August 2024.

(3) STRATEGIC INVESTORS OR OTHER LEGAL PERSONS WHO BECAME TOP TEN SHAREHOLDERS DUE TO ALLOTMENT OF NEW SHARES

Names of strategic investors or other legal persons	Agreed shareholding start date	Agreed shareholding end date
State Grid Yingda International Holdings Group Co., Ltd.	20 August 2021	–
Description of agreed term of shareholding in respect of strategic investors and general legal persons' participation in placing of new shares	Lock-up for 12 months from the date of listing, and the lock-up was released on 22 August 2022.	

SECTION VIII INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 30 June 2024 (Amounts in million)

		30 June 2024 RMB	31 December 2023 RMB
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	400,504	409,943
Construction in progress	5	86,986	72,238
Right-of-use assets		72,185	76,908
Goodwill		29,925	29,923
Intangible assets		21,508	22,702
Interests in associates and joint ventures	6	43,176	43,158
Financial assets at fair value through profit or loss	22	383	397
Equity instruments at fair value through other comprehensive income	22	938	1,426
Deferred tax assets		664	1,347
Other assets	7	14,802	9,909
Total non-current assets		671,071	667,951
Current assets			
Inventories		4,664	3,417
Income tax recoverable		106	140
Accounts receivable, net	8	55,734	32,210
Contract assets		6,017	4,665
Prepayments and other current assets		32,645	35,580
Short-term bank deposits and restricted cash		25,682	10,805
Cash and cash equivalents	9	75,072	81,046
Total current assets		199,920	167,863
Total assets		870,991	835,814

SECTION VIII INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

at 30 June 2024 (Amounts in million)

	Notes	30 June 2024 RMB	31 December 2023 RMB
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debts	10	2,645	2,867
Current portion of long-term debts	10	1,051	1,133
Accounts payable	11	162,739	145,872
Accrued expenses and other payables		86,914	74,260
Contract liabilities		56,763	65,417
Income tax payable		4,230	488
Current portion of lease liabilities		13,632	13,399
Total current liabilities		327,974	303,436
Net current liabilities		(128,054)	[135,573]
Total assets less current liabilities		543,017	532,378
Non-current liabilities			
Long-term debts	10	5,824	5,142
Lease liabilities		38,250	42,650
Deferred tax liabilities		30,620	31,025
Other non-current liabilities		7,649	6,394
Total non-current liabilities		82,343	85,211
Total liabilities		410,317	388,647
Equity			
Share capital		91,507	91,507
Reserves		364,772	351,419
Total equity attributable to equity holders of the Company		456,279	442,926
Non-controlling interests		4,395	4,241
Total equity		460,674	447,167
Total liabilities and equity		870,991	835,814

The notes on pages 54 to 76 form part of the condensed consolidated interim financial information.

SECTION VIII INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the six-month period ended 30 June 2024 (Amounts in million except for per share data)

	Notes	Six-month period ended 30 June 2024 RMB	2023 RMB
Operating revenues	12	268,011	260,664
Operating expenses			
Depreciation and amortisation		(49,532)	(47,838)
Network operations and support	13	(80,131)	(76,052)
Selling, general and administrative	14	(33,090)	(32,839)
Personnel expenses	15	(50,566)	(48,998)
Other operating expenses	16	(27,432)	(29,429)
Total operating expenses		(240,751)	(235,156)
Operating profit		27,260	25,508
Net finance costs	17	(250)	(483)
Investment income and others		84	159
Share of profits of associates and joint ventures		1,145	996
Profit before taxation		28,239	26,180
Income tax	18	(6,273)	(6,006)
Profit for the period		21,966	20,174
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		(519)	89
Deferred tax on change in fair value of investments in equity instruments at fair value through other comprehensive income		131	(24)
		(388)	65
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of subsidiaries outside mainland China		42	201
Share of other comprehensive income of associates and joint ventures		-	2
		42	203
Other comprehensive income for the period, net of tax		(346)	268
Total comprehensive income for the period		21,620	20,442

SECTION VIII INTERIM FINANCIAL INFORMATION

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

for the six-month period ended 30 June 2024 (Amounts in million except for per share data)

	Notes	Six-month period ended 30 June 2024 RMB	2023 RMB
Profit attributable to			
Equity holders of the Company		21,812	20,153
Non-controlling interests		154	21
Profit for the period		21,966	20,174
Total comprehensive income attributable to			
Equity holders of the Company		21,466	20,421
Non-controlling interests		154	21
Total comprehensive income for the period		21,620	20,442
Basic earnings per share (RMB)	20	0.24	0.22
Diluted earnings per share (RMB)	20	0.24	0.22
Number of shares (in million)	20	91,507	91,507

The notes on pages 54 to 76 form part of the condensed consolidated interim financial information.

