



中国通信服务
CHINA COMSERVICE

China Communications Services
Corporation Limited
Stock code: 552

SOLIDIFYING
NEW FOUNDATION
OF DIGITAL INTELLIGENCE
EMPOWERING **NEW ERA**
OF DIGITAL INTELLIGENCE



CONTENTS

New Generation Integrated Smart Service Provider

Digital technologies represented by artificial intelligence are profoundly reshaping the industry landscape and driving revolutionary leaps in productivity and deep changes in production relations. In the face of this historic opportunity and challenge, China Comservice is elevating the connotation of its strategic positioning as a “New Generation Integrated Smart Service Provider”. Leveraging its strengths as a “Pioneer of Digital Intelligence Consulting”, a “Navigator of Digital Intelligence Infrastructure”, a “Leader of Digital Intelligence Maintenance and Operation” and a “Provider of Digital Intelligence Products” (“1 Positioning, 4 Roles”), it adheres to the customer-centric approach and focuses on the demands for comprehensive, integrated and diversified services across industries, providing integrated comprehensive smart solutions for the digital intelligence sector.

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Pioneer of Digital Intelligence Consulting

Leader of Digital Intelligence Maintenance and Operation

Navigator of Digital Intelligence Infrastructure

Provider of Digital Intelligence Products



Pioneer of Digital Intelligence Consulting

Utilizing digital intelligence technologies such as artificial intelligence, big data, and security as the engine, and accurately identifying customers' digital intelligence transformation needs to provide customers with **high-quality solutions**





Navigator of Digital Intelligence Infrastructure

Accelerating the development of integrated service capabilities to offer general contracting and integrated solutions for new infrastructure including next-generation information and communications infrastructure as well as general-purpose computing, intelligent computing, and supercomputing centers, thereby building more intelligent, greener and safer digital infrastructure and leading the establishment of technologies, standards and operational systems



Leader of Digital Intelligence Maintenance and Operation

Utilizing artificial intelligence, big data, and next-generation communications technologies to actively provide intelligent support services such as **operation and maintenance, supply chain, property management, and training support**





Provider of Digital Intelligence Products

Providing digital intelligence platforms and software products to build the “Smart Series” core product matrix externally and the “Wise Series” empowerment platform internally



MILESTONES

◆ 2006

AUGUST

The Company was established, with primary service areas including Shanghai, Zhejiang Province, Fujian Province, Hubei Province, Guangdong Province and Hainan Province.

DECEMBER

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited. Gross proceeds from the IPO was approximately HK\$3.3 billion.

◆ 2007

AUGUST

The Company completed the acquisition of the businesses of specialized telecommunications support services in 13 provinces (municipalities and autonomous regions) from China Telecommunications Corporation for a consideration of RMB4,630 million.

◆ 2008

APRIL

The Company completed the placement of 327 million new H Shares with net proceeds of approximately HK\$1,668 million.

MAY

The Company completed the acquisition of the 100% equity interests in China International Telecommunications Construction Corporation for a consideration of RMB505 million.

◆ 2009

MARCH

China Telecommunications Corporation completed the transfer of 506,880,000 and 236,300,000 domestic shares of the Company to China Mobile Communications Corporation and China United Network Communications Group Company Limited, respectively.

◆ 2012

FEBRUARY

The Company completed the rights issue. Dealing in the H rights shares commenced on The Stock Exchange of Hong Kong Limited on 10 February 2012. The rights issue raised gross proceeds of approximately RMB2,991 million (approximately HK\$3,677 million).

JUNE

The Company acquired the equity interests and assets in relation to several telecommunications infrastructure service companies in Ningxia and Xinjiang, etc., as well as 51% equity interests in Sino-British Submarine System Co., Ltd. for a total consideration of approximately RMB416 million.

◆ 2014

JULY

China Communications Facilities Services Corporation Limited (now renamed as China Tower Corporation Limited) indicated to the Company the relevant arrangements of preferential treatment and non-competition.

◆ 2015

JULY

The Company established a wholly-owned subsidiary, China Comservice Supply Chain Management Company Ltd.

◆ 2017

MAY

The Company established a wholly-owned subsidiary, Comservice Capital Holding Company Limited.

◆ 2018

MAY

The Company released the Smart Society Product Portfolio at China International Big Data Industry Expo and established "Smart Service Industrial Ecosystem Alliance" with business partners.

◆ 2019

MAY

The Company released the new position of “New Generation Integrated Smart Service Provider” during the China International Big Data Industry Expo.

DECEMBER

The Company’s domestic non-telecom operator customers became the largest customer group¹ for the first time.

◆ 2020

JANUARY TO FEBRUARY

The Company hastened to the frontline of combating the COVID-19 by completing the communications construction and support for Huoshenshan Hospital and Leishenshan Hospital in Wuhan, etc.

DECEMBER

The Company was awarded the title of “Advanced Group in Fighting against COVID-19 in the Industry and Information Technology System” by the Ministry of Industry and Information Technology.

◆ 2021

JUNE

China Telecommunications Corporation, the controlling shareholder of the Company, proposed a share transfer of 166,000,000 domestic shares of the Company (representing 2.40% of the total issued share capital of the Company) to State Grid Information & Telecommunication Group Co., Ltd.

The wholly-owned subsidiary of the Group, China Comservice Supply Chain Management Company Ltd. introduced four strategic investors including COSCO SHIPPING (Tianjin) Company Limited, Zhilian Shenzhen International Smart Logistics (Shenzhen) Co.,Ltd., Guoxin Shuangbai No. 1 (Hangzhou) Equity Investment Partnership (Limited Partnership) and Gongqingcheng Orient Securities Sucheng Investment Partnership (Limited Partnership), injecting a total of RMB900 million into it.

AUGUST

The Company ranked 4th in the “100 Most Competitive Software & IT Service Enterprises 2021” coordinated by China Federation of Electronics and Information Industry for the first time.

NOVEMBER

The share transfer procedures among China Telecommunications Corporation, the controlling shareholder of the Company, and State Grid Information & Telecommunication Group Co., Ltd. was completed. State Grid Information & Telecommunication Group Co., Ltd. officially became the strategic shareholder of the Company.

DECEMBER

The Share Appreciation Rights Incentive Scheme was approved by government regulatory authorities and the general meeting. There were approximately 207.27 million shares of Share Appreciation Rights under the Initial Grant.

◆ 2022

AUGUST

The Company established a wholly-owned subsidiary, China Comservice Smart Property Development Co., Ltd.

¹ Customers here are classified into four categories, including the domestic non-telecom operator customers, China Telecom, other domestic telecom operator customers and overseas customers.

MILESTONES

◆ 2023

JUNE

China Comservice Supply Chain Management Company Ltd., a subsidiary controlled by the Group, completed its shareholding reform and changed its name to China Comservice Supply Chain Co., Ltd.

DECEMBER

The Group acquired 49% equity interest held by the external shareholder (Global Marine Systems Limited) of Sino-British Submarine System Co., Ltd., which has now become a wholly-owned subsidiary of the Group.

◆ 2024

JANUARY

Mr. Liu Guiqing resigned from his position as the Chairman and an Executive Director of the Company. At the same time, Mr. Luan Xiaowei was appointed as the Executive Director and Chairman of the Company.

JUNE

The Company was awarded the “Most Honored Company” in the “2024 Asia Pacific (ex-Japan) Executive Team” rankings by *Institutional Investor*.

OCTOBER

The Company has ranked fourth in the “100 Most Competitive Software & IT Service Enterprises” hosted by the China Federation of Electronics and Information Industry for four consecutive years.

Mr. Yan Dong resigned from his position as the President and an Executive Director of the Company. Mr. Cui Zhanwei was appointed as the President of the Company and approved by the general meeting to serve as an Executive Director of the Company on 10 December 2024.

◆ 2025

JANUARY

The Company was honored with the “Excellence in High-quality Development of Listed Company” award in the 14th China Securities “Golden Bauhinia Awards” organized by the Hong Kong Ta Kung Wen Wei Media Group (“Ta Kung Wen Wei”).

MARCH

The Group announced its 2024 annual results, with revenues exceeding RMB150 billion.

MAY

The Company held its Annual General Meeting to approve the election of the seventh session of the Board of Directors.

The Company was awarded the “Most Honored Company” in the “2025 Asia (ex-Japan/ANZ) Executive Team” rankings by *Extel* (formerly *Institutional Investor*).

SEPTEMBER

The Company has been selected in the Hang Seng Corporate Sustainability Benchmark Index, one of the Hang Seng Corporate Sustainability Index Series by Hang Seng Indexes Company Limited for the fourth consecutive year.

OCTOBER

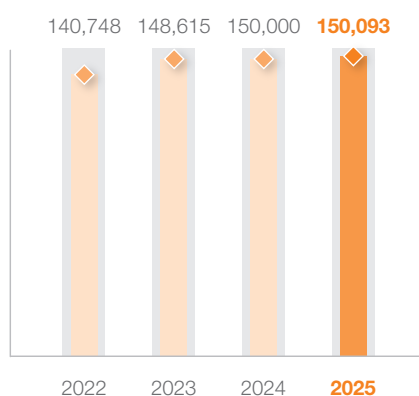
The Company climbed to third place in the “100 Most Competitive Software & IT Service Enterprise” hosted by China Federation of Electronics and Information Industry.

FINANCIAL HIGHLIGHTS

	2025	2024	Change
Revenues (RMB million)	150,093	150,000	0.1%
Profit attributable to equity shareholders of the Company (RMB million)	3,610	3,607	0.1%
Basic earnings per share (RMB)	0.521	0.521	0.1% ¹
Dividend per share (RMB)	0.2241	0.2187	2.5%

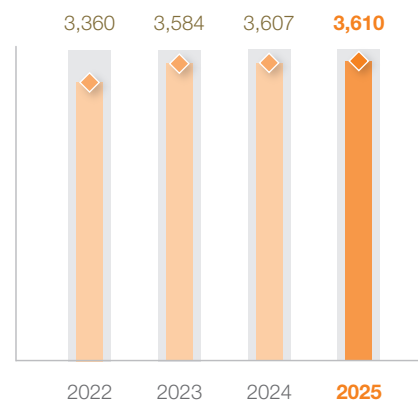
Revenues

(RMB million)



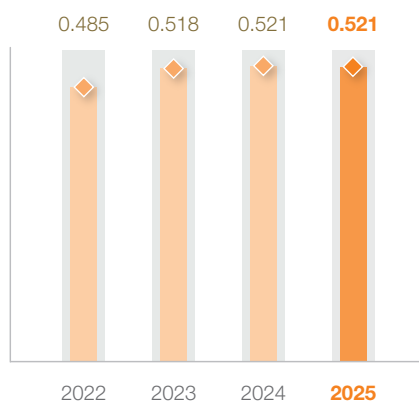
Profit Attributable to Equity Shareholders of the Company

(RMB million)



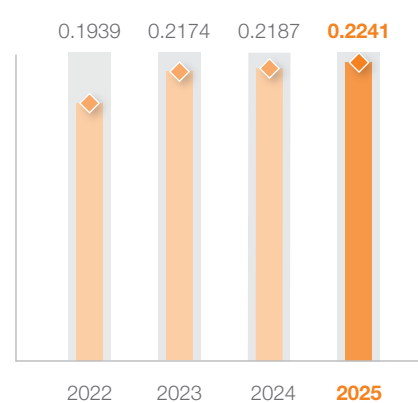
Basic Earnings per Share

(RMB)



Dividend per Share

(RMB)



¹ Due to rounding adjustment, discrepancies may occur in certain percentage changes

COMPANY PROFILE AND CORPORATE INFORMATION

China Communications Services Corporation Limited (the “Company”) is a leading service provider in the informatization sector in the PRC that positions itself as a “New Generation Integrated Smart Service Provider”, leverages its strengths as a “Pioneer of Digital Intelligence Consulting”, a “Navigator of Digital Intelligence Infrastructure”, a “Leader of Digital Intelligence Maintenance and Operation” and a “Provider of Digital Intelligence Products” (“1 Positioning, 4 Roles”) and commits to “Building Smart Society, Boosting Digital Economy, Serving a Good Life”. The Group provides integrated comprehensive smart solutions for the digital intelligence sector, which covers the value chain of the customers, including telecommunications infrastructure services (such as design, construction and supervision), business process outsourcing services (such as management of infrastructure for information technology, general facilities management, supply chain and products distribution services), as well as applications, content and other services (such as system integration services, software development and system support services, value-added services). Our domestic share shareholders include China Telecommunications Corporation, China Mobile Communications Group Co., Ltd., China United Network Communications Group Company Limited, State Grid Information & Telecommunication Group Co., Ltd. and China National Postal and Telecommunications Appliances Co., Ltd. Meanwhile, the aforesaid three telecommunications operators, China Radio and Television Network Group Co., Ltd. and China Tower Corporation Limited are our customers. Domestic non-telecom operator including the customers in government, transportation, electricity, Internet & IT, education and other sectors, is currently the largest customer group of the Company. At the same time, the Company provides services to overseas customers. Our service coverage is spread across the nation and we have also extended our business to dozens of countries and regions globally.

On 8 December 2006, the H shares issued by the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited. As at 31 December 2025, the total issued share capital of the Company was 6,926,018,400, of which 2,391,420,240 were H shares.

The Company has received many awards in the capital market over nearly two decades of listing. In 2025, the Company received various awards, including: ranked the 1,402nd in the “2025 Forbes Global 2000” list, and received the accolades including “Most Honored Company”, “Best IR Program”, “Best ESG” and “Best Company Board” at the “2025 Asia (ex-Japan/ANZ) Executive Team” rankings organized by *Extel* (formerly *Institutional Investor*). It also received the “Sustainable Asia Award” and “Best Investor Relations Company” in the “15th Asian Excellence Award” organized by *Corporate Governance Asia*, an Asian corporate governance magazine. At the 15th China Securities “Golden Bauhinia Awards” hosted by Hong Kong Ta Kung Wen Wei Media Group, it received the “Excellence in IR Management of Listed Company” award.

The Company’s industry influence has improved notably in recent years, in 2025, the Company ranked 3rd, moving up one place, in “100 Most Competitive Software & IT Service Enterprises” by China Federation of Electronics and Information Industry; the Company received 18 major science and technology awards, including the second prize of the Science and Technology Award from the China Institute of Communications, as well as 58 industry competition awards including the first prize of the “Huacai Cup” Computing Power Innovation Application Competition.



BOARD OF DIRECTORS**Executive Directors**

Mr. Luan Xiaowei
Mr. Cui Zhanwei
Mr. Shen Aqiang

Non-executive Directors

Mr. Cheng Jianjun
Mr. Tang Yongbo
Mr. Liu Aihua
Mr. Chen Li

**Independent
Non-executive Directors**

Mr. Lv Tingjie
Mr. Wang Qi
Mr. Wang Chungue
Ms. Chiu Mun Wai

BOARD COMMITTEES**Strategy Committee**

Mr. Luan Xiaowei
(Committee Chairman)
Mr. Cui Zhanwei
Mr. Cheng Jianjun
Mr. Tang Yongbo
Mr. Liu Aihua
Mr. Lv Tingjie
Mr. Wang Qi

Audit Committee

Ms. Chiu Mun Wai
(Committee Chairperson)
Mr. Lv Tingjie
Mr. Wang Chungue

**Remuneration
Committee**

Mr. Wang Qi (Committee Chairman)
Mr. Chen Li
Mr. Lv Tingjie
Ms. Chiu Mun Wai

Nomination Committee

Mr. Luan Xiaowei
(Committee Chairman)
Mr. Wang Qi
Ms. Chiu Mun Wai

**Non-Competition
Undertaking Review
Committee**

Mr. Lv Tingjie
(Committee Chairman)
Mr. Wang Chungue
Ms. Chiu Mun Wai

**Right of First Refusal and
Priority Right Committee**

Mr. Wang Chungue
(Committee Chairman)
Mr. Wang Qi
Ms. Chiu Mun Wai

**REGISTERED NAME
(IN CHINESE)**

中國通信服務股份有限公司

**REGISTERED NAME
(IN ENGLISH)**

China Communications Services
Corporation Limited

**LEGAL
REPRESENTATIVE**

Mr. Cui Zhanwei

COMPANY SECRETARY

Mr. Chung Wai Cheung, Terence

**INTERNATIONAL
AUDITOR**

KPMG
(Public Interest Entity Auditor
Registered in accordance with the
Accounting and Financial Reporting
Council Ordinance)

LEGAL ADVISORS

Freshfields
King & Wood Mallesons

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Hong Kong

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The Stock Exchange of Hong Kong
Limited

STOCK CODE

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CHAIRMAN'S STATEMENT

In 2025, the Group elevated the connotation of its strategic positioning as a “New Generation Integrated Smart Service Provider”, actively integrated frontier technologies such as artificial intelligence, focused on developing new business tracks, continuously modernized its corporate governance system and capabilities, and completed the objectives of the 14th Five-Year Plan period, laying a solid foundation for future high-quality development.

Luan Xiaowei
*Executive Director
and Chairman*



Dear Shareholders,

In 2025, a new round of technological revolution and industrial transformation gained further momentum. Artificial intelligence was widely integrated across various industries and sectors of the economy and society, continuously reshaping economic development models and people's lifestyles. Fulfilling its mission of "building China into a cyberpower, a strong country in science and technology, Digital China and safeguarding network and information security", the Group closely followed the transformation and development needs of the industry and customers, actively integrated frontier technologies, enhanced comprehensive service capabilities, and developed new quality productive forces tailored to local conditions. At the same time, by pursuing more in-depth innovation and transformation and continuously modernizing its corporate governance system and capabilities, the Group achieved "Effective Improvement in Quality and Reasonable Growth in Quantity", and completed the objectives of the 14th Five-Year Plan period, laying a solid foundation for future high-quality development.

