

Financial Overview

OVERVIEW

In 2025, the Company pursued progress while maintaining stability and promoting stability through progress, achieving steady revenue growth, continuously enhancing profitability, and optimising its development structure.

Total operating revenue was RMB392.22 billion in 2025, up by 0.7% year-on-year. Service revenue reached RMB347.74 billion, up by 0.5% year-on-year. The profit attributable to equity shareholders of the Company was RMB20.82 billion, up by 1.0% year-on-year.

In 2025, the Company's net cash inflow from operating activities was RMB90.17 billion. Capital expenditure was RMB54.15 billion. Liabilities-to-assets ratio was 44.6% as at 31 December 2025.

OPERATING REVENUE

In 2025, the Company's operating revenue was RMB392.22 billion, up by 0.7% year-on-year, of which, service revenue was RMB347.74 billion, up by 0.5% year-on-year.

OPERATING COSTS

In 2025, operating costs of the Company amounted to RMB373.63 billion, was basically unchanged year-on-year.

The table below sets forth the items of the Company's operating costs and the changes in their respective percentage of the operating revenue for the years 2025 and 2024:

(RMB in billions)	2025		2024	
	Total amount	As a percentage of operating revenue	Total amount	As a percentage of operating revenue
Operating costs	373.63	95.3%	373.56	95.9%
Include: Interconnection charges	11.04	2.8%	11.22	2.9%
Depreciation and amortisation	80.83	20.6%	83.39	21.4%
Network, operation and support expenses	65.23	16.6%	64.32	16.5%
Employee benefit expenses	66.55	17.0%	64.93	16.7%
Costs of telecommunications products sold	42.94	10.9%	42.47	10.9%
Selling and marketing expenses	37.41	9.6%	36.98	9.5%
General and administrative expenses	5.00	1.3%	5.12	1.3%
Other operating expenses	64.63	16.5%	65.13	16.7%

OPERATING REVENUE (RMB BIL)

392.22

Financial Overview

Interconnection charges

The interconnection charges were RMB11.04 billion in 2025, down by 1.7% year-on-year and, as a percentage of operating revenue, decreased from 2.9% in 2024 to 2.8% in 2025.

Depreciation and amortisation

Mainly benefiting from precise investment, deepened network "co-build co-share", development of a simplified network, and the adjustment of the depreciation period for 4G wireless-related equipment in recent years, depreciation and amortisation charges were RMB80.83 billion in 2025, down by 3.1% year-on-year and, as a percentage of operating revenue, decreased from 21.4% in 2024 to 20.6% in 2025.

Network, operation and support expenses

The Company has focused on improving network operation efficiency, with further enhancement in resource utilisation, network, operation and support expenses were RMB65.23 billion in 2025, up by 1.4% year-on-year and, as a percentage of operating revenue, increased from 16.5% in 2024 to 16.6% in 2025.

Employee benefit expenses

Employee benefit expenses were RMB66.55 billion in 2025, up by 2.5% year-on-year and, as a percentage of operating revenue, increased from 16.7% in 2024 to 17.0% in 2025.

Cost of telecommunications products sold

Costs of telecommunications products sold were RMB42.94 billion and revenue from sales of telecommunications products were RMB44.48 billion in 2025. Gross profit on sales of telecommunications products was RMB1.54 billion.

Selling and marketing expenses

The Company has continuously optimised the marketing costs, selling and marketing expenses were RMB37.41 billion in 2025, up by 1.2% year-on-year and, as a percentage of operating revenue increased from 9.5% in 2024 to 9.6% in 2025.

General and administrative expenses¹

The Company has advanced quality improvement and efficiency enhancement in depth, and strengthened lean management, general and administrative expenses were RMB5.00 billion in 2025, down by 2.3% year-on-year and, as a percentage of operating revenue basically unchanged.

Other operating expenses

Other operating expenses were RMB64.63 billion in 2025, down by 0.8% year-on-year and, as a percentage of operating revenue, decreased from 16.7% in 2024 to 16.5% in 2025.

Financial Overview

EARNINGS

(RMB in billions)	2025 Total amount	2024 Total amount	Change
Operating profit	18.59	16.03	16.0%
Net finance gains	0.50	0.20	151.5%
Share of net profit of associates	2.67	2.59	3.0%
Share of net profit of joint ventures	1.49	1.48	0.4%
Other income-net	2.21	4.95	-55.3%
Profit before income tax	25.45	25.25	0.8%
Income tax expenses	4.54	4.52	0.5%
Profit attributable to equity shareholders of the Company	20.82	20.61	1.0%

Profit before income tax

In 2025, the Company focused on the primary task of high-quality development, and achieved steady growth in its operating performance, profit before income tax was RMB25.45 billion, up by 0.8% year-on-year.

Income tax expenses

In 2025, the Company's income tax expenses were RMB4.54 billion and the effective tax rate was 17.8%.

Profit attributable to equity shareholders of the Company

In 2025, the profit attributable to equity shareholders of the Company was RMB20.82 billion, up by 1.0% year-on-year. Basic earnings per share was RMB0.680, up by 1.0% year-on-year.

EBITDA²

In 2025, the Company's EBITDA was RMB99.42 billion, and the EBITDA as a percentage of service revenue was 28.6%.

CAPITAL EXPENDITURE AND CASH FLOW

In 2025, the Company made moderate, precise and efficient investments, capital expenditure of the Company totaled RMB54.15 billion. The Company's net cash inflow from operating activities in 2025 was RMB90.17 billion. Free cash flow³ was RMB36.02 billion after deducting capital expenditure for the year, up by 28.5% year-on-year.

BALANCE SHEET

The Company's total assets changed from RMB671.24 billion as at 31 December 2024 to RMB669.62 billion as at 31 December 2025. Total liabilities changed from RMB307.67 billion as at 31 December 2024 to RMB298.75 billion as at 31 December 2025. The liabilities-to-assets ratio was 44.6% as at 31 December 2025, down by 1.2 percentage point compared to last year. The Company's interest-bearing borrowings were RMB5.48 billion. The debt-to-capitalisation ratio decreased from 10.2% as at 31 December 2024 to 8.4% as at 31 December 2025. The net debt-to-capitalisation ratio was 2.2% as at 31 December 2025.

Note 1: General and administrative expenses excludes staff costs and depreciation.

Note 2: EBITDA represents profit for the year before finance costs, interest income, shares of net profit of associates, share of net profit of joint ventures, other income-net, income tax expense, depreciation and amortisation. As the telecommunications business is a capital intensive industry, capital expenditure and finance costs may have a significant impact on the net profit of the companies with similar operating results. Therefore, the Company believes that EBITDA may be helpful in analysing the operating results of a telecommunications service operator like the Company. However, it is a non-GAAP financial measure which does not have a standardised meaning and therefore may not be comparable to similar measures presented by other companies.

Note 3: Free cash flow represents operating cash flow less capital expenditure. However, it is a non-GAAP financial measure which does not have a standardised meaning and therefore may not be comparable to similar measures presented by other companies.