SECTION VIII INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six-month period ended 30 June 2024 (Amounts in million)

Notes	Attributable to equity holders of the Company									Non-controlling interests	Total equity
	Share capital	Capital reserve	Share premium	Surplus reserves	General risk reserve	Other reserves	Exchange reserve	Retained earnings	Total		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January 2023	91,507	19,710	47,687	84,901	183	126	(458)	188,433	432,089	4,338	436,427
Profit for the period	-	-	-	-	-	-	-	20,153	20,153	21	20,174
Other comprehensive income for the period	-	-	-	-	-	67	201	-	268	-	268
Total comprehensive income for the period	-	-	-	-	-	67	201	20,153	20,421	21	20,442
Share of associates and joint ventures' other changes in reserves	-	13	-	-	-	-	-	-	13	-	13
Dividends	19	-	-	-	-	-	-	(6,955)	(6,955)	-	(6,955)
Balance as at 30 June 2023	91,507	19,723	47,687	84,901	183	193	(257)	201,631	445,568	4,359	449,927
Balance as at 1 January 2024	91,507	19,722	47,687	87,761	387	504	(395)	195,753	442,926	4,241	447,167
Profit for the period	-	-	-	-	-	-	-	21,812	21,812	154	21,966
Other comprehensive income for the period	-	-	-	-	-	(388)	42	-	(346)	-	(346)
Total comprehensive income for the period	-	-	-	-	-	(388)	42	21,812	21,466	154	21,620
Share of associates and joint ventures' other changes in reserves	-	123	-	-	-	-	-	-	123	-	123
Dividends	19	-	-	-	-	-	-	(8,236)	(8,236)	-	(8,236)
Balance as at 30 June 2024	91,507	19,845	47,687	87,761	387	116	(353)	209,329	456,279	4,395	460,674

The notes on pages 54 to 76 form part of the condensed consolidated interim financial information.

SECTION VIII INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 2024 (Amounts in million)

	Notes	Six-month period ended 30 June 2024 RMB	2023 RMB
Net cash from operating activities	(a)	58,700	65,536
Cash flows used in investing activities			
Capital expenditure		(34,985)	(28,318)
Purchase of investments		(109)	(15)
Payments for right-of-use assets		(50)	(9)
Proceeds from disposal of property, plant and equipment		706	200
Proceeds from disposal of right-of-use assets		58	1
Proceeds from disposal of investments		6	54
Payments for equity instruments at fair value through other comprehensive income		(30)	(15)
Purchase of bank deposits		(27,058)	(5,952)
Maturity of bank deposits		7,308	1,105
Short-term loans granted to China Telecom Group by Finance Company	(b)	(2,029)	(6,100)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	6,080	6,071
Net cash used in investing activities		(50,103)	(32,978)
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(6,556)	(6,553)
Proceeds from bank and other loans		2,833	2,071
Repayments of bank and other loans		(4,057)	(5,791)
Payments of dividends		(7,082)	(5,900)
Distribution to non-controlling interests		–	(1)
Net deposits by China Telecom Group with Finance Company	(b)	638	(5,495)
(Increase)/decrease in statutory deposit reserves placed by Finance Company		(359)	268
Net cash used in financing activities		(14,583)	(21,401)
Net (decrease)/increase in cash and cash equivalents		(5,986)	11,157
Cash and cash equivalents as at 1 January		81,046	72,465
Effect of changes in foreign exchange rate		12	76
Cash and cash equivalents as at 30 June		75,072	83,698

SECTION VIII INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 2024 (Amounts in million)

(a) RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FROM OPERATING ACTIVITIES

	Six-month period ended 30 June	
	2024	2023
	RMB	RMB
Profit before taxation	28,239	26,180
Adjustment for:		
Depreciation and amortisation	49,532	47,838
Impairment losses for financial assets and contract assets, net of reversal	3,863	2,646
Write-down of inventories, net of reversal	25	42
Investment income and others	(106)	(159)
Share of profits of associates and joint ventures	(1,145)	(996)
Interest income	(1,042)	(1,039)
Net interest expense	1,192	1,319
Net foreign exchange gain or loss and others	100	203
Net loss on retirement and disposal of long-lived assets and others	886	1,385
	81,544	77,419
Increase in accounts receivable	(27,522)	(25,088)
Increase in contract assets	(1,453)	(666)
Increase in inventories	(1,272)	(1,379)
(Increase)/decrease in prepayments and other current assets	(985)	1,123
Decrease/(increase) in restricted cash	108	(78)
Decrease/(increase) in other assets	603	(356)
Increase in accounts payable	6,147	9,891
Increase in accrued expenses and other payables	10,931	14,113
Decrease in contract liabilities	(8,661)	(8,230)
Cash generated from operations	59,440	66,749
Interest received	992	943
Interest paid	(1,162)	(1,439)
Investment income received	1,521	1,313
Income tax paid	(2,091)	(2,030)
Net cash from operating activities	58,700	65,536