I. Achieving Steady Yet Improving Operating Results and Overall Enhancements in Quality and Efficiency

Adhering to its overall roadmap of "Value-Driven, Seeking Steady Yet Progressive Growth and High-Quality Development", the Group proactively responded to the challenges stemming from customers' cautious investment and intensifying market competition. It recorded stable growth in revenues, with efficiency indicators stabilizing and trending positively. During the year, the Group recorded revenues of RMB150,093 million, representing a year-on-year increase of 0.1%. Among this, service revenue¹ amounted to RMB146,161 million. Gross profit reached RMB16,957 million, representing a year-on-year decrease of 3.6%. The gross profit margin was 11.3%, down by 0.4 percentage points year-on-year. Net profit² was RMB3,610 million, representing a year-on-year increase of 0.1%, in line with revenue growth. The net profit margin was 2.4%, remaining largely stable over the past four years. Free cash flow amounted to RMB795 million. Return on equity (ROE) was 7.7%. Basic earnings per share were RMB0.521, which was largely stable year-on-year. The Group attached great importance to shareholder returns, and in light of the solid operating results throughout the year, the Board has proposed a final dividend of RMB0.2241 per share for the financial year ended 31 December 2025, representing a year-on-year increase of 2.5% and a dividend payout ratio of 43%.

1. Upholding the Customer-first Approach, and Steadily Developing Three Major Business Segments

In 2025, revenue from the telecommunications infrastructure ("TIS") services reached RMB74,391 million, representing a year-on-year decrease of 1.0% and accounting for 49.6% of revenues, reflecting the impact from the overall investment environment by our customers. By steadily advancing business integration and gaining deeper insights into customers' needs for upgrade, the Group's revenue from business process outsourcing ("BPO") services amounted to RMB44,062 million, representing a year-on-year increase of 1.4% and accounting for 29.3% of revenues. The Group gave full play to the productive force of digital technologies, and revenue from applications, content, and other ("ACO") services reached RMB31,640 million, representing a year-on-year increase of 0.9% and accounting for 21.1% of revenues. Of which, the software development and system support business achieved double-digit growth, and the Group's enterprise software and digital service capabilities were recognized by both the industry and customers.

¹ Service revenue = revenues – revenue from products distribution – revenue from IT equipment supplies in system integration

² Net profit refers to profit attributable to the equity shareholders of the Company.

CHAIRMAN'S STATEMENT

2. Capitalizing on our Capability Advantages to Fortify the Quality of Development across Three Major Customer Markets

- (A) **Supporting transformation and upgrading of domestic telecommunications operators, and maintaining stable overall business fundamentals.** Despite headwinds including the continuous decline in capital expenditure by domestic telecommunications operators, the Group strived to promote business expansion in areas such as the iterative upgrade of new infrastructure, computing power network construction, green infrastructure retrofit, industrial digital intelligence empowerment, as well as operations and maintenance. Leveraging its advantages in differentiated capabilities, the Group provided integrated comprehensive solutions that were “green, intelligent, integrated, and efficient” to support customers in achieving strategic upgrades as well as innovation and reforms, thereby steadily increasing market share. During the year, revenue from this market reached RMB80,212 million, representing a year-on-year decrease of 4.1%.
- (B) **Seizing strategic opportunities with domestic non-operator market driving growth of results.** The Group capitalized on opportunities from AI-powered intelligent computing and data center construction, as well as urban renewal and green transformation. Leveraging its advantages in “Consultant + Staff + Housekeeper”³ service and “Platform + Software + Service”⁴ capabilities, it provided integrated, end-to-end services that combined cloud integration, artificial intelligence integration, security integration, and platform integration. The Group undertook a number of industry benchmark projects across fields including digital infrastructure, intelligent construction, green and low-carbon, smart operation and maintenance, smart sports, and the low-altitude economy. Revenue from the domestic non-telecom operator (“domestic non-operator”) market amounted to RMB65,613 million during the year, representing a year-on-year increase of 5.5% and becoming the primary driver of the growth in overall revenue.
- (C) **Focusing on key regions and developing steadily in overseas markets.** In response to the complex and ever-changing global landscapes, the Group continued to optimize its operating model and expanded high-value projects along the key regions of the “Belt and Road”. In regions such as Asia-Pacific, Africa, and the Middle East, the Group successfully undertook landmark projects such as national-level smart hubs and world-class photovoltaics projects, effectively enhancing the international influence of the “Made in China” and “China Services” brands. Revenue from the overseas market reached RMB4,268 million during the year, representing a year-on-year increase of 1.0%.

³ “Consultant + Staff + Housekeeper” service model is a unique business model adopted by the Group in recent years. “Consultant” means that the Group acts as the “Consultant” to help its customers through leveraging its talents and product advantages, so as to turn customers’ needs into feasible solutions or projects. “Staff” means that the Group, as appointed by its customers, assists them in the capacity of “Staff” in coordinating other stakeholders of the project, so as to promote the smooth implementation of the project and ensure that its customers’ original expectation could be met. “Housekeeper” means that the Group provides full life cycle management and accompanying service of the relevant businesses and creates values for customers.

⁴ “Platform + Software + Service” capabilities: utilize core foundation platforms, including cybersecurity and Internet of Things, and focus on various smart applications for customer scenarios and the integrated service capabilities covering consultation and planning, project construction, operation and maintenance, to provide customers with customized integrated solutions.

II. Deepening the Development of Strategic Emerging Businesses and Stepping Up the Cultivation of New Growth Drivers

In 2025, by leveraging its advantages in end-to-end service capabilities, nationwide localized delivery network, and cross-industry service replication capabilities, the Group empowered key industries such as government, transportation, Internet, energy and finance, while maintaining a relatively rapid growth rate in its strategic emerging businesses. The total value of new contracts signed from such businesses during the year increased by 21.7% year-on-year, accounting for over 46% of the total value of new contracts signed and representing an increase of 9 percentage points from the previous year. These businesses became a powerful engine driving high-quality business development.

1. The Field of Digital Infrastructure

The Group actively seized the booming demand for intelligent computing in the era of artificial intelligence and continued to pursue technological innovation and iteration to build smarter, greener and safer digital infrastructure, with its business scale continuing to expand. Leveraging the advantages of next-generation digital intelligence and green technology, as well as its comprehensive service capabilities to offer general contracting and integrated solutions, the Group participated in the construction of new infrastructure such as general-purpose computing, intelligent computing, supercomputing centers, 5G-A, satellite Internet, and low-altitude. At the same time, it supported the digital transformation and upgrading of infrastructure in traditional industries such as energy, electricity, and urban renewal. The value of new contracts signed in this field grew by nearly 40% during the year, leading the continuous growth of strategic emerging businesses.

2. The Field of Green and Low-Carbon

The Group actively contributed to the national goals of energy security and sustainable green development. Centering on the new power infrastructure sector, it promoted the deep integration of digital technology with green and low-carbon scenarios to provide replicable and efficient green energy solutions for various scenarios. Focusing on green electricity development and electricity reform, it continued to enhance the quality of key businesses such as electricity infrastructure and supporting services, new energy construction, energy usage services, and carbon management. Through these efforts, it promoted the comprehensive green transformation of the energy and electricity, industrial manufacturing, transportation, real estate construction, and information and communications sectors.

CHAIRMAN'S STATEMENT

3. The Field of Smart City

Following the high-quality promotion of urban renewal initiatives, the Group used technology to empower city-wide digital transformation. By responding precisely to public needs, it provided the digital engine for the intelligent upgrading of social infrastructure and the modernization of public services, and achieved improvements in both the quality of life and urban governance efficiency. Relying on frontier technologies such as artificial intelligence, the Internet of Things, and big data, as well as its integrated service capabilities of “consulting + general contracting + software + platform + service”, and its provincial, municipal, and county-level three-tier localized professional delivery teams, the Group secured projects worth over RMB100 million in the fields of digital government, social governance, smart transportation, smart buildings, and smart medical care.

4. The Field of Emergency Management and Security

The Group is committed to strengthening public safety governance as well as network information security capabilities, thereby building a solid foundation for economic and social developments. In emergency management, it focused on creating “emergency management + security” industry solutions, enhancing professional services and value delivery for key industries such as meteorology, water conservancy, chemical, and mining. The Group supported improvements in emergency response capabilities in many regions across the country, and achieved breakthroughs in areas such as “weather modification engineering” and grassroots disaster prevention. In network and information security, it strengthened the supply of proprietary and controllable cybersecurity operation products and data security products, and enhanced service capabilities, product capabilities, and benchmark cases through ongoing iterative upgrades. Hence, the Group was included in the “China Cybersecurity Industry Panorama” published by AQNIU⁵.

⁵ “AQNIU” is a highly influential third-party professional media and flagship think tank in China’s cybersecurity industry.

III. Adhering to the Spirit of Reform and Innovation to Push Forward High-quality Development

1. Strengthening the Drive from Technological Innovation to Develop New Quality Productive Forces

The Group believes that technological innovation is the core element in developing new quality productive forces. By focusing on research and development investments in core areas, it established the dual-driven product supply system of “technological innovation + market”, where innovative achievements continued to emerge and effectively empowered high-quality business development of enterprises. The Group has built the “Smart Series” core product matrix externally and the “Wise Series” empowerment platform internally. It optimized the marketing application model and R&D efficiency evaluation mechanism, while successfully cultivating more than 30 products with contract values exceeding RMB50 million each, and over 60 products with contract values exceeding RMB10 million each. During the year, the Group obtained 504 newly authorized invention patents and 1,300 software copyrights. It made a breakthrough in ranking among the top three of “100 Most Competitive Software & IT Service Enterprises”. It also received several major honors including the second prize of the Science and Technology Award from the China Institute of Communications and the first prize of the third “Huacai Cup” Computing Power Innovation Application Competition⁶. In addition, the Group secured its first-ever project from the National Natural Science Foundation of China, demonstrating its overall technological innovation strengths.

2. Fully Embracing Artificial Intelligence to Build Core Competitiveness

The Group seized the strategic opportunity presented by the new generation of artificial intelligence development, and implemented the “AI+” initiative in depth. By investing substantial R&D resources and building a high-level expert talent pool, it converted AI dividend into new drivers of high-quality development. The Group participated in the construction of intelligent computing centers, and provided integrated services covering “Planning, Construction, Maintenance and Operation” to meet customers’ infrastructure needs for computing power and energy, thereby building a solid foundation for artificial intelligence development. Focusing on research and development of scenario-based application, it empowered product iteration and platform upgrades with artificial intelligence technology. The Group developed flagship products and solutions in the fields of smart sports, smart grain storage, and smart energy conservation, which empowered a wide range of industries. At the same time, it actively applied artificial intelligence technology to redesign internal operation and governance processes, promoted the implementation of large model applications within enterprises, and leveraged its own experience in digital intelligence transformation to help customers achieve business upgrades. The Group was deeply involved in the research and development of the “Procurement and Supply Chain Large Model” project, which won the Gold Award in the “2025 Artificial Intelligence Application Competition”⁷.

⁶ The “Huacai Cup” Computing Power Innovation Application Competition is a national professional competition organized by the China Academy of Information and Communications Technology, the China Communications Standards Association, the Internet Society of China and other units.

⁷ The 2025 Artificial Intelligence Application Competition is one of the core activities of the “2025 Procurement and Supply Management Conference”, hosted by the China Federation of Logistics and Purchasing. With the theme of “AI Empowerment, Winning the Future of Supply Chain”, it aimed to promote the deep integration of artificial intelligence technologies with procurement and supply chains, so as to inject new momentum into the intelligent upgrading of the global industrial chains.

CHAIRMAN'S STATEMENT

3. Developing New Business Tracks and Continuously Enriching Core Capabilities

The Group focused on smart services in the intelligent computing operations and maintenance sector, and built the “CCS Smart Maintenance” brand. It closely examined emerging customer needs, and provided operational services characterized by full-cycle value management to accelerate the expansion into new “blue ocean” for high-quality development. Centering on the six major technical fields of “CT, IT, DT, OT, AT, and QT”⁸, the Group expanded the boundaries of traditional maintenance services and enriched the scope of business offering. It also improved and optimized the mechanism for marketing and project delivery to enhance business profitability. By strengthening long-term operational services, it continued to foster customer loyalty and service depth, turning “CCS Smart Maintenance” into a recurring business that supports high-quality development.

4. Further Deepening Reforms to Improve Corporate Governance Capabilities

The Group remained devoted to implementing the new development concept and further deepened reforms in an all-round way. It continued to modernize the corporate governance system and governance capabilities, thereby enhancing the vitality and momentum of high-quality development. It advanced reforms across various professional sectors, strengthened the synergistic operation in key areas, improved supply chain industry system and core functions, promoted the integration and standardization of property management services, and built a national-level, technology-driven industry leader. The Group also continued to optimize the structure of the talent team, refined the management mechanism covering “introduction, training, utilization, evaluation, incentives, services, and digital intelligence”, and encouraged innovation and creativity among employees. The Group remained committed to high-level opening up. It deepened cooperation in strategic emerging businesses, technological innovation, overseas expansion, talent introduction and other fields through platform co-development, technology collaboration, and capital operation to foster a mutually beneficial and symbiotic industrial ecosystem.

⁸ CT (Communications Technology), IT (Information Technology), DT (Data Technology), OT (Operational Technology), AT (Artificial Intelligence Technology), QT (Quantum Technology)

IV. Actively Fulfilling Social Responsibilities and Receiving Recognition for Corporate Governance

The Group adhered to the corporate mission of “Building Smart Society, Boosting Digital Economy, Serving a Good Life”. It has established a robust ESG indicator system to continuously enhance ESG governance standards. By implementing the principles of green development, it supported the comprehensive green transformation of society. It also participated in communications support and emergency disaster relief missions, contributed to social welfare, and strengthened the defense line for compliance and lawful operations, so as to safeguard sustainable and healthy business development. For four consecutive years, the Group has been included as a constituent of the “Hang Seng Corporate Sustainability Benchmark Index”.

Anchored to the national “Dual Carbon” strategic goal, the Group established the “Leading Working Group for Energy Conservation and Ecological Environmental Protection”. It formulated a three-year rolling plan for green development, improved the organizational system and regulations for energy conservation and emission reduction, and integrated green and low-carbon principles throughout the whole process of corporate production and operation. The Group continued to promote the innovation and application of green energy-saving technologies, and provided green solutions such as green computing power, energy-saving retrofit, and full-stack new energy services for customers in various industries such as telecommunications operators, governments, energy, transportation, and construction. As a result, the Group won multiple awards at the third “New Green Cup” Information and Communications Industry Empowerment Carbon Peak and Carbon Neutrality Innovation Competition⁹.

The Group also actively assumed social responsibility and participated in major event support and disaster relief tasks. It successfully completed communications support tasks for important activities such as the “2025 Harbin Asian Winter Games”, the “15th National Games”, and the island-wide customs closure operation of the Hainan Free Trade Port. In the face of major disasters such as heavy rainstorms and floods across multiple regions in China, typhoons “Wutip” and “Ragasa”, and the Tai Po fire in Hong Kong, the Group responded quickly by deploying personnel to the front line of disaster relief and spared no effort in ensuring uninterrupted communications in the affected areas, fulfilling its commitment to putting “people first”.

The Group maintained high standards of corporate governance. It continued to strengthen law-based corporate governance, and refined its compliance system to form a four-in-one coordination mechanism combining legal affairs, compliance, internal control, and risk management. The Group improved the quality and transparency of information disclosure on an ongoing basis, and its strong corporate governance performance was recognized by the capital market. Apart from being ranked the 1,402nd in the “2025 Forbes Global 2000” list, the Group received the accolades including “Most Honored Company”, “Best IR Program”, “Best ESG” and “Best Company Board” at the “2025 Asia (ex-Japan/ANZ) Executive Team” rankings organized by *Extel* (formerly *Institutional Investor*). It also received the “Sustainable Asia Award” and “Best Investor Relations Company” in the “15th Asian Excellence Award” organized by *Corporate Governance Asia*, an Asian corporate governance magazine. At the 15th China Securities “Golden Bauhinia Awards” hosted by Hong Kong Ta Kung Wen Wei Media Group, it received the “Excellence in IR Management of Listed Company” award.

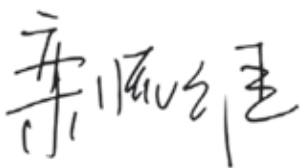
⁹ The “New Green Cup” Information and Communications Industry Empowerment Carbon Peak and Carbon Neutrality Innovation Competition, jointly organized by the Internet Society of China, China Association of Communication Enterprises, and the China Academy of Information and Communications Technology, aims to select innovative green and low-carbon technology achievements and application cases in the industry, and enhance the technical capabilities and product supply for enabling energy conservation and carbon reduction across society.

CHAIRMAN'S STATEMENT

V. Outlook

At present, digital technologies represented by artificial intelligence are profoundly reshaping the industry landscape and driving revolutionary leaps in productivity and deep changes in production relations. In the face of this historic opportunity and challenge, the Group is elevating the connotation of its strategic positioning as a “New Generation Integrated Smart Service Provider”. Adhering to the customer-centric approach, the Group focuses on the demands for comprehensive, integrated and diversified digital services across industries, and builds itself into a “Pioneer of Digital Intelligence Consulting”, a “Navigator of Digital Intelligence Infrastructure”, a “Leader of Digital Intelligence Maintenance and Operation” and a “Provider of Digital Intelligence Products”. In the consulting and design sector, the Group will use digital intelligence technologies such as artificial intelligence, big data, and security technologies as the engine to provide customers with digital intelligence transformation solutions. In the construction sector, it will accelerate the development of integrated service capabilities to offer general contracting and integrated solutions for new infrastructure including next-generation information and communications infrastructure as well as general-purpose computing, intelligent computing, and supercomputing centers. The Group will build more intelligent, greener and safer digital infrastructure, and lead the establishment of technology, standards and operational systems. In the operation and maintenance sector, it will use artificial intelligence, big data, and next-generation communications technologies to actively provide intelligent support services such as operation and maintenance, supply chain, property management, and training support. The Group will continue to promote the “AI+” initiative, advance the “Five Major Projects”, including transformation and development, reform and renewal, technological innovation, strengthening the enterprise through talents, and safety enhancement. At the same time, it will coordinate the upgrading of traditional businesses, the expansion of strategic emerging businesses, and the charting of our path into future industries. By balancing high-quality development and high-level security, it strives to ensure a good start for the 15th Five-Year Plan period.

Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude to our shareholders, customers, and all sectors of society for their long-term care and support, as well as to all our employees for their hard work and dedication.

**Luan Xiaowei***Executive Director and Chairman*

Beijing, PRC
31 March 2026

BUSINESS OVERVIEW

1. Overview

As a leading service provider in the informatization sector in the PRC, the Group is positioned as a “New Generation Integrated Smart Service Provider”, leveraging its advantages as a “Pioneer of Digital Intelligence Consulting”, a “Navigator of Digital Intelligence Infrastructure”, a “Leader of Digital Intelligence Maintenance and Operation” and a “Provider of Digital Intelligence Products” (“1 Positioning, 4 Roles”). Adhering to the mission of “Building Smart Society, Boosting Digital Economy, Serving a Good Life”, the Group continues to accelerate the development of a first-class enterprise. Through the integrated full-cycle service capabilities of “Planning, Construction, Maintenance and Operation” empowered by technologies such as artificial intelligence (AI), the Group capitalizes on customers’ transformation needs of “intelligence, green, and security” and provides integrated comprehensive smart solutions in the area of digital intelligence. The Group mainly provides integrated smart solutions such as telecommunications infrastructure services, business process outsourcing services and applications, content and other services to telecommunications operators, governments, industry customers and small and medium-sized enterprises.

The Group’s business spans across China and dozens of countries and regions globally, with overseas customers mainly located in key regions such as Asia Pacific, the Middle East, and Africa.

WE PROVIDE INTEGRATED COMPREHENSIVE SMART SOLUTIONS FOR THE DIGITAL INTELLIGENCE SECTOR



(in RMB million, except percentages)	Revenues in 2025	Revenues in 2024	Change
Domestic non-telecom operator customers ("Domestic non-operator customers")	65,613	62,169	5.5%
Domestic telecommunications operator customers	80,212	83,603	(4.1%)
Of which: China Telecom	56,667	59,134	(4.2%)
China Mobile, China Unicom, China Broadcasting Network, China Tower	23,545	24,469	(3.8%)
Overseas customers	4,268	4,228	1.0%
Total	150,093	150,000	0.1%

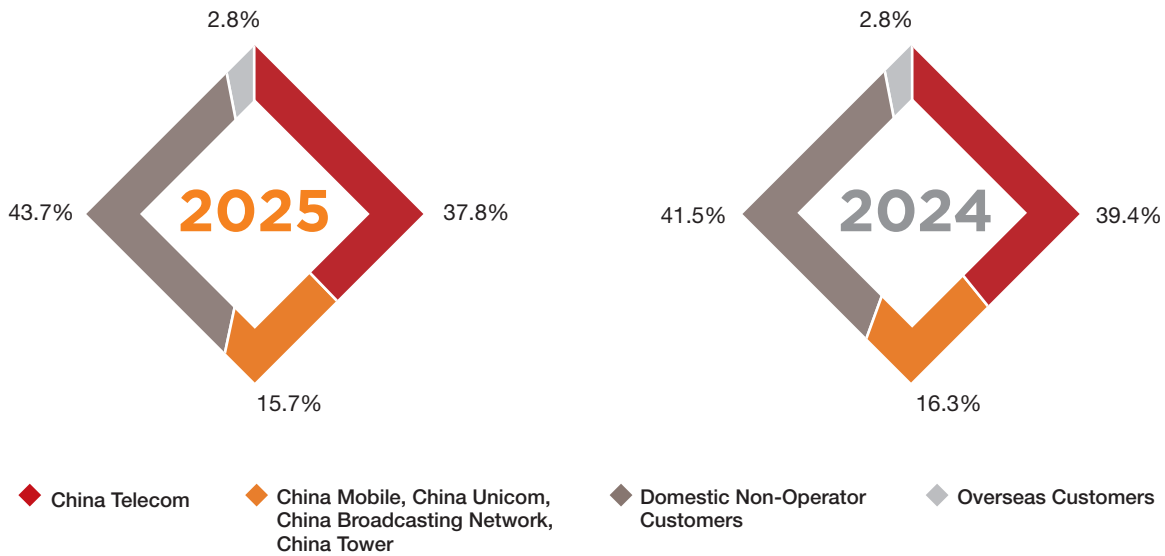
BUSINESS OVERVIEW

2. Operational Deployment

In 2025, the Group continued to adhere to the roadmap of “Value-Driven, Seeking Steady yet Progressive Growth and High-Quality Development”, actively rode the wave of the building of Digital China. With the goal of achieving high-quality development, the Group seized opportunities of the deep integration of digital technologies with the real economy and the wave of AI development, further enhanced market expansion, cultivated new growth areas, shifted development momentum, optimized its business structure, and improved development quality. During the year, the Group achieved revenues of RMB150,093 million, representing a year-on-year increase of 0.1%.

In 2025, the Group actively seized the opportunities of the AI era, deeply integrated AI and digital infrastructure capabilities, provided full life-cycle services for new infrastructure such as intelligent computing centers and green data centers, and forged a number of “Smart Series” products such as “smart server rooms” and “smart sports”. At the same time, by developing the proprietary “Wise Series” AI application system and achieving in-depth empowerment in core business processes, the Group effectively enhanced operational efficiency and promoted management upgrades. The Group will continue to promote the integration of AI technology with the whole chain of consulting and design, construction integration, operation and maintenance, to help customers achieve digital transformation and continue to expand development potential in the AI market.

The following charts show the revenue contribution from each customer group:



In 2025, the Group seized development opportunities in strategic emerging businesses and further optimized its deployment in strategic emerging industries such as digital infrastructure, green and low-carbon, smart city, and emergency management and security. The value of new contracts from strategic emerging industries exceeded RMB94.9 billion, representing a year-on-year increase of approximately 22%.

BUSINESS OVERVIEW

In the field of digital infrastructure, the Group focused on services such as intelligent computing, supercomputing, and cloud, and developed the three major fields of data centers, cloud services, and AI+ vigorously. Driven by its high-end consulting and design capabilities, and leveraging the application of digital technologies such as BIM, and products and solutions such as smart server room management, the Group provided customers with full-profession, integrated, and full life-cycle green and low-carbon digital infrastructure specialized services, which included consulting and design, electromechanical installation, application and integration of network platforms as well as operation and maintenance. The Group actively served the national “East Data, West Computing” project, participated extensively in the construction of the national integrated computing power network and data centers for the “eight national computing hubs and ten national data center clusters”, actively undertook intelligent computing and supercomputing center projects in multiple industries such as communications, finance, government, Internet, and manufacturing, and continued to promote the intelligent and green upgrading of digital information infrastructure, thereby empowering the high-quality development of the digital economy with professional capabilities, and consolidating the digital foundation for Chinese-style modernization.

In the field of green and low-carbon, guided by the national “Dual Carbon” strategy, the Group actively contributed to the comprehensive green transformation of economic and social development. In addition to providing traditional power infrastructure and supporting services, the Group also seized market opportunities in new energy construction, computing power and electricity collaboration, circular economy in industrial parks, carbon management, energy usage services and power distribution network. Leveraging its integrated capabilities of “Consultation-Driven + Product Innovation + Engineering Construction + Operation and Maintenance”, the Group developed comprehensive and customized green and low-carbon solutions, offering various customers in the industries of energy and power, information and communications, real estate and construction, industrial manufacturing and transportation with integrated AI energy-saving and carbon reduction services for new green and low-carbon data centers, as well as new energy solutions such as photovoltaic power, wind power, and hydropower. Besides, the Group also provided energy management platform, photovoltaic-storage-cloud-green energy management platform, power communications operation control platform and other platform development and services, energy management and manufacturing equipment disposal management and other services.

BUSINESS OVERVIEW

In the field of smart city, the Group focused on new urban infrastructure construction, targeting resilient cities, urban renewal, urban renovation of old communities, and community construction. Focusing on key needs in smart transportation, safe cities, smart government affairs, smart rural towns, smart construction sites, city brains, one platform for unified services, and digital villages, the Group leveraged its top-level smart city planning as the lead, and provided customers with planning, design, construction, platform development, system integration, and full-process consulting services.

In the field of emergency management, by taking emergency management, fire-fighting, ecological environment, water conservancy, meteorology, natural resources, forestry and grassland, as its core business lines, the Group focused on disaster prevention, mitigation and relief, as well as supporting capabilities for the handling of urgent, difficult, dangerous and major public emergencies, building a comprehensive smart product portfolio and solution library for emergency management and one-stop informatization service capabilities. The Group provided consulting and design, software development, system integration, and operation and maintenance services to customers in the industries of government, chemical industrial parks, and highly hazardous enterprises. In the field of network and information security, the Group developed over 40 proprietary and controllable network and information security products and one-stop integrated solutions, safeguarding national key information infrastructure industries such as information and communications, finance, energy, and transportation. It catered to customer needs for compliant operation, digital transformation, and operational practices, offering security products, security consulting and design, security integration, project implementation, specialized security services, and security supervision in the fields of cybersecurity, data security, and information security.

The Group Formed a Series of Industry-Leading Products and Solutions to Support the Development of Strategic Emerging Businesses



◆ Integrated Source-Grid-Load-Storage "Virtual Power Plant" Operation and Management Platform



◆ Urban Lifeline Monitoring Platform



◆ Zero-Carbon Data Center Management Platform



◆ Integrated Weather Modification Command and Dispatch Platform

3. Three Major Customer Markets

Domestic Telecommunications Operator Market

In 2025, the Group further integrated itself into the ecosystem of domestic telecommunications operator market, gave full play to its general contracting capabilities and professional advantages in integrated services, seized the opportunities from traditional business and transformation, and actively responded to the impact of the decline in operators' capital expenditure. By focusing on domestic telecommunications operators' need to accelerate the construction of new digital information infrastructure, the Group improved and optimized the expansion and business deployment in core areas such as new infrastructure iterative upgrading, computing power network construction, green infrastructure optimization, industrial digital intelligence empowerment, as well as operation and maintenance. Revenue from this market for the year amounted to RMB80,212 million, representing a year-on-year decrease of 4.1%.

The Group Actively Supported the Business of Domestic Telecommunications Operators



Domestic Non-Operator Market

In 2025, the Group closely monitored the trends in societal technological revolution and industrial transformation, and seized the opportunities of AI-driven intelligent computing and data center construction, as well as urban renewal and green transformation. Through continuously optimizing core capabilities and platforms, leveraging its integrated service capabilities and advantages, the Group achieved high-quality business development and continuous optimization of its revenue mix. Revenue from the domestic non-operator market amounted to RMB65,613 million, representing a year-on-year increase of 5.5%. The major source of growth came from smart city and digital infrastructure projects, with the new contract values increased by approximately 18% and 40% year-on-year, respectively. The Group quickly responded to customer needs and provided a comprehensive smart product portfolio that could be disassembled or assembled, along with full-process service capabilities from top-level design to product R&D and operation. During the year, the Group entered into more than 1,300 new contracts worth over RMB10 million each, undertaking benchmark projects such as a data center and big data application demonstration base project of a bank, a 31.2MW photovoltaic power generation project, a water supply IoT platform construction project for a group, a gas and safety early warning construction project in a county, an international smart port project, an underwater data server room engineering construction project and other benchmark projects.

BUSINESS OVERVIEW

By adhering to the principle of “Headquarters Leadership, Local Execution, Professional Construction, and Cross-Functional Collaboration”, leveraging its advantages of unique “Consultant + Staff + Housekeeper” service model and “Platform + Software + Service” capabilities, establishing an “Industry + Region” matrix marketing system, building a robust localized marketing team across the country with approximately 17,000 sales personnel deployed in key areas, the Group continuously strengthened its efforts in group-level synergistic marketing of products. The Group accelerated the formation of technical expert teams for its core products, which currently comprised over 10,000 consulting and design experts and relevant software talents. By enhancing the consolidation and empowerment of capabilities through continuous training and informatization means such as the cloud exhibition hall, the Group continuously strengthened the teams of professional talents. Currently, the Group’s annual contract value in several industries, including government, housing and construction, Internet and IT, energy, transportation, finance, and education, has exceeded RMB1 billion in each sector.

The Group Undertook Key Projects of Strategic Emerging Industries in Domestic Non-Operator Market Proactively



◆ A Data Center and Big Data Application Demonstration Base Project of a Bank



◆ A 31.2MW Photovoltaic Power Generation Project in a County



◆ A Water Supply IoT Platform Construction Project of a Group



◆ A Gas and Safety Early Warning Construction Project in a County



◆ An International Smart Port Project



◆ An Underwater Data Server Room Construction Project

Overseas Market

In 2025, the Group actively integrated itself into the new development paradigm of “dual-circulation with domestic and international development reinforcing each other”, and seized important opportunities in the “Belt and Road” and overseas industrial transformation and upgrading. The Group coordinated overseas development with safety, consolidated the fundamental business in communications, and continuously optimized the overseas operation models. With high-quality project expansion and platform operations as the two key drivers for overseas development, the Group focused on the four major regions of Asia Pacific, the Middle East, Latin America and Africa, and served the four major customer groups of telecom operators, overseas government and enterprises, Chinese central enterprises and communications equipment manufacturers. The Group continued to promote three transformations (the transformation of individual engineering projects into EPC general contracting projects, the transformation of cash-funded projects into financing projects, and the transformation of business from the communications sector to the sectors of industrial digitalization and new energy). The Group advanced the development of overseas business in a proactive and prudent manner on the basis of high-level security development. Revenue from overseas customers amounted to RMB4,268 million, representing a year-on-year increase of 1.0%.

Transformed and Upgraded the Group's Overseas Business, Enhanced Capabilities in Expansion of High-quality and Large-scale Projects



◆ Smart Video Project in an Overseas City



◆ Smart Burkina Faso Project

BUSINESS OVERVIEW

4. Three Major Business Segments

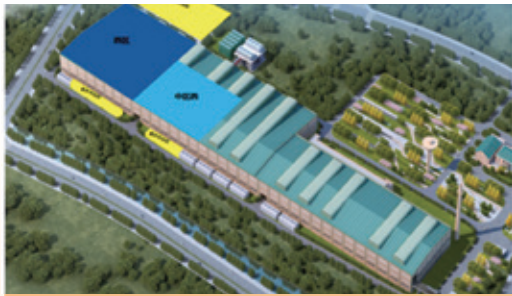
As a leading service provider in the informatization sector in the PRC, the Group provides integrated comprehensive smart solutions in the field of digital intelligence, covering telecommunications infrastructure services, including design, construction, and supervision; business process outsourcing services, including information technology infrastructure management, general facilities management, supply chain, and products distribution; and applications, content, and other services, including system integration, software development and system support, as well as value-added services, etc.

Telecommunications Infrastructure Services

As the largest telecommunications infrastructure service provider in China, the Group possesses all the highest-grade qualifications in the communications construction industry. In 2025, the Group's revenue from telecommunications infrastructure services amounted to RMB74,391 million, representing a year-on-year decrease of 1.0%.

The Group has the capabilities to provide comprehensive telecommunications infrastructure services to global telecommunications operators, including planning, design, construction, and project supervision for fixed-line, mobile, broadband networks, data centers, and operation support systems. In 2025, the Group fully supported the business needs of domestic telecommunications operator customers, and revenue from domestic telecommunications operator customers for telecommunications infrastructure services amounted to RMB37,755 million for the year, representing a year-on-year decrease of 8.1%.

The Group Endeavored to Support New Infrastructure Construction



◆ A Leading Manufacturing Company's Cloud Computing Data Center Project



◆ A Leading Internet Company's Intelligent Cloud Ulanqab Data Center Project

The Group also provides integrated infrastructure construction such as information infrastructure construction and smart energy, integrated informatization solutions, and industrial smart solutions to domestic non-operator customers in the government, finance, construction, transportation, emergency management, electricity, and medical care sectors, as well as overseas customers. In 2025, the Group continued to strengthen its development in the areas of data center, green and low-carbon, smart city, and emergency management and security. Revenue from domestic non-operator customers for telecommunications infrastructure services amounted to RMB33,564 million for the year, representing a year-on-year increase of 8.1%.

BUSINESS OVERVIEW

As domestic telecommunications operators continue to accelerate digital transformation, increase investment in new infrastructure such as computing centers, and speed up the pace of transformation and upgrading, the Group will further integrate itself into the ecosystem of operators, and enhance its product and service capabilities to meet the needs of domestic telecom operators for comprehensive, integrated and diversified digital services, thereby continuously maintaining the stable development of the business from domestic telecommunications operators. Meanwhile, with the in-depth implementation of the Digital China strategy, the accelerating construction of digital information infrastructure, along with the flourishing development of industrial digitalization, and the increasing demand for energy conservation, carbon reduction, and the construction of trunk fiber optic cable networks, the Group is poised to embrace new growth opportunities in both the domestic non-operator market and overseas market.

Business Process Outsourcing Services

The Group is the largest integrated provider of business process outsourcing services in the communications industry in China. Along the communications business value chain, it provides services including information technology infrastructure management (“Network Maintenance”), general facilities management (“Property Management”), supply chain, and distribution of products. The target customers of its services include domestic and overseas telecommunications operator customers, government agencies, and customers among the industry. In 2025, the Group’s revenue from business process outsourcing services amounted to RMB44,062 million, representing a year-on-year increase of 1.4%.

The Group Focused on and Deeply Engaged in Smart Operation and Maintenance Services



◆ A University’s Technological Innovation Port
Operation and Maintenance Support Service Project



◆ A Government Affairs Network Support Project of a
County

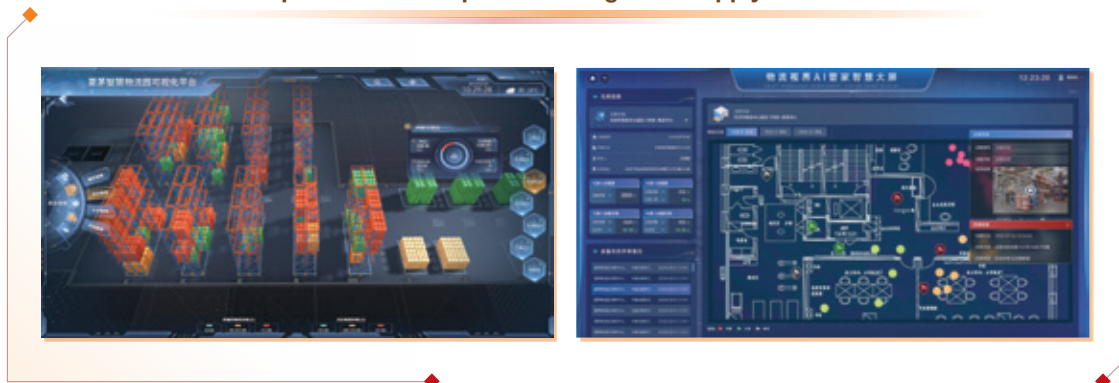
The Group provides information technology infrastructure management and network optimization services for telecommunications operators and other customers, covering fiber optic cables, electric cables, mobile base stations, data centers, network equipment and terminals. During 2025, capitalizing on its long-term focus on, and extensive expertise and experience in the operation and maintenance business, the Group continued to explore the in-depth and diversified service needs of customers. With smart operation and maintenance as the entry point, the Group strived to build the core business brand of “CCS Smart Maintenance” to empower the quality enhancement and upgrades of information technology infrastructure management business, achieving revenue of RMB19,118 million, representing a year-on-year increase of 1.9%.