SECTION VIII INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 2024 (Amounts in million)

(b) “Finance Company” refers to China Telecom Group Finance Co., Ltd., a subsidiary of the Company established on 8 January 2019, which provides capital and financial management services to the member units of China Telecommunications Corporation, the parent and ultimate holding company of the Company. These transactions are conducted on normal commercial terms or better.

China Telecommunications Corporation together with its subsidiaries other than the Group are referred to as “China Telecom Group”.

(c) SIGNIFICANT NON-CASH TRANSACTIONS

For the six-month periods ended 30 June 2024 and 30 June 2023, the Group did not have significant non-cash investing and financing activities, except for the additions of right-of-use assets and lease liabilities, and the additions of equipment in instalment purchase of equipment.

SECTION VIII INTERIM FINANCIAL INFORMATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six-month period ended 30 June 2024

1. PRINCIPAL ACTIVITIES

China Telecom Corporation Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 10 September 2002. The Company and its subsidiaries (hereinafter, collectively referred to as the “Group”) is a leading and large-scale full-service and integrated intelligent information services provider, providing its individual, household, government and enterprise customers with integrated intelligent information services.

2. 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 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 20 August 2024, reflects the unaudited financial position of the Group as at 30 June 2024 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 2024.

The preparation of condensed consolidated interim financial information in conformity with IAS 34, “*Interim Financial Reporting*”, requires management to make judgments, estimates and assumptions about the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated interim financial information contains condensed consolidated statement of financial position, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards. The condensed consolidated interim financial information should be read in conjunction with the Company’s 2023 annual financial statements. The Group’s policies on financial risk management were set out in the financial statements included in the Group’s 2023 Annual Report and there have been no significant changes in these policies for the six-month period ended 30 June 2024.

As at 30 June 2024, the total current liabilities of the Group had exceeded the total current assets by RMB128,054 million (31 December 2023: RMB135,573 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 RMB201,771 million (31 December 2023: RMB205,452 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 2024 has been prepared on a going concern basis.

SECTION VIII INTERIM FINANCIAL INFORMATION

**NOTES TO THE UNAUDITED CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

for the six-month period ended 30 June 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated interim financial information is prepared on the historical cost basis as modified by the revaluation of certain financial instruments measured at fair value.

Other than changes in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated interim financial information are the same as those followed in the preparation of the 2023 annual financial statements of the Group.

Application of amendments to IFRS Accounting Standards

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

- Amendments to IAS 1 “*Presentation of Financial Statement*” – Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 “*Presentation of Financial Statement*” – Non-current Liabilities with Covenants
- Amendments to IFRS 16 “*Leases*” – Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 “*Statement of Cash Flows*” and IFRS 7 “*Financial Instruments: Disclosures*” – Supplier finance arrangements

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

SECTION VIII INTERIM FINANCIAL INFORMATION

**NOTES TO THE UNAUDITED CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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4. 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 Executive Directors of the Company have been identified as the CODM. 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.

5. PROPERTY, PLANT AND EQUIPMENT, NET AND CONSTRUCTION IN PROGRESS

For the six-month period ended 30 June 2024, the Group acquired items of property, plant and equipment and construction in progress with an aggregate cost of RMB46,593 million (for the six-month period ended 30 June 2023: RMB41,614 million) and the depreciation of property, plant and equipment recognised in unaudited condensed consolidated statement of comprehensive income was RMB37,287 million (for the six-month period ended 30 June 2023: RMB35,731 million).

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6. INTERESTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2024	31 December 2023
	RMB million	RMB million
Cost of investment in associates and joint ventures	37,095	36,986
Share of post-acquisition changes in net assets	6,081	6,172
	43,176	43,158

The Group's interests in associates and joint ventures are accounted for under the equity method. Details of the Group's principal associates are as follows:

Name of company	Notes	Attributable equity interest	Principal activities
China Tower Corporation Limited	(i)	20.5%	Construction, maintenance and operation of communications towers as well as ancillary facilities
Shanghai Information Investment Incorporation	(ii)	24.0%	Information technology consulting services

Notes:

(i) China Tower Corporation Limited ("China Tower") is established and operated in the PRC, and listed on the Main Board of The Stock Exchange of Hong Kong Limited on 8 August 2018.