BUSINESS OVERVIEW

The Group provides general facilities management services to customers for their data centers, cloud bases, commercial buildings, high-end residential buildings, high-speed railway stations, and airports. The Group further advances the business consolidation of its general facilities management business, improves synergistic operation capabilities, and develops smart service capabilities. In 2025, the Group's revenue from general facilities management services amounted to RMB8,307 million, representing a year-on-year increase of 2.3%.

The Group focuses on the technology-based supply chain services in the field of digital infrastructure, and further expands its customer base from other sectors including governments and enterprises, while having operator customers as the foundation. The Group focuses on upstream and downstream customers in the industrial chain, gives full play to its advantage in the full-process and network-wide synergistic operation of the supply chain to provide integrated and full life-cycle supply chain services, such as industrial digitalization procurement, integrated logistics, tendering and auction, quality inspection, repair and maintenance, and idle waste disposal, to domestic telecommunications operators, government, and enterprise customers. In 2025, the Group's revenue from supply chain services amounted to RMB13,732 million, representing a year-on-year increase of 1.3%.

The Group Provided Full-process Integrated Supply Chain Services



The products distribution business mainly involves the distribution of communications and information products. The Group provides terminal sales and device distribution services to domestic telecommunications operator customers and offers distribution and procurement services of IT devices, auxiliary machinery and equipment to domestic non-operator customers. In 2025, the Group further reduced its relatively low-efficiency products distribution business, achieving revenue of RMB2,905 million, representing a year-on-year decrease of 3.9%.

Given the increasing scale of 5G/5G-A networks and computing centers, the Group believes that the OPEX market of domestic telecommunications operators has favorable room for development, and the domestic non-operator market also sees growing demands for business process outsourcing services. Business process outsourcing services have the features of high customer loyalty, low accounts receivable turnover days, and good cash flow. The Group will further consolidate resources for professional operations to pursue more efficient development in this market.

Applications, Content, and Other Services

The Group provides informatized system integration, industrial digitalization applications, proprietary software and platform product development, digitalization business and IT system support, and value-added services to customers, including domestic and overseas telecommunications operators, government agencies, and enterprise customers. In 2025, the relevant revenue amounted to RMB31,640 million, representing a year-on-year increase of 0.9%.

The Group continuously accelerated the improvement of quality and efficiency driven by technological innovation, centering on strategic emerging industries and customer needs as well as focusing on key technology applications and innovation for its “1 Positioning, 4 Roles”, it further increased investment in research and development, and its research and development investment in 2025 was RMB5.47 billion. The Group centralized the research and development resources, strengthened the centralized and unified management of technological innovation, and refined technological innovation management with the guidance of “resources sharing, centralized research and development, collaborative promotion, and benefits sharing”. The Group adheres to proprietary research and development and innovation, accelerating the commercialization of research and development results to promote rapid growth in relevant businesses. In 2025, revenue from software development and system support reached RMB7,114 million, representing a year-on-year increase of 14.0%.

The Group Continued to Provide Various Kinds of AI+ Applications



◆ AI+ Supply Chain Large Model



◆ AI+ Smart Sport

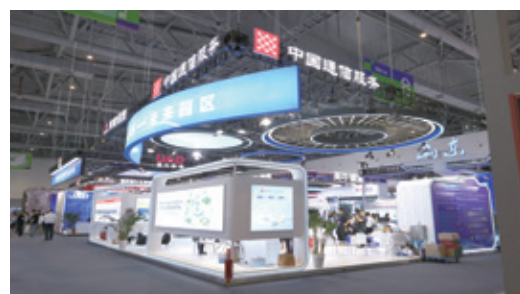
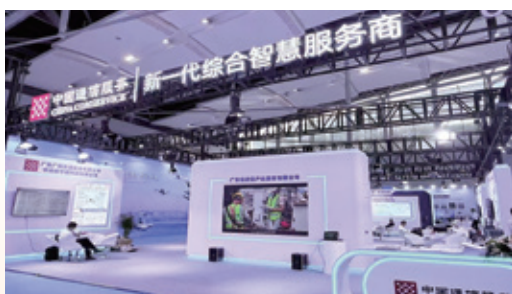


◆ AI+ Low Altitude



◆ AI+ Avalanche Large Model

The Group Actively Organized/Participated in Various Exhibitions



BUSINESS OVERVIEW

In 2025, the Group seized opportunities in new infrastructure construction and digital transformation in China by leveraging its integrated service advantages and capabilities in system integration and software development. Based on its proprietary core platforms and a series of industry-leading smart products, the Group continuously expanded its ecological cooperation scope and vigorously developed markets such as AI+, 5G+, data center, smart city, green and low-carbon, emergency management and security, and low-altitude economy, to effectively satisfy the digital transformation needs of government and enterprise customers. With its expanding industry influence and brand influence, the Group was honored with prestigious science and technology awards, which included ranking third in the “100 Most Competitive Software and IT Service Enterprises”, the second prize in technological progress of the 14th Wu Wenjun AI Science and Technology Award, and the Gold Award in the national final of the procurement and supply chain category in the “2025 Artificial Intelligence Application Competition”.

The Group will seize the opportunities arising from the rapid development of the digital economy, continuously upgrade its key products, accelerate the establishment of strategic core platforms, enhance software service capabilities, and develop smart products to continuously meet customer demands for the industrial digitalization business.



The Group Gained Increasing Industry and Brand Influence in the Area of Technological Innovation



CONTENTS OF CERTAIN KEY PRODUCTS OF THE GROUP

Number	Product Name	Product Description
1	 Smart City	<p>Leveraging emerging technologies such as 5G, IoT, Big Data, Cloud Computing, BIM/CIM, and AI, we provide integrated solutions for smart city covering top-level planning, consulting and design, product R&D, delivery and implementation, operation and maintenance, including but not limited to City Smart Living Room, City Digital Governance Platform, City Operation Command Center, Management Cockpit, and Urban Lifeline Monitoring Platform. By effectively integrating, collaborating and sharing urban data resources, the platform fully leverages the role of data elements, helping to achieve refined urban management, intelligent urban services, and modernized urban governance. It activates the smart industry ecosystem, enhances overall urban competitiveness, and promotes urban digital transformation and upgrading.</p>
2	 Digital Government	<p>Leveraging full-chain capabilities in planning, consulting and design, integration, development, operation and maintenance, the Group provides full-process consulting and integrated services for the digital transformation of governments at all levels across the country. It possesses fundamental digital intelligence capabilities in government cloud, network, data, and security, as well as full lifecycle consulting capabilities covering the aggregation, governance, development, trusted circulation, and value realization of data elements. The Group offers core digital government solutions such as one platform for unified management, one platform for unified services, and one platform for collaboration, empowering the development of various business scenarios including civil affairs, education, emergency management, water conservancy, and sanitation. It has developed product capabilities such as the HarmonyOS NEXT-based government affairs APP, urban intelligence hub, smart government service halls, and government service hotlines, establishing benchmark projects in full-process consulting and integrated general contracting, thereby assisting government in digital transformation.</p>
3	 CCS Cyber Security	<p>Leveraging the independently developed network and information security capability matrix with the Group's unique advantages, the Group offers integrated comprehensive services covering the entire lifecycle of cybersecurity, including consulting and design, integration and implementation, risk assessment, operation and maintenance reinforcement, emergency response, and attack and defense training. The portfolio includes cyberspace asset mapping, intelligent security operations, data security monitoring, commercial cryptography application transformation, 5G security simulation, and harmful information monitoring and hardcore products in cybersecurity and data security. The Group provides comprehensive network and information security solutions as well as comprehensive products and services for national critical information infrastructure in sectors such as public communications and information services, energy, transportation, water conservancy, finance, public services, and e-government affairs. The Group has been featured multiple times in the China Cybersecurity Industry Panorama published by think tanks in the cybersecurity industry.</p>

BUSINESS OVERVIEW


Number	Product Name	Product Description
4	 <p data-bbox="288 804 464 869">CCS Emergency Management</p>	<p data-bbox="528 412 1361 1099">Guided by consulting and planning, and focusing on the safety and emergency management industry as the core business, the Group targets the three major sectors of industrial production, urban safety, and ecological safety. It concentrates on monitoring and early warning, emergency command, and disaster prevention and mitigation, developing an emergency management and security application products portfolio centered on production safety risk monitoring and early warning platforms, emergency rescue command platforms, smart chemical park management and control platforms, industrial Internet + enterprise production safety cloud service platforms, smart fire-fighting monitoring and early warning platforms, smart water conservancy informatization management platforms, and forest fire risk monitoring and early warning platforms. These products cover multiple industries including emergency management, mining, fire-fighting, water conservancy, meteorology, and natural resources. Leveraging software and hardware products with independent intellectual property rights and core algorithms, the Group drives operation and maintenance services through general contracting delivery, integrating data value and dynamic perception technologies. This promotes the transformation of governance models towards pre-emptive monitoring and prevention, effectively enhancing the emergency management and rescue capabilities for major natural disasters and major production safety accidents.</p>
5	 <p data-bbox="311 1529 442 1561">Smart Sport</p>	<p data-bbox="528 1137 1361 1816">With AI technology as its core and leveraging its self-developed sports industry large model, the Group has restructured the full-stack smart sports product system, creating core products such as AI+ smart events, smart venues, and campus sports. Among these, the campus intelligent agent “Jing Xiaozhuang” has become a benchmark application. The Group successfully completed information technology support for top-tier events such as the 15th National Games and the World Games, establishing an innovative benchmark with the MOC command system and driving the upgrade of smart events to version 4.0. The Group has undertaken the construction of digital sports platforms in multiple provinces and cities including Sichuan, Jiangsu, and Ningxia, building a leading comprehensive sports management system in China. The Group participated in the formulation of the national standard for the National Fitness Sports Code, with the East Lake Smart Running Trail selected as a boutique route by the General Administration of Sport of China, and its products featured in the industry ecology map published by the China Academy of Information and Communications Technology. Looking ahead, the Group will continue to deepen AI integration and expand into integrated scenarios such as “sports + education, culture and tourism, and health”, contributing to the high-quality development of the sports industry.</p>

Number	Product Name	Product Description
6	 <p data-bbox="341 685 560 712">Smart Grain Storage</p>	<p>With artificial intelligence as the technological foundation, the integrated grain procurement and storage platform is built on the concept of “three unifications” – unified processes, unified software, and unified data standards – achieving intelligent full-lifecycle management of national grain reserves. Innovatively adopting a cloud-edge collaborative architecture, the platform provides a comprehensive solution for grain procurement, sales, and storage, encompassing “supervision platform + depot operations + data governance + AI applications”. By adopting the industry’s first IoT gateway, it enables direct, real-time collection of depot data, ensuring that key data such as grain inventory, quality, and security remain online in real time and fully integrated into the cloud. This helps ensure quantity data to be accurate, high quality, and reliable, safeguarding the security of national grain reserves.</p>
7	 <p data-bbox="341 1122 560 1149">Smart Server Room</p>	<p>Leveraging operational data as the foundation and AI large models as the technological engine, the C-Station Smart Server Room Management Platform is an operator-grade platform designed for centralized and unified operation and management of numerous server rooms. The platform focuses on the intelligent management needs of “production operations, security monitoring, green energy efficiency, resource panorama, and asset value”. By deeply integrating AI large models with 2D/3D visualization technologies, it enables intelligent control across all server room scenarios, facilitating a holistic digital transformation in “monitoring, management, control, and operation” that spans all aspects and levels of server room management, thereby ensuring intelligent, green, and secure server room operations.</p>
8	 <p data-bbox="341 1621 560 1648">Adaptive DC</p>	<p>Guided by the core concept of “synergized computing power, electricity and cooling with on-demand adaption”, the new adaptive power and cooling data center (adaptive DC) provides a comprehensive solution for data (computing power) server rooms, enabling dynamic adjustment of power per rack within the range of 5-40kW on demand. On the hardware side, it decouples computing power demands from the foundational infrastructure. Within the data (computing power) server room, power distribution busways are used to construct power pools, while energy-efficient air conditioners are used to create cooling capacity pools. Using an adaptive framework as the foundation, data (computing power) server room infrastructure in different physical forms are deployed based on customer site conditions and requirements. On the software side, the operation and maintenance management system is configured according to the module, with standard industrial communications interfaces ensuring compatibility with future equipment additions. Standard interfaces for signal acquisition are reserved for future rack air conditioner replacement and liquid cooling capacity expansion.</p>

BUSINESS OVERVIEW

Number	Product Name	Product Description
<p>9</p>  <p>Intelligent Building</p>		<p>Leveraging an all-optical network as the converged communications foundation, Intelligent Building empowers all-scenario smart upgrades of buildings with core technologies such as IoT and AI. The Intelligent Building Management System (CCS-iBMS) is built on the big data of subsystems including equipment management, environmental monitoring, security warning, and energy scheduling. Through multimodal AI large model data fusion technology, it achieves scenario-based dynamic integration based on people, equipment, space, and time, creating a visual management cockpit. This enables smart applications such as voice-based control of equipment operation, proactive prediction of hidden faults, intelligent linkage for emergencies, and AI-optimized energy management. Widely adaptable to various building types, it reshapes the intelligent transformation paradigm of the construction industry and leads the future direction of building development.</p>
<p>10</p>  <p>Blockchain Platform</p>		<p>Adhering to the core principle of independence and controllability, and leveraging leading domestic blockchain technology, the China Comservice Blockchain Platform provides a cloud-chain integrated foundation that supports unified management of multiple chains, offering secure and reliable support for digital transformation. The platform deeply empowers key areas such as agriculture and rural areas (traceability of agricultural products), government services (one platform for unified services), judicial services (electronic evidence preservation), healthcare (trusted data sharing), “Dual Carbon” governance (carbon emissions tracking), and electronic tax receipts, promoting the implementation of cross-industry scenarios. Leveraging core products such as blockchain as a service (BaaS), distributed identity authentication, and cross-chain gateways, the platform facilitates the construction of trusted data spaces, enabling the value circulation of data assets, accelerating business model innovation and high-quality industry development, and providing innovative practice paths for national governance modernization and green and low-carbon transformation.</p>
<p>11</p>  <p>Smart Energy Saving</p>		<p>With AI technology and algorithmic models as the core driving force, the platform targets data centers and scenarios involving “old, small, and scattered” server rooms, achieving adaptive control of air conditioners through AI algorithms. Leveraging cloud-edge collaboration, the platform provides real-time monitoring, temperature field situational display, energy saving accounting, and closed-loop handling of anomalies. It establishes a three-tier constraint and risk warning mechanism at the “server room level, equipment level, and monitoring point level” to ensure safe and controllable regulation. Using reinforcement learning algorithms to adapt to environmental and load changes, the platform enables rapid deployment without the need for large-scale hardware modifications. Standardized templates and a localized delivery system support scaled operations. The platform is compatible with various cooperation models such as energy management contracting, supports both cloud-based and on-premises deployment, and can be extended to pan-energy efficiency applications including parks and industrial source-grid-load-storage scenarios.</p>

BUSINESS OVERVIEW

Number	Product Name	Product Description
12	 <p data-bbox="368 685 536 745">Intelligent Cloud-Network</p>	<p>Guided by the core concept of “cloud-network integration with intrinsic intelligence”, the Cloud-Network Resource Management Platform serves as the core system of the cloud-network integration framework. With the primary goals of “horizontally integrating cloud and network, and vertically bridging applications to the network”, the platform establishes real-time perception and scheduling capabilities for network-wide, full-profession resources. It creates a unified capability and data foundation, supporting enterprise intrinsic intelligence applications and business development through cloud-network resource data operations and value operations, helping accelerate the journey of cloud-network towards the era of high-level autonomous intelligence. This platform system has been widely applied in telecommunications operator and government and enterprise markets, effectively meeting customer demands for integrated resource management and intelligent operations.</p>

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

In 2025, by adhering to its overall roadmap of “Value-Driven, Seeking Steady yet Progressive Growth and High-Quality Development”, and positioning itself as a “New Generation Integrated Smart Service Provider”, the Group leveraged its strengths as a “Pioneer of Digital Intelligence Consulting”, a “Navigator of Digital Intelligence Infrastructure”, a “Leader of Digital Intelligence Maintenance and Operation” and a “Provider of Digital Intelligence Products”, and actively integrated frontier technology, enhanced comprehensive service capabilities, as well as developed new quality productive forces tailored to local conditions. As a result, the Group achieved “Effective Improvement in Quality and Reasonable Growth in Quantity”, with revenues growing steadily and efficiency indicators stabilizing and trending positively. Revenues for the year amounted to RMB150,093 million, representing an increase of 0.1% compared to 2024. Profit attributable to equity shareholders of the Company was RMB3,610 million, representing an increase of 0.1% compared to 2024. Basic earnings per share were RMB0.521. Free cash flow was RMB795 million.