(ii) Shanghai Information Investment Incorporation is established and operated in the PRC and is not traded on any stock exchange.

As at 30 June 2024, the fair value of investment in China Tower was RMB33,265 million (31 December 2023: RMB26,816 million) based on its quoted market price, which was below its carrying amount by 17.0% (31 December 2023: 33.3%). The management of the Group performed an impairment assessment and determined the recoverable amount of the investment based on the present value of expected future cash flows. The calculation has considered pre-tax cash flow projections of China Tower in five years with an extrapolation made to perpetuity. The discount rate used in projecting present value of future cash flows was based on cost of capital used to evaluate investments of similar nature in mainland China. Management judgement is required in estimating the future cash flows of China Tower. The key assumptions are determined with reference to external sources of information. Based on the management's assessment result, there was no impairment of the investment as at 30 June 2024.

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7. OTHER ASSETS

	Notes	30 June 2024 RMB million	31 December 2023 RMB million
Term deposits		5,153	48
Contract costs	(i)	1,148	1,486
Other long-term prepaid expenses and receivables	(ii)	8,501	8,375
		14,802	9,909

Notes:

(i) Contract costs capitalised as at 30 June 2024 and 31 December 2023 mainly relate to the direct cost of the provision of wireline terminals to subscribers for the provision of Wireline and Smart Family services of the Group. The amount of capitalised costs recognised in profit or loss for the six-month period ended 30 June 2024 was RMB602 million (for the six-month period ended 30 June 2023: RMB781 million). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during this period.

(ii) Other long-term prepaid expenses and receivables mainly include prepayments of construction and materials, etc.

8. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, are analysed as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Third parties	64,079	37,861
China Telecom Group	2,370	1,670
China Tower	33	24
Other telecommunications operators in the PRC	1,241	893
	67,723	40,448
Less: Allowance for credit losses	(11,989)	(8,238)
	55,734	32,210

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8. ACCOUNTS RECEIVABLE, NET (continued)

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

	30 June 2024	31 December 2023
	RMB million	RMB million
Current, within 1 month	9,418	6,073
1 to 3 months	3,811	2,554
4 to 6 months	1,491	905
7 to 12 months	1,535	1,469
Over 12 months	2,538	1,604
	18,793	12,605
Less: Allowance for credit losses	(5,587)	(3,944)
	13,206	8,661

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

	30 June 2024	31 December 2023
	RMB million	RMB million
Within 6 months	34,491	17,601
7 to 12 months	6,224	5,540
1 to 2 years	5,203	2,663
2 to 3 years	1,634	913
Over 3 years	1,378	1,126
	48,930	27,843
Less: Allowance for credit losses	(6,402)	(4,294)
	42,528	23,549

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9. CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
	RMB million	RMB million
Cash at bank and in hand	53,330	78,740
Time deposits with original maturity within three months	21,742	2,306
	75,072	81,046

10. SHORT-TERM AND LONG-TERM DEBTS

Short-term debts comprise:

	30 June 2024	31 December 2023
	RMB million	RMB million
Loans from banks – unsecured	2,645	2,867

The weighted average interest rate of the Group's total short-term debts as at 30 June 2024 was 2.7% (31 December 2023: 3.0%) per annum, and the loans bear interests at rates ranging from 1.5% to 3.3% (31 December 2023: 2.7% to 3.4%) per annum, which are repayable within one year.

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10. SHORT-TERM AND LONG-TERM DEBTS (continued)

Long-term debts comprise:

	Note	30 June 2024 RMB million	31 December 2023 RMB million
Loans from banks – unsecured	(i)	6,875	6,275
Less: Current portion		(1,051)	(1,133)
Non-current portion		5,824	5,142

Note:

(i) The loans from banks include long-term RMB denominated government loans with below-market interest rates ranging from 1.08% to 1.20% per annum obtained by the Group through banks (the "Low-interest Loans"). The Group recognised the Low-interest Loans at their fair value on initial recognition, and accreted the discount to profit or loss using the effective interest rate method. The difference between the fair value and face value of the Low-interest Loans was recognised as government grants in accrued expenses and other payables and other non-current liabilities.

As at 30 June 2024, the loans from banks bear interests at contractual rates ranging from 1.08% to 2.66% (31 December 2023: 1.08% to 2.60%) per annum with maturities through 2036.