Revenues

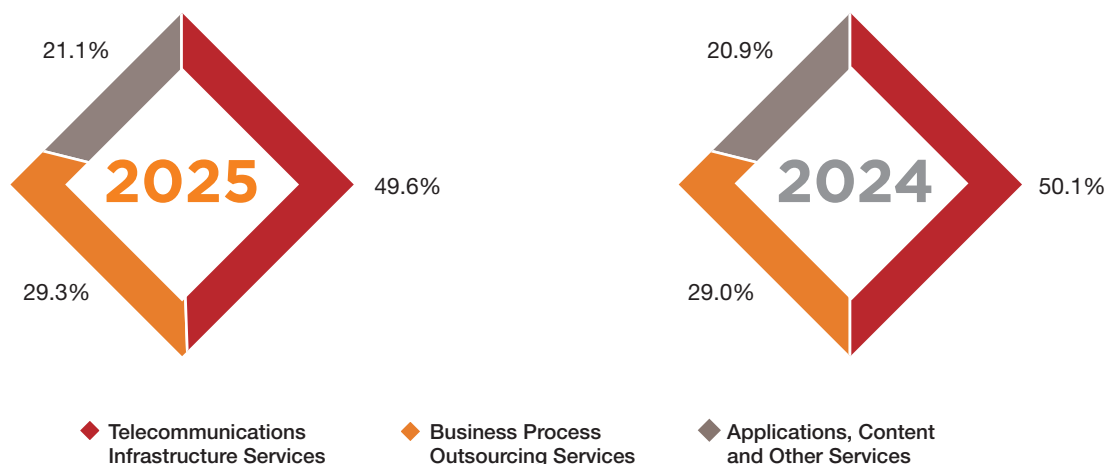
In 2025, the Group’s revenues amounted to RMB150,093 million, representing an increase of 0.1% compared to 2024. From a business perspective, revenue from telecommunications infrastructure (“TIS”) services was RMB74,391 million, representing a year-on-year decrease of 1.0%; revenue from business process outsourcing (“BPO”) services was RMB44,062 million, representing a year-on-year increase of 1.4%; and revenue from applications, content, and other (“ACO”) services was RMB31,640 million, representing a year-on-year increase of 0.9%. The decrease in TIS revenue was mainly due to the overall investment environment by our customers and the proactive control and reduction of low-value projects by the Group. With the deepened implementation of the Digital China strategy and the accelerated pace of digital information infrastructure construction, competition in the digital construction sector has evolved towards a higher level and greater refinement. The Group enhanced its comprehensive integrated smart service capabilities, and strived to overcome the impact of the decline in investment from customers and the adjustment to the investment mix, thereby maintaining relatively stable revenue from TIS services. The Group further consolidated its resources and promoted professionalized operations, ensuring stable revenue growth from BPO services, which possess attributes such as strong customer loyalty and short cash conversion cycles. At the same time, the Group gave full play to the productive force of digital technologies, its advantages in integrated services and its capabilities in system integration and software development to meet customer needs for digitalization effectively, thereby driving the development of its businesses such as system integration and software development and sustaining stable growth in revenue from ACO services.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

From a market perspective, revenue from the domestic telecommunications operator market was RMB80,212 million, representing a year-on-year decrease of 4.1%; revenue from the domestic non-operator market reached RMB65,613 million, representing a year-on-year increase of 5.5%; and revenue from the overseas market was RMB4,268 million, representing a year-on-year increase of 1.0%. Despite headwinds including the continuous decline in capital expenditure by domestic telecommunications operators, the Group strived to promote business expansion in areas such as the iterative upgrade of new infrastructure, computing power network construction, green infrastructure retrofit, industrial digital intelligence empowerment, as well as operation and maintenance. Leveraging its advantages in differentiated capabilities, the Group provided integrated comprehensive solutions that were “green, intelligent, integrated, and efficient” to support customers in achieving strategic upgrades as well as innovation and reforms, thereby steadily increasing its market share. In the domestic non-operator market, the Group capitalized on opportunities from AI-powered intelligent computing and data center construction, as well as urban renewal and green transformation. Leveraging its advantages in “Consultant + Staff + Housekeeper” service and “Platform + Software + Service” capabilities, it provided integrated, end-to-end services that combined cloud integration, artificial intelligence integration, security integration, and platform integration. The Group undertook a number of industry benchmark projects across various fields including digital infrastructure, intelligent construction, green and low-carbon, smart operation and maintenance, smart sports, and the low-altitude economy, thereby realizing relatively rapid revenue growth in the domestic non-operator market. In response to the complex and ever-changing global landscapes, the Group continued to optimize its operating model and expanded high-value projects along key regions of the “Belt and Road”. In regions such as Asia-Pacific, Africa, and the Middle East, the Group successfully undertook landmark projects such as national-level smart hubs and world-class photovoltaics projects, effectively enhancing the international influence of the “Made in China” and “China Services” brands, thus achieving steady revenue growth in the overseas market.

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Business Revenue Mix



The following table sets forth a breakdown of the Group's revenues for 2024 and 2025, together with their respective changes:

	2025 RMB'000	2024 RMB'000	Change
Telecommunications Infrastructure Services			
Design services	8,939,972	9,917,391	(9.9%)
Construction services	61,014,658	60,673,388	0.6%
Project supervision and management services	4,436,630	4,581,458	(3.2%)
	74,391,260	75,172,237	(1.0%)
Business Process Outsourcing Services			
Management of infrastructure for information technology (Network Maintenance)	19,118,078	18,754,785	1.9%
General facilities management (Property Management)	8,306,956	8,122,502	2.3%
Supply chain	13,731,835	13,559,545	1.3%
Sub-total of Core BPO Services	41,156,869	40,436,832	1.8%
Products distribution	2,904,552	3,022,186	(3.9%)
	44,061,421	43,459,018	1.4%
Applications, Content and Other Services			
System integration	19,398,374	19,594,996	(1.0%)
Software development and system support	7,114,106	6,241,050	14.0%
Value-added services	2,607,850	2,749,632	(5.2%)
Others	2,519,598	2,783,170	(9.5%)
	31,639,928	31,368,848	0.9%
Total	150,092,609	150,000,103	0.1%

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Telecommunications Infrastructure Services

In 2025, the Group's revenue from TIS services amounted to RMB74,391 million, representing a decrease of 1.0% as compared to RMB75,172 million in 2024. TIS services was the primary source of revenues of the Group and accounted for 49.6% of revenues, representing a decrease of 0.5 percentage points from 50.1% in 2024. As to the customer structure, the Group's TIS revenue from domestic telecommunications operator customers amounted to RMB37,755 million and accounted for 50.8% of the total TIS revenues, representing a decrease of 3.9 percentage points from 2024. The aggregate TIS revenues from domestic non-operator customers and overseas customers amounted to RMB36,636 million and accounted for 49.2% of the total TIS revenues, representing an increase of 3.9 percentage points from 2024.

In 2025, the Group's TIS revenue from domestic telecommunications operator customers decreased by 8.1% compared to 2024. The Group fully supported the business demand of domestic telecommunications operator customers and continued to maintain its market leading position. As domestic telecommunications operators continue to accelerate their digital transformation, increase investments in new infrastructure (such as computing power centers) and accelerate their pace of transformation and upgrading, the Group will further integrate itself into the operators' ecosystem. By enhancing its product and service capabilities to cater to the demand for comprehensive, integrated and diversified digital service of domestic telecommunications operators, the Group will endeavor to maintain stable business development of the domestic telecommunications operators. The aggregate TIS revenues from domestic non-operator customers and overseas customers increased by 7.5% compared to 2024, in which, the TIS revenue from domestic non-operator customers recorded a year-on-year increase of 8.1%, and the TIS revenue from overseas customers recorded a year-on-year increase of 0.8%. Pursuant to the further implementation of the Digital China strategy, the acceleration in the pace of digital information infrastructure construction, the flourishing development of industrial digitalization, the increasing demand for energy saving and carbon reduction as well as backbone optical cable network construction, the Group will embrace new growth opportunities in the domestic non-operator market and overseas market.

Business Process Outsourcing Services

In 2025, the Group's revenue from BPO services amounted to RMB44,062 million, representing an increase of 1.4% as compared to RMB43,459 million in 2024, and accounted for 29.3% of revenues, representing an increase of 0.3 percentage points as compared to 29.0% in 2024. In terms of customer structure, the BPO revenue from domestic telecommunications operator customers amounted to RMB29,077 million, representing an increase of 1.0% over 2024, and accounting for 66.0% of the total BPO revenues, representing a decrease of 0.2 percentage points from 2024. The aggregate BPO revenues from the domestic non-operator customers and overseas customers amounted to RMB14,985 million, representing an increase of 2.1% over 2024, and accounted for 34.0% of the total BPO revenues, representing an increase of 0.2 percentage points over 2024.

In 2025, among each of the businesses under the Group's BPO services, revenue from network maintenance amounted to RMB19,118 million, representing an increase of 1.9% as compared to 2024. The Group further optimized and integrated its business of property management, enhancing its synergistic operational capabilities and building smart service capabilities, resulting in revenue from property management business of RMB8,307 million, representing an increase of 2.3% as compared to 2024. Revenue from the supply chain business reached RMB13,732 million, representing an increase of 1.3% as compared to 2024. The Group focused on the upstream and downstream customers, fully leveraged its advantages in full-process and network-wide synergistic operation in the supply chain, providing integrated and full life cycle supply chain services to domestic telecommunications operators, government, and enterprise customers. Besides, revenue from products distribution business amounted to RMB2,905 million, representing a decrease of 3.9% as compared to 2024, which was mainly due to the Group's commitment to high-quality development and proactive control of the products distribution businesses with low operating efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Applications, Content and Other Services

In 2025, the Group's revenue from ACO services amounted to RMB31,640 million, representing an increase of 0.9% as compared to RMB31,369 million in 2024. The revenue from ACO services accounted for 21.1% of revenues, representing an increase of 0.2 percentage points from 20.9% in 2024, and this proportion has been increasing for several years. In terms of the customer mix, the Group's ACO revenue from domestic telecommunications operator customers amounted to RMB13,380 million and accounted for 42.3% of the total ACO revenues, representing a decrease of 1.5 percentage points as compared to 2024. The aggregate ACO revenues from domestic non-operator customers and overseas customers amounted to RMB18,260 million, and accounted for 57.7% of the total ACO revenues, representing an increase of 1.5 percentage points over 2024.

In 2025, the Group insisted on proprietary research and development as well as innovation, and accelerated the commercialization of research findings. As a result, revenue from software development and system support business achieved RMB7,114 million, representing a year-on-year increase of 14.0%, making it the largest contributor to the growth in overall revenues. Leveraging its integrated service advantages and capabilities in system integration and software development, the Group seized domestic opportunities in new infrastructure construction and digital transformation, etc. Leveraging its proprietary core platforms and industry-leading smart product series, the Group vigorously expanded its businesses in AI+, 5G+, data center, smart city, green and low-carbon, emergency management and security, and low-altitude economy, effectively satisfying the digital transformation needs of its customers.

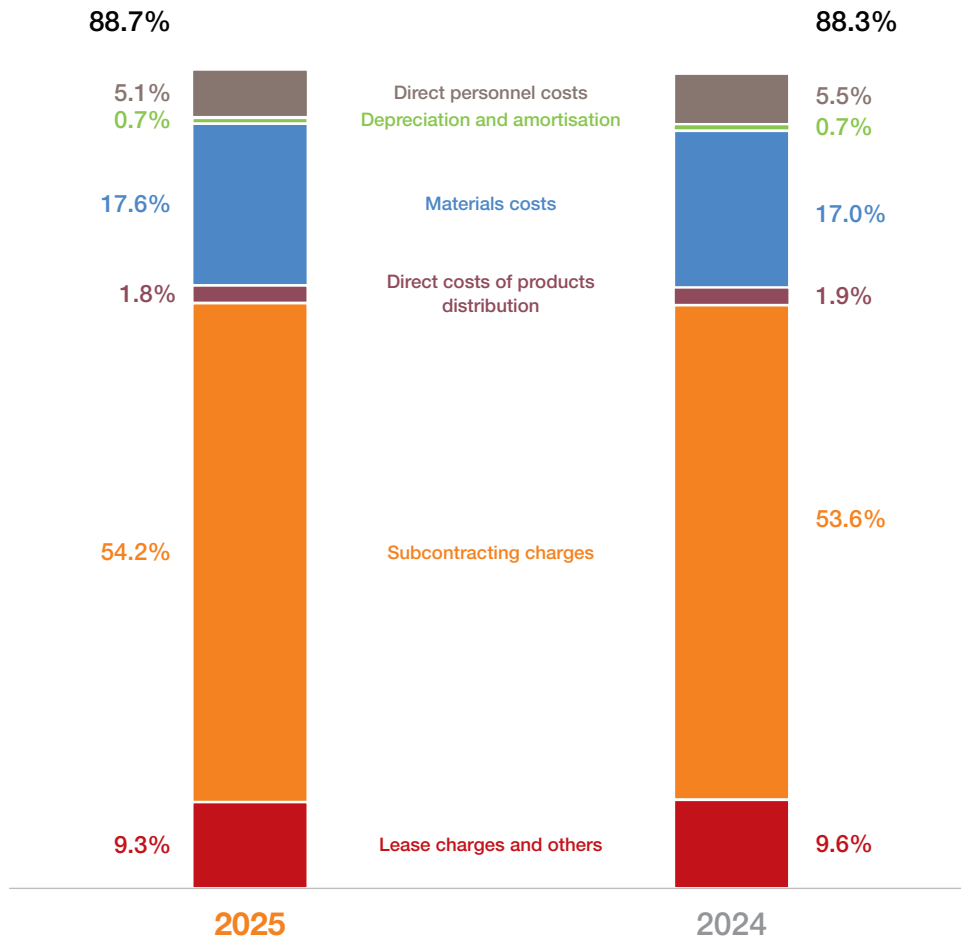
Cost of Revenues

The Group's cost of revenues in 2025 amounted to RMB133,136 million, representing an increase of 0.6% from 2024 and accounting for 88.7% of revenues. The following table sets out a breakdown of the Group's cost of revenues in 2024 and 2025 and their respective changes:

	2025 RMB'000	2024 RMB'000	Change
Direct personnel costs	7,710,598	8,208,384	(6.1%)
Depreciation and amortisation	1,007,405	1,025,761	(1.8%)
Materials costs	26,415,523	25,579,237	3.3%
Direct costs of products distribution	2,748,968	2,815,082	(2.3%)
Subcontracting charges	81,316,294	80,405,717	1.1%
Lease charges and others	13,937,187	14,369,701	(3.0%)
Total cost of revenues	133,135,975	132,403,882	0.6%

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Cost of Revenues as a % of Revenues



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Direct Personnel Costs

In 2025, direct personnel costs amounted to RMB7,711 million, representing a decrease of 6.1% from RMB8,208 million in 2024. Direct personnel costs accounted for 5.1% of revenues, representing a decrease of 0.4 percentage points from 2024. The Group kept a reasonable control over its total headcount, continued to optimize its employee structure, and steadily enhanced its labor productivity. The remuneration per capita increased by 2.1%, outpacing the growth of revenues and demonstrating that employees could share in the results of corporate development.

Depreciation and Amortisation

In 2025, depreciation and amortisation amounted to RMB1,007 million, representing a decrease of 1.8% from RMB1,026 million in 2024. Depreciation and amortisation cost accounted for 0.7% of revenues.

Materials Costs

In 2025, materials costs amounted to RMB26,416 million, representing an increase of 3.3% from RMB25,579 million in 2024. Materials costs accounted for 17.6% of revenues, representing an increase of 0.6 percentage points from 2024. As the Group optimized its business model and proactively undertook major projects under the general contracting model, materials costs increased accordingly. The Group will enhance procurement efficiency and step up the control of material costs by continuously strengthening the management of general contracting projects, optimizing its internal procurement system and utilizing AI digital tools to accelerate the upgrading of centralized procurement management.

Direct Costs of Products Distribution

In 2025, direct costs of products distribution amounted to RMB2,749 million, representing a decrease of 2.3% from RMB2,815 million in 2024. Direct costs of products distribution accounted for 1.8% of revenues, representing a decrease of 0.1 percentage points from 2024. The decrease of direct costs of products distribution was mainly attributable to the Group's initiative to control certain products distribution business with low operating efficiency.

Subcontracting Charges

In 2025, subcontracting charges amounted to RMB81,316 million, representing an increase of 1.1% from RMB80,406 million in 2024. Subcontracting charges accounted for 54.2% of revenues, representing an increase of 0.6 percentage points from 2024. The Group will promote the application of AI digital tools to strengthen subcontracting management, implement classified control over subcontracting costs with targeted measures, and enhance its independent delivery capabilities. The Group will also further strengthen the synergistic management of suppliers with a view to maintaining the growth of subcontracting charges at a relatively reasonable level.

Lease Charges and Others

In 2025, lease charges and others were RMB13,937 million, representing a decrease of 3.0% from RMB14,370 million in 2024. Lease charges and others accounted for 9.3% of revenues, representing a decrease of 0.3 percentage points from 2024.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Gross Profit

In 2025, the Group recorded gross profit of RMB16,957 million, representing a decrease of 3.6% from RMB17,596 million in 2024. The Group's gross profit margin in 2025 was 11.3%, representing a decrease of 0.4 percentage points from 11.7% in 2024. While catering for the scale of its development, the Group focuses more on improving quality and efficiency, guides its subsidiaries through appraisal to select and develop high-margin projects and increase the proportion of high-value businesses. The Group also optimizes its mechanisms for collaborative R&D and operational marketing as well as commercialization of R&D findings, with a view to developing industry-leading flagship products and enhancing its business value. At the same time, the Group continuously leverages AI digital means to strengthen project management and cost control. With its deepening deployment in digital economy, new infrastructure construction and industrial digitalization areas, the Group will strive to achieve a stable-to-rising gross profit margin over the medium and long term.

Selling, General and Administrative Expenses

In 2025, the selling, general and administrative expenses of the Group were RMB14,412 million, representing a decrease of 4.3% from RMB15,054 million in 2024. The selling, general and administrative expenses accounted for 9.6% of revenues, representing a decrease of 0.4 percentage points from 10.0% in 2024. Among them, the research and development expenses were RMB5,467 million, representing a decrease of 1.8% from RMB5,568 million in 2024, and accounted for 3.6% of revenues, representing a slight decrease compared to 2024. The Group maintained rigorous control over its selling, general and administrative expenses and strictly implemented various initiatives to drive quality and efficiency improvement. Meanwhile, the Group targeted its research and development resources towards capability building in AI, digital infrastructure and related fields, securing the outcomes from research and development investments.