The Group's short-term and long-term debts do not contain any financial covenants. As at 30 June 2024, the Group had unutilised credit facilities amounting to RMB201,771 million (31 December 2023: RMB205,452 million).

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11. ACCOUNTS PAYABLE

Accounts payable are analysed as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Third parties	120,974	111,025
China Telecom Group	30,618	26,444
China Tower	9,863	7,505
Other telecommunications operators in the PRC	1,284	898
	162,739	145,872

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

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

	30 June 2024 RMB million	31 December 2023 RMB million
Due within 1 month or on demand	39,880	40,068
Due after 1 month but within 3 months	34,361	30,859
Due after 3 months but within 6 months	38,573	35,261
Due after 6 months	49,925	39,684
	162,739	145,872

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12. OPERATING REVENUES

Disaggregation of revenues

	Notes	Six-month period ended 30 June 2024	2023
		RMB million	RMB million
Type of goods or services			
Service revenues		246,235	235,977
Mobile communications service revenues	(i)	105,217	101,607
Wireline and Smart Family service revenues	(ii)	63,993	62,024
Industrial Digitalisation service revenues	(iii)	73,750	68,802
Other service revenues	(iv)	3,275	3,544
Sales of goods and others	(v)	21,776	24,687
Total operating revenues		268,011	260,664
Revenue from customer contracts		265,002	257,690
Revenue from other sources and others		3,009	2,974
Total operating revenues		268,011	260,664
Timing of revenue recognition			
A point in time		19,689	22,619
Over time		248,322	238,045
Total operating revenues		268,011	260,664

Notes:

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

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13. NETWORK OPERATIONS AND SUPPORT

		Six-month period ended 30 June 2024	2023
	Note	RMB million	RMB million
Operating and maintenance		52,381	48,463
Utility		9,350	9,325
Network resources usage and related fees	(i)	15,304	14,707
Others		3,096	3,557
		80,131	76,052

Note:

- (i) Network resources usage and related fees include fees in respect of the short-term leases and leases of low-value assets, variable lease payments not depending on an index or a rate and fees for non-lease components in respect of communications towers and related assets lease and the usage of network resources provided by third parties.

14. SELLING, GENERAL AND ADMINISTRATIVE

		Six-month period ended 30 June 2024	2023
	Note	RMB million	RMB million
Channel commission and customer services expenses		24,069	25,068
Advertising and promotion expenses		791	833
Property and transportation related expenses		1,262	1,261
Research and development expenses	(i)	1,062	1,001
Others		5,906	4,676
		33,090	32,839

Note:

- (i) The item does not include depreciation and amortisation and personnel expenses related to research and development.

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15. PERSONNEL EXPENSES

Personnel expenses are attributable to the following functions:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Network operations and support	31,008	30,264
Selling, general and administrative	19,558	18,734
	50,566	48,998

16. OTHER OPERATING EXPENSES

		Six-month period ended 30 June	
	Notes	2024	2023
		RMB million	RMB million
Interconnection charges	(i)	7,498	6,757
Cost of goods sold	(ii)	18,980	21,780
Others	(iii)	954	892
		27,432	29,429

Notes:

- (i) Interconnection charges represent amounts incurred for the use of other domestic and foreign telecommunications operators' networks for delivery of voice and data traffic that originate from the Group's telecommunications networks.
- (ii) Cost of goods sold primarily represents cost of communications equipment sold.
- (iii) Others mainly include tax and surcharges other than value-added tax and income tax.

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17. NET FINANCE COSTS

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Interest expense on lease liabilities	912	1,107
Interest expense on short-term and long-term debts	320	258
Less: Interest expense capitalised*	(40)	(46)
Net interest expense	1,192	1,319
Interest income	(1,042)	(1,039)
Net foreign exchange gain or loss and others	100	203
	250	483
*Interest expense was capitalised in construction in progress at the following rates per annum	2.8%-3.2%	2.8%-3.6%

18. INCOME TAX

Income tax in the profit or loss comprises:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Provision for PRC income tax	5,761	4,230
Provision for income tax in other tax jurisdictions	103	125
Deferred taxation	409	1,651
	6,273	6,006

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18. INCOME TAX (continued)

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

		Six-month period ended 30 June 2024	2023
	Notes	RMB million	RMB million
Profit before taxation		28,239	26,180
Expected income tax expense at statutory tax rate of 25%	(i)	7,060	6,545
Impact of tax incentives and reduction including additional deduction for qualified research and development costs, etc.		(568)	(432)
Differential tax rate on mainland China subsidiaries' and branches' income	(i)	(364)	(416)
Differential tax rate on other subsidiaries' income	(ii)	(32)	(22)
Non-deductible expenses	(iii)	434	424
Non-taxable income	(iv)	(333)	(260)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised		177	353
Others	(v)	(101)	(186)
Income tax expense		6,273	6,006

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 12% to 38%.
- (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.