Finance Costs

In 2025, the finance costs of the Group were RMB87 million, representing a decrease of 17.7% from RMB106 million in 2024. The majority of the Group's borrowings were in Hong Kong dollar and Renminbi, and the decrease in finance cost was mainly due to the lower interest rates of Hong Kong dollars and Renminbi borrowings in 2025, which were lower than the interest rates of US dollar borrowings. During the year, the Group replaced US dollar borrowings with Hong Kong dollars and Renminbi borrowings, which had lower financing costs.

Income Tax

In 2025, the income tax of the Group was RMB371 million and its effective tax rate was 9.0%, representing an increase of 0.3 percentage points from 8.7% in 2024. The difference between the Group's effective tax rate and the statutory tax rate was mainly attributable to the Group's investment in research and development being maintained at a relatively large scale. In accordance with the relevant national policies, the Group enjoyed preferential income tax rate treatments as a high-technology enterprise and the preferential policy of tax deduction before income tax for research and development expenses. In 2025, certain subsidiaries of the Group that fell under the scope of high-technology enterprises were entitled to a preferential income tax rate of 15%. Certain enterprises in Western China benefited from the preferential policies for Western Development Program. Other than that, the Company and other domestic subsidiaries of the Group were mainly subject to an income tax rate of 25%. The overseas subsidiaries of the Group were subject to different tax rates in various countries.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Profit Attributable to Equity Shareholders of the Company and Basic Earnings Per Share

In 2025, profit attributable to equity shareholders of the Company was RMB3,610 million, representing an increase of 0.1% over RMB3,607 million in 2024. Profit attributable to equity shareholders of the Company accounted for 2.4% of revenues, remaining largely unchanged from 2024. Basic earnings per share of the Company were RMB0.521 (2024: RMB0.521).

Capital Expenditure

The Group implements stringent budget management over capital expenditure and makes adjustment according to changes in market condition. In 2025, capital expenditure of the Group amounted to RMB742 million, representing a decrease of 31.5% from RMB1,082 million in 2024. The capital expenditure in 2025 accounted for 0.5% of revenues, representing a decrease of 0.2 percentage points from 2024. The Group's capital expenditure mainly included the purchase of production equipment and tools, instrumentation, intangible assets and other operating assets. The decrease in capital expenditure was primarily due to the Group's strengthened management over investment scale and investment efficiency, strictly controlling investments not for operations and production.

Cash Flow

In 2025, the Group recorded a net cash outflow of RMB5,297 million, representing an increase of RMB2,011 million from a net cash outflow of RMB3,286 million in 2024. As at the end of 2025, the balance of cash and cash equivalents of the Group amounted to RMB14,341 million, of which 95.6% was denominated in Renminbi.

The following table sets out our cash flow positions in 2024 and 2025, respectively:

	2025 RMB'000	2024 RMB'000
Net cash generated from operating activities	937,716	6,220,990
Net cash used in investing activities	(4,121,366)	(7,165,349)
Net cash used in financing activities	(2,113,776)	(2,341,786)
Net decrease in cash and cash equivalents	(5,297,426)	(3,286,145)

In 2025, net cash generated from operating activities of the Group was RMB938 million, representing a decrease of RMB5,283 million from RMB6,221 million in 2024. While actively implementing measures in accounts receivable management to boost collections effectively, the Group proactively optimized its settlement methods along its supply chain and built a healthy industry ecosystem. As a result, the pace of external payments and settlements accelerated, leading to a decrease in cash generated from operating activities. Moving forward, the Group will continue to strengthen the clearing and settling of accounts receivable, while enhancing the management of accounts payable, in order to achieve a healthy cash cycle.

In 2025, net cash used in investing activities of the Group was RMB4,121 million, representing a decrease of RMB3,044 million from RMB7,165 million in 2024. The decrease was mainly due to the Group's overall fund coordination and management, and reduced allocation in investment for fund management during the year.

In 2025, net cash used in financing activities of the Group was RMB2,114 million, representing a decrease of RMB228 million from RMB2,342 million in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Working Capital

As at the end of 2025, the Group's working capital (i.e. current assets net of current liabilities) was RMB16,203 million, representing a decrease of RMB515 million from RMB16,718 million as at the end of 2024. The decrease in working capital was mainly due to the Group's strengthening of cash management as well as the coordination and arrangement of its funds.

Assets and Liabilities

The Group continued to maintain its solid financial position. As at the end of 2025, the Group's total assets was RMB136,682 million, representing an increase of RMB64 million from RMB136,618 million as at the end of 2024. Total liabilities was RMB87,594 million, representing a decrease of RMB2,410 million from RMB90,004 million as at the end of 2024. The liabilities-to-assets ratio was 64.1%, representing a decrease of 1.8 percentage points from 65.9% as at the end of 2024.

Indebtedness

As at the end of 2025, total indebtedness of the Group was RMB699 million, representing a decrease of RMB7 million from RMB706 million as at the end of 2024. Indebtedness of the Group was mainly denominated in Hong Kong dollar, of which Renminbi loan accounted for 14.0%, and Hong Kong dollar loan accounted for 81.5%; and of which 4.6% was the loans with a fixed interest rate and 95.4% was those with a floating interest rate.

As at the end of 2025, our gearing ratio¹ was 1.4%, representing a decrease of 0.1 percentage points from the end of 2024.

Contractual Obligations

The following table sets out our contractual commitments as at 31 December 2025:

	Total	2026	2027	2028	2029	2030 and after
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term debt	699,358	699,358	—	—	—	—
Lease commitments	130,476	63,738	45,699	13,398	3,857	3,784
Contracted for but not provided capital commitments	12,906	12,906	—	—	—	—
Total of contractual obligations	842,740	776,002	45,699	13,398	3,857	3,784

Exchange Rate

Most of the Group's revenues and expenses are denominated in Renminbi. As at the end of 2025, the balance of the Group's cash and cash equivalents in foreign currencies accounted for 4.4% of the balance of its total cash and cash equivalents, among which, 2.0% and 0.6% of the balance of its total cash and cash equivalents were denominated in US dollar and Hong Kong dollar, respectively.

¹ Gearing ratio represents total interest-bearing borrowings divided by the sum of equity attributable to equity shareholders of the Company and interest-bearing borrowings at the end of the financial year.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors



Mr. LUAN Xiaowei

aged 53, is the Executive Director and the Chairman of the Company. Mr. Luan is a senior communications engineer, and he graduated from Beijing University of Posts and Telecommunications in 1995 with a bachelor's degree in wireless communications and obtained a master's degree in 2005 from Beijing University of Posts and Telecommunications in electronics and communications engineering. Mr. Luan currently serves as the Vice President of China Telecommunications Corporation and a Non-executive Director of China Tower Corporation Limited. Mr. Luan previously served as the Deputy General Manager of China Mobile Group Shanxi Co., Ltd., the General Manager of China Mobile Group Device Co., Ltd. and the General Manager of China Mobile Group Fujian Co., Ltd. Mr. Luan has more than 30 years of operation and management experience in the telecommunications industry.

Mr. CUI Zhanwei

aged 55, is the Executive Director and the President of the Company. Mr. Cui also currently holds position as the Chairman of China Communications Services International Limited, a subsidiary of the Group. Mr. Cui obtained a bachelor's degree in 1993 from the Physics Department of Northern Jiaotong University, majoring in physics. Prior to joining the Company, Mr. Cui was the General Manager of China Telecom Guangdong Branch. Prior to that, Mr. Cui also served as the General Manager of Shijiazhuang Branch of Hebei Telecom, a Director of the Market Development Department of Hebei Telecom, a Divisional Director of Northern Division of the Marketing Department of China Telecommunications Corporation, a Deputy General Manager of China Telecom Inner Mongolia Branch, a Deputy General Manager and the General Manager of China Telecom Hebei Branch. Mr. Cui has over 30 years of operation and management experience in the telecommunications industry.



Mr. SHEN Aqiang

aged 48, is the Executive Director, Executive Vice President and Chief Financial Officer of the Company. Mr. Shen is a senior accountant and obtained a bachelor's degree in accounting computerization and economic law in 1999 from Jiangxi University of Finance and Economics and a master's degree in business administration from University of Science and Technology of China in 2008. Prior to joining the Company, Mr. Shen was a Deputy General Manager of China Telecom Hunan Branch. Prior to that, Mr. Shen also successively served as the Deputy Manager of the Finance Department of Anhui Branch of China Telecom Corporation Limited, the General Manager of Suzhou Branch of China Telecom Corporation Limited, the General Manager of the Government and Enterprise Customers Department of Anhui Branch of China Telecom Corporation Limited, the General Manager of Anhui Branch of China Telecom System Integration Co., Limited, and the General Manager of the Cloud Intelligence Department of Anhui Branch of China Telecom Corporation Limited. Mr. Shen has over 20 years of management experience in telecommunications industry.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors



Mr. CHENG Jianjun

aged 55, is a Non-Executive Director of our Company. Mr. Cheng currently serves as a Vice President of China Mobile Communications Group Co., Ltd., a Vice President of China Mobile Limited, a Director and Vice President of China Mobile Communication Company Limited and a Non-executive Director of China Tower Corporation Limited. Mr. Cheng graduated from the department of electronic engineering of Tianjin University with a major in radio technology and received a master's degree in radio technology from the department of electronic engineering of Tianjin University. Mr. Cheng previously served as a Deputy Director-General of the Radio Administration Bureau and a Deputy Director-General of the department of international cooperation of the Ministry of Industry and Information Technology of China ("MIIT"), the Director-General of the Heilongjiang Communications Administration and Fujian Communications Administration, the Director of the State Radio Regulation of China (State Radio Spectrum Administration), and the Director-General of the Radio Administration Bureau of the MIIT. Mr. Cheng has extensive experience in management and telecommunications industry.

Mr. TANG Yongbo

aged 52, is a Non-Executive Director of our Company. Mr. Tang graduated from Central South University with an MBA degree. He is currently a Director of China United Network Communications Group Company Limited, a Director of China United Network Communications Limited, an Executive Director of China Unicom (Hong Kong) Limited, a Director of China United Network Communications Corporation Limited, a Non-executive Director of HKT Management Limited and HKT Limited, as well as a Non-executive Director and the Deputy Chairman of the Board of PCCW Limited. He served as the Deputy General Manager and the General Manager of Hunan Branch of China Unicom, the General Manager of Marketing Department of China United Network Communications Group Company Limited, the Vice General Manager of China United Network Communications Group Company Limited, a Senior Vice President of China United Network Communications Limited, a Senior Vice President of China Unicom (Hong Kong) Limited, a Senior Vice President of China United Network Communications Corporation Limited, and a Non-executive Director of China Tower Corporation Limited. Mr. Tang has extensive experience in management and telecommunications industry.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. LIU Aihua**

aged 48, is a Non-Executive Director of our Company. Mr. Liu is a senior engineer, and he graduated from Hunan University with a bachelor's degree in industrial automation and obtained a master's degree from Southeast University. Mr. Liu is currently the Chairman of the Board of State Grid Information & Telecommunication Group Co., Ltd., and the Chairman of Beijing Smartchip Microelectronics Technology Co., Ltd. Mr. Liu previously served as a Director and the General Manager of State Grid Information & Telecommunication Group Co., Ltd., the Deputy General Manager (Vice President), Deputy Chief Engineer, and General Manager of the Marketing Service Center of NARI Group Corporation (State Grid Electric Power Research Institute), Deputy General Manager of the ICT Operation Division of NARI Technology Co., Ltd. and the General Manager of its Cybersecurity Branch, as well as the Executive Director and General Manager of NARI Information & Communication Technology Co., Ltd., and the General Manager of Marketing Center of NARI Technology Co., Ltd.

Mr. CHEN Li

aged 53, is a Non-Executive Director of our Company. Mr. Chen is a senior engineer and graduated from Beijing University of Posts and Telecommunications with a master's degree in engineering. Currently, Mr. Chen serves as full-time external director for secondary subsidiary of China Telecommunications Corporation. Other than the Company, Mr. Chen also serves as an external director of China Telecom Cloud Technology Co., Ltd and Tianyi Safety Technology Co., Ltd. Mr. Chen served as the Deputy General Manager of Xinyuan Public Information Development Co., Ltd., Deputy General Manager of Innovation Business Division (Information Security Department) of China Telecom, Deputy General Manager of Tianyi Telecom Terminals Company Limited, and Deputy General Manager of Mobile Terminal Operation Center of China Telecom. Mr. Chen has extensive experience in management and telecommunications industry and enjoys special government allowance of the State Council of the PRC.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors



Mr. LV Tingjie

aged 71, is an Independent Non-Executive Director of our Company. Mr. Lv graduated from Beijing University of Posts and Telecommunications with a master's degree, and obtained a doctorate degree from Kyoto University of Japan. Mr. Lv is currently an Independent Non-executive Director of Beijing Digital Telecom Co., Ltd., an Independent Director of Beijing Tongtech Co., Ltd. and a Director of Wooboo Mobile Media Co., Ltd. Mr. Lv is also a member of the Technology Committee and a member of Telecommunication Economics Expert Committee of the Ministry of Industry and Information Technology, a member of the Technology Committee of China Post Group Corporation, a Standing Director of the International Telecommunications Society and a Standing Vice Chairman of China Information Economics Society. Mr. Lv used to serve as an Independent Non-executive Director of Global Link Communications Holdings Limited, an Independent Director of Gohigh Data Networks Technology Co., Ltd., BOE Technology Group Co., Ltd., China United Network Communications Limited, Shenzhen Aisidi Co., Ltd. and China Satellite Communications Co., Ltd, and also a consultant for the business management and strategic development in many telecommunication enterprises and provide advice and solutions to their development and reform. Mr. Lv has a deep insight in the development of China's communication industry and the management of telecommunication enterprises with extensive management experience.

Mr. WANG Qi

aged 68, is an Independent Non-Executive Director of our Company. Mr. Wang holds a master's degree in management engineering from Tsinghua University, and he also holds a professional and technical position as a CAS researcher. From 2010 to 2018, Mr. Wang was a Director (until August 2014) and Deputy General Manager of Chinese Academy of Sciences Holdings Co., Ltd. From 2011 to 2020, Mr. Wang was also the Chairman and General Manager of Cash Capital (Beijing) Investment Management Co., Ltd, the Chairman of Beijing RSLaser Opto-Electronics Technology Co. Ltd., the Chairman of Hygon Information Technology Co., Ltd., a Director of China Science Publishing & Media Ltd. and a Supervisor of Legend Holdings Limited. Prior to that, Mr. Wang served as Vice President of Changchun Institute of Optics, Fine Mechanics and Physics, Chinese Academy of Sciences, and a Director and General Manager of Changchun UP Optotech Co., Ltd.; the General Manager and Director of Guangzhou Chemical Co., Ltd, Chinese Academy of Sciences. Mr. Wang has extensive experience in corporate management and capital operation.



PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Chunge

aged 69, is an Independent Non-Executive Director of our Company. Mr. Wang holds a doctorate degree in law from Peking University and is a senior economist and enjoys special government allowance of the State Council. Mr. Wang is currently an arbitrator for several arbitration committees, including the China International Economic and Trade Arbitration Commission. Mr. Wang was the General Counsel, Deputy General Counsel, and General Manager of the Legal Affairs Department of China Merchants Group Limited, and he has been engaged in enterprise legal consulting for many years. He previously served as an External Director of Beijing Energy Holdings Co., Ltd. Mr. Wang was selected as the “Top Ten Outstanding Legal Counsel of State-owned Enterprises” by the State-owned Assets Supervision and Administration Commission of the State Council in 2006, awarded the “Top Ten Legal Counsel of China’s Transportation Enterprises” by the Ministry of Transport of the PRC in 2007, and he was also awarded the “Outstanding Contribution Award for Ten Years of Enterprise Management” by the Ministry of Transport of the PRC in 2012. Mr. Wang has a solid theoretical foundation and practical experience in law and arbitration.

Ms. CHIU Mun Wai

aged 56, is an Independent Non-Executive Director of our Company. Ms. Chiu is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. In 1999, Ms. Chiu obtained a bachelor’s degree in law from the Peking University and a master’s degree in science, majoring in finance, from the Chinese University of Hong Kong, respectively. Ms. Chiu is currently an Independent Non-executive Director of Bama Tea Co., Ltd. and China Resources Pharmaceutical Group Limited. Ms. Chiu joined KPMG (Hong Kong) in August 1991 and was a partner of KPMG Huazhen LLP Shenzhen Branch from July 2005 to March 2018. Ms. Chiu was also a member of the Appeal Review Committee of the Shenzhen Stock Exchange from April 2011 to March 2017, and served as the Vice Chief Financial Officer of SCPG Capital Company Limited from August 2018 to December 2019. Ms. Chiu has over 30 years of experience in the auditing, finance and accounting industries.



Management

Mr. LUAN Xiaowei

(Please refer to the “Executive Directors” section)

Mr. CUI Zhanwei

(Please refer to the “Executive Directors” section)

Mr. SHEN Aqiang

(Please refer to the “Executive Directors” section)

Mr. XU Shiguang

aged 46, is an Executive Vice President of our Company. Mr. Xu obtained a bachelor’s degree in auditing from Nankai University in 2001 and a master’s degree in accounting from Nankai University in 2004. Prior to joining the Company, Mr. Xu was the Deputy General Manager of the Audit Department of China Telecommunications Corporation and the Deputy General Manager of the Audit Department of China Telecom Corporation Limited. Prior to that, Mr. Xu previously served as Divisional Director of the Engineering Audit Division and General Audit Division of China Telecommunications Corporation’s Audit Department, as well as the Deputy General Manager of China Telecom Inner Mongolia Branch. Mr. Xu has over 20 years of management experience in the telecommunications industry.

Mr. ZHAO Xu

aged 51, is an Executive Vice President of our Company. Mr. Zhao also currently serves as a Director and General Manager of Zhejiang Communications Services Holdings Group Company Limited, a subsidiary of the Group. Mr. Zhao joined the Company in September 2007 and used to serve as Divisional Director of the Business Innovation Division of the Company’s Domestic Non-telecom Operator Business Department. Mr. Zhao received a master’s degree in Management Science and Engineering from the Beijing University of Posts and Telecommunications in 2000, and Mr. Zhao is also a CFA charterholder. Prior to joining the Company, Mr. Zhao served in the Finance Department and the Office of the Board of China Telecommunications Corporation. Mr. Zhao has over 20 years of experience in the telecommunications and IT industry.

Mr. LI Dong

aged 46, a member of the senior management of the Company. Mr. Li is an intermediate economist and received a bachelor’s degree in Labour Economics from Renmin University of China in 2002, and a master’s degree in Public Administration from Peking University in 2011. Prior to joining the Company, Mr. Li served as an Director of Discipline Inspection and Supervision Office of China Telecommunications Corporation. Prior to that, Mr. Li worked in the Human Resources Department and Corporate Affairs Department of China United Network Communications Corporation Limited, the General Affairs Office and Discipline Inspection and Supervision Department of China Telecommunications Corporation. Mr. Li has more than 20 years of management experience in the telecommunications industry in China.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Hao

aged 54, is an Executive Vice President of our Company. Mr. Zhang also currently serves as a Director and General Manager of China Communications Services International Limited, a subsidiary of the Group. Mr. Zhang obtained a bachelor's degree in communications engineering from Beijing University of Posts and Telecommunications in 1995. Mr. Zhang previously served as a General Manager of Shaanxi Communications Services Company Limited, a subsidiary of the Group, a Director and Deputy General Manager of Anhui Communications Services Company Limited, a subsidiary of the Group, the General Manager of Anhui Hexin Technology Development Co., Ltd., the Deputy General Manager of Anhui Telecommunications Engineering Co., Ltd., and the Deputy General Manager of Anhui Guoxin Communications Company. Prior to joining the Group, Mr. Zhang also served as the General Manager of Anhui office of ZTE Corporation. Mr. Zhang has over 20 years of management experience in the telecommunications industry.

Company Secretary

Mr. CHUNG Wai Cheung, Terence

aged 52, is the Company Secretary and Deputy Chief Financial Officer of our Company. Mr. Chung joined the Company in October 2006. Mr. Chung graduated from Melbourne University, Australia in 1996, with a bachelor of commerce degree and received a master's degree in business administration from the Australian Graduate School of Management in 2005. Mr. Chung is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chung previously worked in an international accounting firm, China Mobile Limited and China Telecom Corporation Limited, and has over 20 years of extensive experience in auditing, company secretary and financial management of listed companies.

REPORT OF THE DIRECTORS

The board of directors (the “Board”) of China Communications Services Corporation Limited (the “Company”) is pleased to present the Report of the Directors of the Company, together with the audited financial statements of the Company and its subsidiaries (the “Group”) prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2025.

PRINCIPAL BUSINESSES

The Group is a leading service provider in the informatization sector in the PRC, positioned as “New Generation Integrated Smart Service Provider”, which provides integrated comprehensive smart solutions in the field of digital intelligence. We offer telecommunications infrastructure services, including design, construction, supervision and management; business process outsourcing services, including management of infrastructure for information technology (“Network Maintenance”), general facilities management (“Property Management”), supply chain, products distribution; and applications, content and other services, including system integration, software development and system support, and value-added services. The major customers of the Group include domestic telecommunications operator customers, domestic non-telecom operator customers such as government agencies, industrial customers and small and medium enterprises, and overseas customers.

RESULTS

Results of the Group for the year ended 31 December 2025 and the financial position of the Group as at that date are set out in the audited financial statements on page 183 to page 262 in this annual report.

BUSINESS REVIEW

A fair review of the business, business outlook and the key financial performance indicators of the Group are provided in the “Chairman’s Statement”, “Business Overview” and “Management Discussion and Analysis of Financial Conditions and Results of Operations” of this annual report. Description of the principal risks and uncertainties faced by the Group is disclosed in this section. Particulars of important events affecting the Group that have occurred since the end of the financial year of 2025, if applicable, can also be found in the aforesaid sections.

In addition, more details regarding the Group’s performance in relation to environmental and social-related policies, an account of the Group’s relationships with its key stakeholders, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in the “Environmental, Social and Governance Report” of this annual report.

The above discussion forms part of this “Report of the Directors”.

REPORT OF THE DIRECTORS

DIVIDEND POLICY

The Company attaches great importance to the returns of shareholders. Taking into the consideration of the long — term interest and sustainable development of the Company, and with the support of the Group's profitability, the Company strives to maintain the continuity and stability of the dividend policy. The factors to be considered by the Company when formulating the dividend distribution plan are as follows:

1. current and expected operating results and cash flow performance;
2. future business development strategies and operating position, as well as future capital needs;
3. daily working capital needs;
4. expectations of shareholders and investors; and
5. other factors that the Board deems appropriate.

The Board is responsible for formulating the dividend distribution plan and will execute the relevant approval procedures in accordance with relevant laws, rules, regulations and articles of association of the Company before proceeding with the distribution.

DIVIDENDS

The Board proposes a final dividend of RMB0.2241 per share (pre-tax) for the year ended 31 December 2025. The dividend proposal will be submitted for consideration at the annual general meeting to be held on 28 May 2026 (the "AGM").

Dividends will be denominated and declared in Renminbi. Dividends will be paid in Renminbi for domestic share shareholders and H share shareholders (including enterprises and individuals) who invest in the H shares of the Company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") through the Shanghai Stock Exchange or Shenzhen Stock Exchange (the "Southbound Trading") (the "Southbound Shareholders"), and dividends for H share shareholders other than the Southbound Shareholders will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the mid-point rates of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of approval of declaration of dividends by the AGM. The record date for entitlement to the shareholders' rights and the relevant arrangements of dividend distribution for Southbound Shareholders are the same as those for the Company's H share shareholders. The proposed dividends are expected to be paid on or about Thursday, 23 July 2026 upon approval at the AGM.

Further details in respect of the dividends and distribution by the Company are set out in note 15 of the audited financial statements on page 222 of this annual report.

REPORT OF THE DIRECTORS

For the overseas resident individual shareholders of the Company, pursuant to relevant laws and regulations including the Law of the People's Republic of China on Individual Income Tax, the Regulations for the Implementation of the Law of the People's Republic of China on Individual Income Tax, and the letter dated 28 June 2011 from the State Administration of Taxation to the Inland Revenue Department of Hong Kong, for individual H share shareholders receiving dividends who are Hong Kong or Macau residents or whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company, as a withholding agent, is required to withhold and pay individual income tax at the rate of 10%. For individual H share shareholders receiving dividends whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, the Company will withhold the individual income tax at a tax rate of 10%. The Company can process applications on behalf of those shareholders to seek entitlement of the relevant agreed preferential treatments pursuant to relevant regulations, and upon approval by the tax authorities, the extra amount of tax withheld will be refunded. For individual H share shareholders receiving dividends whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 10% but lower than 20%, the Company will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends and no application procedures will be necessary. For individual H share shareholders receiving dividends whose country of domicile is a country which has not entered into any tax treaty with the PRC or are under other situations, the Company will withhold the individual income tax at a tax rate of 20% when distributing dividends.

For the overseas non-resident enterprise shareholders of the Company (including HKSCC Nominees Limited, corporate nominees or trustees, or other organizations or entities that are considered non-resident enterprise shareholders), pursuant to the Law of the People's Republic of China on Enterprise Income Tax, the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax and relevant rules and regulations, as a withholding agent, the Company is required to withhold and pay the enterprise income tax at the tax rate of 10% on behalf of the overseas non-resident enterprise shareholders.

For the Southbound Shareholders of the Company, 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 Southbound Shareholders, will receive all dividends distributed by the Company and will distribute the dividends to the Southbound Shareholders through its depository and clearing system. According to the relevant provisions under the "Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Programme (Cai Shui [2014] No. 81)" and "Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme (Cai Shui [2016] No. 127)", the Company shall withhold 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. In respect of the dividends for the investment of Mainland securities investment funds investing in the H shares of the Company listed on Stock Exchange through the Southbound Trading, the tax levied on dividends derived from such investment shall be ascertained by reference to the rules applicable to the treatment of individual income tax. The Company is not required to withhold income tax on dividends derived by the Mainland enterprise investors under the Southbound Trading, and such enterprises shall report the income and make tax payment by themselves.

Should the H share shareholders of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Chinese Mainland, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

REPORT OF THE DIRECTORS

DIRECTORS OF THE COMPANY

The following table sets out information concerning the directors of the Company as at the date of this report:

Name	Position in the Company	Date of the first appointment
Luan Xiaowei	Executive Director	30 January 2024
	Chairman	30 January 2024
Cui Zhanwei	Executive Director	10 December 2024
	President	16 October 2024
Shen Aqiang	Executive Director	20 June 2024
	Chief Financial Officer	31 May 2024
	Executive Vice President	31 May 2024
Cheng Jianjun	Non-executive Director	29 May 2025
Tang Yongbo	Non-executive Director	16 June 2023
Liu Aihua	Non-executive Director	30 January 2024
Chen Li	Non-executive Director	29 May 2025
Lv Tingjie	Independent Non-executive Director	26 June 2015
Wang Qi	Independent Non-executive Director	17 June 2022
Wang Chungue	Independent Non-executive Director	17 June 2022
Chiu Mun Wai	Independent Non-executive Director	29 May 2025

On 29 May 2025, the sixth session of the Board, except Mr. Siu Wai Keung, Francis who retired as Independent Non-executive Director of the Company, were re-elected as directors of the seventh session of the Board at the annual general meeting of the Company held on that date. In addition, Mr. Cheng Jianjun and Mr. Chen Li were newly appointed as Non-executive Directors and Ms. Chiu Mun Wai was newly appointed as Independent Non-executive Director of the Company.

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers that all of the Independent Non-executive Directors are independent.

SHARE CAPITAL

The Company was incorporated on 30 August 2006. In December 2006, by way of an initial public offering (the "IPO"), the Company issued 1,484,986,000 H shares with a nominal value of RMB1.00 each at a price of HK\$2.20 per share. At the same time, the promoters of the Company transferred 148,498,600 domestic state-owned shares with a nominal value of RMB1.00 each to the National Council for Social Security Fund of the PRC (the "NSSF") and converted them into H shares on the basis of one domestic share to one H share. Immediately after the IPO, the registered capital of the Company amounted to RMB5,444,986,000, of which 1,633,484,600 H shares of the Company were listed and traded on the Stock Exchange.

On 9 April 2008, the Company announced the completion of placing a total of 359,365,600 H shares, including an issue of 326,696,000 new H shares and a placement of 32,669,600 H shares on behalf of NSSF upon conversion of the same number of existing domestic shares of the Company allocated to NSSF by China Telecommunications Corporation ("China Telecom"). After the completion of placing, the total issued shares of the Company increased to 5,771,682,000 shares, of which 1,992,850,200 shares were H shares.

REPORT OF THE DIRECTORS

As disclosed in the prospectus of the Company dated 27 November 2006, China Telecom entered into equity transfer arrangements with China Mobile Communications Corporation (now known as China Mobile Communications Group Co., Ltd. (“China Mobile”)) and China United Telecommunications Corporation (now known as China United Network Communications Group Company Limited (“China Unicom”)), respectively. Pursuant to the arrangements, China Telecom agreed to transfer 506,880,000 and 236,300,000 domestic shares to China Mobile and China Unicom, respectively. On 24 March 2009, the equity transfers were formally completed and became effective. On the same date, Guangdong Telecom Industry Group Corporation and Zhejiang Telecom Industry Corporation completed the transfers of 236,313,086 and 87,664,532 domestic shares, respectively, to China Telecom.

According to the equity transfer agreement between China Telecom and China National Postal and Telecommunications Appliances Corporation (now known as China National Postal and Telecommunications Appliances Co., Ltd.) on 28 May 2010, China Telecom agreed to transfer 108,899,720 domestic shares of the Company to China National Postal and Telecommunications Appliances Corporation. On 21 June 2011, the equity transfer was formally completed.

Pursuant to the resolutions passed at the extraordinary general meeting, H shareholders class meeting and the domestic shareholders class meeting of the Company held on 28 June 2011 and as approved by domestic and overseas regulatory authorities, the Company announced the launch of H share and domestic share rights issue plan of an aggregate of 1,154,336,400 new shares, including 398,570,040 H rights shares and 755,766,360 domestic rights shares on the basis of 2 rights shares for every 10 existing shares on 30 December 2011 at the price of HK\$3.19 per H rights share and RMB2.59 per domestic rights share, respectively. On 10 February 2012, dealings in the H rights shares commenced on the Stock Exchange. After completion of the rights issue, the total number of issued shares of the Company was increased to 6,926,018,400 shares, including 2,391,420,240 H shares and 4,534,598,160 domestic shares.

According to the share transfer agreement between China Telecom and State Grid Information & Telecommunication Group Co., Ltd. on 25 June 2021, China Telecom agreed to transfer 166,000,000 domestic shares of the Company (representing 2.40% of the total issued share capital of the Company) to State Grid Information & Telecommunication Group Co., Ltd. In November 2021, the share transfer had formally completed, and the Company made the relevant announcement on 26 November 2021. Upon the completion of the share transfer, the percentage of shareholding of China Telecom in the total issued share capital of the Company was adjusted from 51.39% to 48.99%.

As at 31 December 2025, the share capital of the Company was RMB6,926,018,400 divided into 6,926,018,400 shares with a nominal value of RMB1.00 each. The share capital of the Company was comprised of the following:

Shares	Number of shares	Percentage of issued share capital (%)
Domestic shares (Total)	4,534,598,160	65.47
Domestic shares held by:		
China Telecommunications Corporation	3,393,362,496	48.99
China Mobile Communications Group Co., Ltd.	608,256,000	8.78
China United Network Communications Group Company Limited	236,300,000	3.41
State Grid Information & Telecommunication Group Co., Ltd.	166,000,000	2.40
China National Postal and Telecommunications Appliances Co., Ltd.	130,679,664	1.89
H shares (Total)	2,391,420,240	34.53
Total	6,926,018,400	100.00

REPORT OF THE DIRECTORS

MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the interests or short positions of persons who at any of the Company's general meetings (excluding the directors of the Company) are entitled to exercise or control the exercise of 5% or more of the voting power in the shares and underlying shares of equity derivatives of the Company in each class as recorded in the register required to be maintained under Part XV of Section 336 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") were as follows:

Name of shareholder	Shares Description	Capacity	Number of shares held	Percentage of Domestic shares/H shares (if applicable) (%)	Percentage of the total number of shares in issue (%)
China Telecommunications Corporation	Domestic shares	Beneficial owner	3,393,362,496 (L)	74.83	48.99
China Mobile Communications Group Co., Ltd.	Domestic shares	Beneficial owner	608,256,000 (L)	13.41	8.78
China United Network Communications Group Company Limited	Domestic shares	Beneficial owner	236,300,000 (L)	5.21	3.41
Kopernik Global Investors LLC	H shares	Investment manager	120,539,000 (L)	5.04	1.74

Note: (L) – Long Position

Save as stated above, as at 31 December 2025, in the register required to be maintained under Part XV of Section 336 of the SFO, no other persons were recorded as holding any interests or short positions in the shares or underlying shares of the equity derivatives of the Company.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, none of the directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of Part XV of 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers. As at 31 December 2025, the Company had not granted its directors or their respective spouses or children below the age of 18 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 shares or debentures.

PUBLIC FLOAT

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the directors has entered into a service contract with the Company. According to the service contract, unless otherwise specified, each of the contracts has an initial term of three years and is renewable in accordance with the Articles of Association of the Company when the initial term expires. These contracts are terminable at the option of either party by giving three months' notice in writing or according to the terms of the contract prior to the expiry of the contract. No such service contract is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate directors and officers liability insurance coverage for the directors and senior management of the Company during the course of the financial year ended 31 December 2025 and such insurance remained in force as of the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the transactions, arrangements or contracts set out in the "Management Discussion and Analysis of Financial Conditions and Results of Operations" section and "Directors' Service Contracts", "Major Customers and Suppliers", "Preferential Treatment and Non-competition Arrangement with China Tower Corporation Limited" and "Continuing Connected Transactions" in the "Report of the Directors" section of this annual report and note 45 to the Consolidated Financial Statements, no other transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who was a Director of the Company or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the year ended 31 December 2025.

EMOLUMENTS OF THE DIRECTORS

Based on the Company's overall remuneration policy and with reference to the payroll standard of the same industry companies in the market, the Board and the Remuneration Committee determine the remuneration of directors after taking into account the scope and complexities of their duties. Please refer to note 13 to the audited financial statements for details of the emoluments of the directors of the Company in 2025.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company ((including sales of treasury shares (as defined under the Listing Rules)) during the reporting period.

As at 31 December 2025, the Company did not have any treasury shares.

SUMMARY OF FINANCIAL INFORMATION

Please refer to pages 263 to 264 of this annual report for a summary of the operating results, assets and liabilities of the Group for each of the years in the five-year period ended 31 December 2025.

BANK LOANS AND OTHER BORROWINGS

Please refer to note 34 to the audited financial statements for details of bank loans and other borrowings of the Group as at 31 December 2025.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Please refer to note 16 to the audited financial statements for movements in the fixed assets of the Group for the year ended 31 December 2025.

DISTRIBUTABLE RESERVES

Please refer to note 48 to the audited financial statements for details of the movements in the reserves of the Company for the year ended 31 December 2025.

DONATIONS

For the year ended 31 December 2025, the Group made charitable and other donations of a total amount of RMB3.46 million.

SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Please refer to note 47 and note 22 to the audited financial statements for details of the Company's subsidiaries, the Company's associated companies and joint ventures as at 31 December 2025.

CHANGES IN EQUITY

Please refer to the consolidated statement of changes in equity contained in the audited financial statements (page 187 of this annual report).

PLAN OF EMPLOYEES' RETIREMENT BENEFITS

Please refer to note 41 to the audited financial statements for details of the retirement benefits provided by the Group.

SHARE APPRECIATION RIGHTS INCENTIVE SCHEME

At the extraordinary general meeting held by the Company on 22 December 2021, the adoption of the Share Appreciation Rights Incentive Scheme (the "Scheme") was approved by the shareholders of the Company. At the same day, the Board and the Remuneration Committee also considered and approved the resolution on the implementation of the Initial Grant of the Share Appreciation Rights. The total number of the Share Appreciation Rights granted under the Initial Grant is approximately 207.27 million shares, representing 2.993% of the total issued share capital of the Company. The exercise price of each of the Share Appreciation Rights granted under the Scheme was HK\$3.68. For details of the Initial Grant, please refer to the Company's announcement dated 22 December 2021 in relation to the "Initial Grant of the Share Appreciation Rights".