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19. DIVIDENDS

Pursuant to the shareholders' approval at the Annual General Meeting held on 27 May 2024, a final dividend of RMB0.090 (equivalent to HK\$0.098814) per share (pre-tax) totalling approximately RMB8,236 million in respect of the year ended 31 December 2023 was declared. The dividend of RMB7,082 million was paid on 13 June 2024, and the dividend of RMB1,154 million was paid on 26 July 2024.

The 2022 Annual General Meeting considered and approved the authorisation to the Board of Directors to decide on the interim profit distribution plan of the Company for year 2023. Pursuant to a resolution at the Board of Directors' meeting on 8 August 2023, an interim dividend of RMB0.1432 (equivalent to HK\$0.156524) per share (pre-tax) totalling approximately RMB13,104 million in respect of the six-month period ended 30 June 2023 was declared. The dividend of RMB11,117 million was paid on 31 August 2023, and the dividend of RMB1,987 million was paid on 28 September 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 was paid on 9 June 2023, and the dividend of RMB1,055 million for was paid on 21 July 2023.

20. EARNINGS PER SHARE

The calculation of basic earnings per share for the six-month periods ended 30 June 2024 and 30 June 2023 is based on the profit attributable to equity holders of the Company of RMB21,812 million and RMB20,153 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.

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21. CAPITAL COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had capital commitments as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Contracted for but not provided		
Property	1,994	1,912
Telecommunications network plant and equipment	17,671	21,015
	19,665	22,927

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets of the Group include cash and cash equivalents, bank deposits and restricted cash, equity instruments at fair value through other comprehensive income, accounts receivable, financial assets at fair value through profit or loss and financial assets included in prepayments and other current assets. Financial liabilities of the Group include short-term and long-term debts, accounts payable and financial liabilities included in accrued expenses and other payables.

Fair Value Measurements

Based on IFRS 13, “*Fair Value Measurement*”, the fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data

The fair values of the Group’s financial instruments (other than long-term debts and financial instruments measured at fair value) approximate their carrying amounts due to the short-term maturity of these instruments.

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22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair Value Measurements (continued)

The listed equity securities investments included in the Group's equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss are categorised as level 1 financial instruments. As at 30 June 2024, the fair value of the Group's listed equity securities investments is RMB855 million (31 December 2023: RMB1,373 million), based on quoted market price on PRC stock exchanges. The Group's investments in unlisted equity securities, included in financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income, are classified as financial instruments categorised as level 3. As at 30 June 2024, the fair value of the Group's financial instruments categorised as level 3 is RMB466 million (31 December 2023: RMB450 million). For the financial instruments which are not traded in active markets, the Group establishes fair value by using valuation techniques. The valuation methods or models used primarily include net asset value method and market comparable company model, etc. The input values of valuation models mainly include net asset value, expected yield rates and comparable company valuation multiples, etc.

The fair value of long-term debts is estimated by discounting future cash flows using current market interest rates offered to the Group for debts with substantially the same characteristics and maturities. The fair value measurement of long-term debts is categorised as level 2. The interest rates used by the Group in estimating the fair values of long-term debts, having considered the foreign currency denomination of the debts, ranged from 4.0% to 4.9% (31 December 2023: 4.2% to 4.9%). As at 30 June 2024 and 31 December 2023, the carrying amounts and fair values of the Group's long-term debts were as follows:

	30 June 2024		31 December 2023	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Long-term debts	6,875	6,706	6,275	6,124

During both periods, there were no transfers among instruments in level 1, level 2 or level 3.

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23. RELATED PARTY TRANSACTIONS

(a) Transactions with China Telecom Group

The Group is a part of companies under China Telecommunications Corporation, a company owned by the PRC government, and has significant transactions and business relationships with members of China Telecom Group.

The principal transactions with China Telecom Group which were carried out in the ordinary course of business are as follows:

		Six-month period ended 30 June 2024	2023
	Notes	RMB million	RMB million
Construction engineering and design services	(i)	10,369	8,699
Receiving ancillary services	(ii)	10,603	10,590
Interconnection revenues*	(iii)	18	27
Interconnection charges*	(iii)	36	45
Receiving community services	(iv)	1,942	1,973
Centralised services transaction revenues	(v)	1,762	1,790
Centralised services transaction expenses	(v)	301	325
Property and land use right lease income	(vi)	13	16
Property and land use right lease related expenses	(vii)	360	345
Addition to right-of-use assets	(vii)	167	250
Interest expense on lease liabilities	(vii)	11	8
Provision of IT services	(viii)	1,152	945
Receiving IT services	(viii)	3,194	2,638
Purchases of telecommunications equipment, materials and procurement services	(ix)	1,947	1,750
Sales of telecommunications equipment, materials and procurement services	(ix)	2,068	2,110
Internet applications channel services revenues	(x)	25	36
Payment and digital finance related services	(xi)	484	466
Communications resources lease expenses	(xii)	223	245
Net inflow/(outflow) of deposit by China Telecom Group with Finance Company*	(xiii)	638	(5,495)
Interest expense on the deposit by China Telecom Group with Finance Company*	(xiii)	209	140
Short-term loans granted by Finance Company to China Telecom Group	(xiii)	2,029	6,100
China Telecom Group's repayments of short-term loans granted by Finance Company	(xiii)	(6,080)	(6,071)
Interest income from loans granted by Finance Company to China Telecom Group	(xiii)	99	126
Receiving finance lease services	(xiv)	2,777	1,901
License income for intellectual property*	(xv)	1	–

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23. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with China Telecom Group (continued)

- * These transactions are conducted on normal commercial terms or better and are fully exempted from compliance with the reporting, announcement, independent shareholders' approval and/or annual review requirements under Rules 14A.76 or 14A.90 of the Listing Rules.

Notes:

- (i) Represent construction and engineering as well as design and supervisory services provided by China Telecom Group.
- (ii) Represent amounts paid and payable to China Telecom Group in respect of ancillary services such as repairs and maintenance of telecommunications equipment and facilities and certain customer services.
- (iii) Represent amounts received and receivable from/paid and payable to China Telecom Group for interconnection of local and domestic long distance calls.
- (iv) Represent amounts paid and payable to China Telecom Group in respect of cultural, educational, health care and other community services.
- (v) Represent related revenues and expenses shared between the Company and China Telecom Group for centralised services.
- (vi) Represent amounts of property lease fees received and receivable from China Telecom Group for leasing of properties and land use rights.
- (vii) Represent amounts in respect of the leasing of properties and land use rights from China Telecom Group, which include the fees for short-term leases, leases of low-value assets, variable lease payments not depending on an index or a rate, fees for non-lease components, and right-of-use assets and related expenses recognised for leases.
- (viii) Represent IT services provided to and received from China Telecom Group.
- (ix) Represent the amount of telecommunications equipment and materials purchased from/sold to China Telecom Group and commission paid and payable for procurement services provided by China Telecom Group.
- (x) Represent amounts received and receivable from China Telecom Group in respect of Internet applications channel services, including the provision of communications channel and applications support platform and billing and deduction services, etc.
- (xi) Represent amounts paid and payable to China Telecom Group in respect of payment and digital finance related services.
- (xii) Represent amounts in respect of the leasing of related communications resources from China Telecom Group, including transmission network communications resources, wireless network communications resources and wireline access network communications resources, etc.
- (xiii) Represent amounts related to financial services provided by Finance Company to China Telecom Group, including loan service, deposit service and other financial services.
- (xiv) Represent amounts related to finance lease services provided by China Telecom Group, including finance lease services such as sale and leaseback, direct lease, etc., and related finance lease consulting services.
- (xv) Represent amounts related to license income of intellectual property granted by the Group to China Telecom Group.

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23. RELATED PARTY TRANSACTIONS (continued)**(a) Transactions with China Telecom Group (continued)**

Amounts due from/to China Telecom Group are summarised as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Accounts receivable	2,370	1,670
Contract assets	190	161
Prepayments and other current assets	5,101	9,067
Other assets	99	135
Accounts payable	30,618	26,444
Accrued expenses and other payables	30,095	29,969
Contract liabilities	124	245
Lease liabilities	1,177	1,051

Amounts due from/to China Telecom Group, other than short-term loans granted by Finance Company included in prepayments and other current assets and deposit with Finance Company included in accrued expenses and other payables, are unsecured, non-interest bearing and are receivable or repayable in accordance with contractual terms which are similar to those terms offered by third parties.

As at 30 June 2024, short-term loans granted by Finance Company to China Telecom Group amounted to RMB4,029 million, and an impairment allowance recognised at RMB81 million (31 December 2023: RMB8,080 million, and an impairment allowance recognised at RMB162 million). Of the above loans, the interest rate for loans of RMB4,000 million is 2.88%; the interest rate for loans of RMB16 million is 3.00%; the interest rate for loans of RMB13 million is 3.50%, and all of the maturity dates are within one year.

The deposit interest rates provided by Finance Company to China Telecom Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the deposit benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of China Telecom Group and are conducted on normal commercial terms or better.

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23. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with China Tower

The principal transactions with China Tower are as follows:

		Six-month period ended 30 June 2024 RMB million	2023 RMB million
	Notes		
Tower assets lease related expenses	(i)	5,949	6,290
Addition to right-of-use assets	(i)	1,857	1,571
Interest expenses on lease liabilities	(i)	496	609
Provision of IT services	(ii)	27	18

Notes:

(i) Represent amounts in respect of the lease of tower assets. Tower assets lease related expenses include the variable lease payments not depending on an index or a rate, fees for non-lease components and right-of-use assets and related expenses recognised for leases.

(ii) Represent IT and other ancillary services provided to China Tower.

Amounts due from/to China Tower are summarised as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Accounts receivable	33	24
Contract assets	–	1
Prepayments and other current assets	45	227
Accounts payable	9,863	7,505
Accrued expenses and other payables	1,954	1,875
Contract liabilities	1	1
Lease liabilities	29,097	31,755

Amounts due from/to China Tower are unsecured, non-interest bearing and are receivable or repayable in accordance with contractual terms which are similar to those terms offered by third parties.

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23. RELATED PARTY TRANSACTIONS (continued)**(c) Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group.

Key management personnel compensation of the Group is summarised as follows:

	Six-month period ended 30 June	
	2024	2023
	RMB thousand	RMB thousand
Short-term employee benefits	3,444	3,539
Post-employment benefits	710	605
	4,154	4,144

The above remuneration has been reflected in personnel expenses.

(d) Transactions with other government-related entities

The Group is a government-related enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the People's Republic of China through government authorities, agencies, affiliations and other organisations (collectively referred to as "government-related entities").

Apart from transactions with the parent company and its fellow subsidiaries (Note 23(a)) and China Tower (Note 23(b)), the Group has transactions with other government-related entities, which include but not limited to the following:

- rendering and receiving services, including but not limited to telecommunications services
- sales and purchases of goods, properties and other assets
- lease of assets
- deposits and borrowings
- use of public utilities

These transactions are conducted in the ordinary course of the Group's business on terms comparable to the terms of transactions with other entities that are not government-related. The Group prices its telecommunications services and products based on government-regulated tariff rates, where applicable, or based on commercial negotiations. The Group has also established procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The directors of the Company believe the above information provides appropriate disclosure of related party transactions.

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24. POST-EMPLOYMENT BENEFITS PLANS

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by provincial, autonomous regional and municipal governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 15% to 16% of the salaries, bonuses and certain allowances of employees. Other than the above, the Group also participates in supplementary defined contribution retirement plans managed by independent external parties whereby the Group is required to make contributions to the retirement plans at fixed rates of the employees' salaries, bonuses and certain allowances. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

The Group's contributions to the above plans for the six-month period ended 30 June 2024 were RMB5,930 million (for the six-month period ended 30 June 2023: RMB5,319 million).

The amount payable for contributions to the above defined contribution retirement plans as at 30 June 2024 was RMB1,079 million (31 December 2023: RMB960 million).

25. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2024, China Telecom Quantum Information Technology Group Limited, a wholly-owned subsidiary of the Company, entered into "The Conditional Non-Public A Share Subscription and Strategic Cooperation Agreement with Quantumctek Co., Ltd." with Quantumctek Co., Ltd. ("Quantumctek"), planning to subscribe non-public issuance of A shares of Quantumctek with self-owned funds. The transaction has been approved by State-owned Assets Supervision and Administration Commission of the State Council and shareholder's meeting of Quantumctek, and is yet to be approved by and registered with relevant authorities.

The dividend of RMB1,154 million (Note 19) of the Company was paid on 26 July 2024.

The Board of Directors has been authorised by 2023 Annual General Meeting to decide on the interim profit distribution plan. Pursuant to a resolution passed at the Board of Directors' meeting on 20 August 2024, the Board of Directors has resolved to declare an interim dividend of RMB0.1671 (equivalent to HK\$0.182289) per share (pre-tax), totalling approximately RMB15,291 million, for the six-month period ended 30 June 2024. The dividend has not been provided for in the condensed consolidated financial information for the six-month period ended 30 June 2024.



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