Since the effective conditions for the Initial Grant of the Share Appreciation Rights were not fulfilled during the relevant periods, as of 31 December 2025, the aforementioned Initial Grant of the Share Appreciation Rights has lapsed.

The Scheme would not involve the grant of share options in respect of new shares or other new securities to be issued by the Company (or any of its subsidiaries) and therefore, it does not fall within the ambit of, and is not subject to the requirements under Chapter 17 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the Articles of Association requiring the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

MAJOR CUSTOMERS AND SUPPLIERS

For the reporting period, the revenue from sales of goods or rendering of services to the five largest customers (including China Telecom, China Mobile, China Unicom and China Tower) of the Group represented 53.4% of the revenues of the Group; of which, the revenue from the largest customer of the Group represented 37.8% of the revenues of the Group. The purchases from the five largest suppliers of the Group accounted for less than 10.2% of the total annual purchases of the Group.

To the knowledge of the Board, other than China Telecom and China Mobile (both of them being the shareholders holding more than 5% of the issued share capital of the Company), Mr. Luan Xiaowei, Mr. Cheng Jianjun, Mr. Tang Yongbo and Mr. Chen Li (positions of them setting out in the “Profiles of Directors and Senior Management” section of this annual report), none of the directors of the Company, their close associates, or any shareholder (holding more than 5% of the issued share capital of the Company) has any interests in such suppliers or customers.

PREFERENTIAL TREATMENT AND NON-COMPETITION ARRANGEMENT WITH CHINA TOWER CORPORATION LIMITED (“CHINA TOWER”)

In July 2014, China Telecom Corporation Limited, a subsidiary of China Telecom, jointly established China Tower with China Mobile and China Unicom. Pursuant to the relevant arrangements for the establishment of China Tower, China Tower has indicated to the Company that:

1. on condition that it will not result in a breach by China Telecom and the Company of the Non-Competition Agreement signed between them, when China Tower invites public tender for the design, construction, supervision and maintenance of its telecommunications towers and related ancillary facilities, China Tower will select the Company on a preferential basis, provided that the terms are the same;
2. in the event of an injection of telecommunications assets into China Tower (acquisition by China Tower), the existing maintenance agreements entered into between the Company and the respective promoters of China Tower will remain valid. Upon the expiration of such maintenance agreements and when China Tower invites tender for the maintenance services, China Tower will consider the Company on a preferential basis, provided that the terms are the same; and
3. China Tower will not compete in contravention of the contents of the Non-Competition Agreement.

CONTINUING CONNECTED TRANSACTIONS

China Telecom is the controlling shareholder of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions between the Group and China Telecom and its subsidiaries (excluding the Group and including China Telecom Corporation Limited, collectively the “China Telecom Group”) constitute connected transactions of the Group. The Group has entered into several connected transaction agreements with certain connected persons of the Group as described in the paragraphs below. The Company has complied with the disclosure requirements of the connected transactions under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

CONTINUING CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND CHINA TELECOM

The Company and China Telecom entered into seven continuing connected transactions agreements on 29 September 2015 to govern the continuing connected transactions between the Group and China Telecom Group. These agreements include the Engineering Framework Agreement, the Ancillary Telecommunications Services Framework Agreement, the Operation Support Services Framework Agreement, the IT Application Services Framework Agreement, the Centralized Services Agreement, the Property Leasing Framework Agreement and the Supplies Procurement Services Framework Agreement (the “Initial Agreements”). The Initial Agreements had an initial term expired on 31 December 2018 and, subject to approval from the shareholders (if applicable), the Initial Agreements would be automatically renewed for a further period of no more than three years. Subsequently, the Company entered into the 2018 Supplemental Agreement with China Telecom on 28 September 2018, to extend the term of the Initial Agreements to 31 December 2021, and on 22 October 2021, it entered into the 2021 Supplemental Agreement with China Telecom to extend the term of the Initial Agreements to 31 December 2024. All the above renewals of continuing connected transactions have been approved by the independent shareholders of the Company (if applicable) at the extraordinary general meeting, where applicable.

On 16 October 2024, the Company entered into the 2024 Supplemental Agreements (the “2024 Supplemental Agreements”) with China Telecom to extend the term of the Initial Agreement for a term of three years from 1 January 2025 to 31 December 2027. The 2024 Supplemental Agreements and the new annual caps (excluding the new annual caps for the Centralized Services Agreement and Property Leasing Framework Agreement that did not require any independent shareholders’ approval under the Listing Rules) were approved by the independent shareholders of the Company at the extraordinary general meeting held on 10 December 2024.

The Board considers that it is in the interest of the Company to enter into the 2024 Supplemental Agreements and cooperate with China Telecom Group to ensure a stable revenue source from one of the largest telecommunications operators in the PRC so as to benefit the Company’s future growth and development.

Details of each of such Agreements are set out below.

ENGINEERING FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT

Pursuant to the Engineering Framework Agreement, the Company agreed to provide certain engineering related services, including design, construction, project supervision and management for telecommunications infrastructure projects undertaken by China Telecom Group.

REPORT OF THE DIRECTORS

The charges for engineering services rendered under the Engineering Framework Agreement shall be determined at market price or prices obtained through tender process. According to the supplemental agreement to the Engineering Framework Agreement entered into between the Company and China Telecom, the thresholds which the project must be determined through tender process under the Engineering Framework Agreement include: whenever the value of any design or project supervision and management project exceeds RMB1 million, or the value of any construction project exceeds RMB4 million, the award of the relevant project must be subject to a tender process (with a minimum of three parties tendering bids) in accordance with the Bidding Law of the PRC and Regulation on the Implementation of the Bidding Law of the PRC, except as otherwise provided by other related laws and regulations. In determining the market price, the business and financial departments of the relevant subsidiary of the Company shall collect the relevant market information (including but not limited to the change in price for the same or similar type of services), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with China Telecom Group or independent third parties, and prepare fee quotes for review by the marketing department of the relevant subsidiary of the Company. The marketing department or management of the relevant subsidiary of the Company shall primarily consider the following factors: (i) cost of service; (ii) prices of at least three comparable transactions of the same or similar type of services provided to China Telecom Group by other service providers in the market, which are primarily obtained from public bidding websites and bidding result announcements; (iii) prices of at least three comparable transactions of the same or similar type of services provided to China Telecom Group and independent third parties previously by the Company.

The Company will be given priority by China Telecom Group in the provision of the engineering services except in the tender process, provided that the terms and conditions offered by independent third parties to China Telecom Group are no more favorable than those offered by the Company for the same type of services, and in return, the Company has undertaken to China Telecom Group that the Company shall not provide services to it on terms which are less favorable than those offered by the Company to independent third parties. The payment for engineering services provided by the Company under the Engineering Framework Agreement is normally made in accordance with the work progress of practical work following the general market practice in the industry.

ANCILLARY TELECOMMUNICATIONS SERVICES FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT

Pursuant to the Ancillary Telecommunications Services Framework Agreement, the Company agreed to provide to China Telecom Group certain ancillary telecommunications services including maintenance of network facilities including equipment, ducts and cables, server rooms and base stations; distribution of telecommunications products and services; provision of comprehensive logistics services, including purchasing agent, warehousing, transportation, delivery, testing and inspection, logistics information management and distribution; provision of application, content and other services such as fixed-line value added services, wireless value added services, Internet value added services, and electronic authentication.

The Ancillary Telecommunications Services Framework Agreement stipulates that the Ancillary Telecommunications Services shall be provided at:

- (a) market price. In determining the market price, the business and financial departments of the relevant subsidiary of the Company shall collect the relevant market information (including but not limited to the change in price for the same or similar type of services), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with China Telecom Group or independent third parties, and prepare fee quotes for review by the marketing department of the relevant subsidiary of the Company. The marketing department or management of the relevant subsidiary of the Company shall primarily consider the following factors: (i) cost of service; (ii) prices of at least three comparable transactions of the same or similar type of services provided to China Telecom Group by other service providers in the market, which are primarily obtained from public bidding websites and bidding result announcements; (iii) prices of at least three comparable transactions of the same or similar type of services provided to China Telecom Group and independent third parties previously by the Company;

REPORT OF THE DIRECTORS

- (b) in the absence of market price or where the market price cannot be determined, the price shall be agreed between both parties, which shall be the aggregate amount of reasonable costs, the relevant taxes in sales and reasonable profits. In determining such cost and profits, the business and financial departments of the relevant subsidiary of the Company will (i) review and compare the costs and profit margins of similar and comparable transactions conducted in the most recent year entered into with China Telecom Group or independent third parties or (ii) where such comparison is not practicable, consider for reference the recent profit margins of comparable enterprises engaging in providing similar services in the relevant industry. Factors considered would also include, but not limited to, the scale of the comparable enterprises, quality of services, transaction size, supply and demand, labor cost, local commodity prices and economic development levels.

The Company will be given priority by China Telecom Group in the provision of the ancillary telecommunications services, provided that the terms and conditions offered by independent third parties to China Telecom Group are no more favorable than those offered by the Company for the same services. In return, the Company has undertaken to China Telecom Group that the Company and its subsidiaries shall not provide ancillary telecommunications services to it on terms which are less favorable than those offered by the Company to independent third parties. Subject to the terms and conditions set out above, the payment for the ancillary telecommunications services is made in the manner provided for in each specific contract entered into between the parties with reference to the market practices.

OPERATION SUPPORT SERVICES FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT

The Operation Support Services Framework Agreement governs the arrangements between the Group and China Telecom Group with respect to mutual provision of operation support services. Pursuant to this agreement, the Company agreed to provide to China Telecom Group operation support services, including management services covering property management, facility maintenance and intelligent control maintenance of communication buildings, instrument and tool management, labor management, and logistics business management, real estate agency services, automotive services, purchasing agent services, advertisement, housing and building maintenance, contracted repairs, leasing of equipment, conferencing services, food and beverages, medical care, education and training. China Telecom Group also agreed to provide operation support services, including logistics services, medical care, food and beverages, daycare, education and training, hotel and travelling services, labor services and materials rental to the Company.

The Operation Support Services Framework Agreement shall adopt the same pricing policy as the Ancillary Telecommunications Services Framework Agreement. In addition, in determining the market price of the operation support services provided to the Company by China Telecom Group, the Company primarily considered the following factors: (i) prices of at least two comparable transactions of the same or similar type of services provided to the Company by other service providers in the market; (ii) prices of at least two comparable transactions of the same or similar type of services provided to the Company by China Telecom Group and independent third parties previously. Subject to the terms and conditions set out above, the payment for the operation support services is made in the manner provided for in each specific contract entered into between the parties with reference to the market practices.

Each of the parties to the Operation Support Services Framework Agreement will accord priority to the other party in the provision of the operation support services, provided that the terms and conditions offered by independent third parties to the relevant party are no more favorable than those offered by the other party for the same services, and in return, each of the parties has undertaken to the other that it shall not provide services to the other on terms which are less favorable than those offered to independent third parties.

IT APPLICATION SERVICES FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT

The IT Application Services Framework Agreement governs the arrangements between the Group and China Telecom Group with respect to mutual provision of IT application services. Pursuant to this agreement, the Company agreed to provide China Telecom Group with telecommunications network support services, software and hardware development and other related IT services. China Telecom Group also agreed to provide to the Company certain IT application services including voice and data, value added services and information application services.

The IT Application Services Framework Agreement shall adopt the same pricing policy as the Engineering Framework Agreement. In addition, in determining the market price of the IT application services provided to the Company by China Telecom Group, the Company primarily considers the following factors: (i) prices of at least three comparable transactions of the same or similar type of services provided to the Company by other service providers in the market; (ii) prices of at least three comparable transactions of the same or similar type of services provided to the Company by China Telecom Group and independent third parties previously. Subject to the terms and conditions set out above, the payment for the IT application service is made in the manner provided for in each specific contract entered into between the parties with reference to the market practices.

Each of the parties to the IT Application Services Framework Agreement will accord priority to the other party in the provision of the IT application services, provided that the terms and conditions offered by independent third parties to the relevant party are no more favorable than those offered by the other party for the same services, and in return, each of the parties has undertaken to the other that it shall not provide services to the other on terms which are less favorable than those offered to independent third parties.

CENTRALIZED SERVICES AGREEMENT AND SUPPLEMENTAL AGREEMENT

Pursuant to the Centralized Services Agreement, the centralized services to be provided by the Company to China Telecom Group include:

- (a) the corporate headquarters management function to manage assets of China Telecom's certain retained specialized telecommunications support businesses in the PRC (other than the Group) and any remaining assets, such as hotels, manufacturing plants, schools and hospitals which are not in association with the specialized telecommunications support businesses in the primary service areas of the Group; and
- (b) the provincial headquarters management function to manage remaining assets of China Telecom in the primary service areas of the Group.

Except as otherwise agreed by the parties, the aggregate administrative expenses incurred by the Company for the provision of the centralized services referred to above (all expenses incurred in connection with the above-mentioned headquarters management functions excluding remuneration for the Directors, share appreciation rights and provision of bad debts) will be apportioned pro rata between the Company and China Telecom Group according to the proportional net asset value of each of the relevant parties.

REPORT OF THE DIRECTORS

PROPERTY LEASING FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT

The Property Leasing Framework Agreement governs the arrangements with respect to the mutual leasing of properties between the Group and China Telecom Group. China Telecom Group currently lease from the Company and its subsidiaries certain properties for use as business premises, offices, equipment storage facilities and sites for network equipment. The Company and its subsidiaries also lease from China Telecom Group certain properties for use as business premises, offices and equipment storage facilities. These arrangements fall within the Property Leasing Framework Agreement.

The rental charges in respect of each property are determined at market price. In determining the market price, the business and financial departments of the relevant subsidiary of the Company shall collect the relevant market information (including but not limited to the change in price for the same or similar type of services), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with China Telecom Group or independent third parties, and prepare fee quotes for review by the marketing department of the relevant subsidiary of the Company. The marketing department or management of the relevant subsidiary of the Company shall primarily consider the following factors: (1) cost of property depreciation; (2) rental charges of at least three comparable transactions of the same or similar type of property provided to China Telecom Group and the Company by independent third parties in the market; (3) rental charges of at least three comparable transactions of the same or similar type of property provided to China Telecom Group and independent third parties by the Company previously, or rental charges of the same or similar type of property provided to the Company by China Telecom Group and independent third parties previously. Rental charges are payable monthly in arrears, except as otherwise agreed by the parties. Both parties will review the rental every three years and decide, after negotiation, on whether to adjust the rental charges and the amount of such adjustment.

SUPPLIES PROCUREMENT SERVICES FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT

Pursuant to the Supplies Procurement Services Framework Agreement, the Company agreed to provide to China Telecom Group with comprehensive supplies procurement services, including, among others, (i) procurement of imported telecommunications supplies, domestic telecommunications supplies and domestic non-telecommunications supplies; (ii) agency services of supplies procurement; (iii) sales of telecommunications supplies manufactured by the Group; (iv) resale of supplies purchased from independent third parties; and (v) management of biddings, verification of technical specifications, warehousing, transportation and installation services.

According to the same agreement, China Telecom agreed to provide to the Group with comprehensive supplies procurement services, including (i) sales of telecommunications supplies manufactured by China Telecom Group, (ii) resale of supplies purchased from independent third parties; (iii) agency services of supplies procurement; and (iv) warehousing, transportation and installation services. The procurement services provided by China Telecom Group to the Company primarily cover the specific products or terminals manufactured or purchased by China Telecom Group.

The price for the provision of comprehensive supplies procurement services under the Supplies Procurement Services Framework Agreement is determined as follows:

- (a) 1% of the contract value at the maximum for procurement services relating to imported telecommunications supplies, which is determined based on the common market practices;
- (b) 3% of the contract value at the maximum for procurement services relating to domestic telecommunications supplies and other domestic non-telecommunications materials, which is determined based on the common market practices;

- (c) for other services:
- (i) market price. In determining the market price, the business and financial departments of the relevant subsidiary of the Company shall collect the relevant market information (including but not limited to the change in price for the same or similar type of services), review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with China Telecom Group or independent third parties, and prepare fee quotes for review by the marketing department of the relevant subsidiary of the Company. The marketing department or management of the relevant subsidiary of the Company shall primarily consider the following factors: (i) cost of service; (ii) prices of at least three comparable transactions of the same or similar type of services provided to China Telecom Group or the Company by other service providers in the market, which are primarily obtained from public bidding websites and bidding result announcements; (iii) prices of at least three comparable transactions of the same or similar type of services provided to China Telecom Group and independent third parties by the Company, or prices of at least three comparable transactions of the same or similar type of services provided to the Company by China Telecom Group and independent third parties;
 - (ii) in the absence of market price or where the market price cannot be determined, the price shall be agreed between both parties, which shall be the aggregate amount of reasonable costs, the taxes in sales and reasonable profits. In determining such price, the business and financial departments of the relevant subsidiary of the Company will review and compare the costs and profits of transactions conducted in the most recent year of the same or similar type entered into with China Telecom Group or independent third parties, take into account factors such as historical price, transaction size, average profit ratio within the relevant industry, supply and demand, labor cost, local commodity prices and economic development levels, and prepare fee proposals for review by the marketing department of the relevant subsidiary of the Company.

The Group will be given priority by China Telecom Group in the provision of comprehensive logistics services, provided that the terms and conditions offered by independent third parties to China Telecom Group are no more favorable than those offered by the Company for the same services, and in return, the Company has undertaken to China Telecom that the Company and its subsidiaries shall not provide supplies procurement related comprehensive logistic services to it on terms which are less favorable than those offered by the Company and its subsidiaries to independent third parties.

CONTINUING CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND CHINA TELECOM GROUP FINANCE CO., LTD. (“CHINA TELECOM FINANCE”)

On 1 February 2019, the Company and China Telecom Finance entered into the Financial Services Framework Agreement (“2019 Financial Services Framework Agreement”). The 2019 Financial Services Framework Agreement was with effect from 1 February 2019 until 31 December 2021. Subject to the compliance with relevant laws and regulations and relevant regulatory requirements, both parties shall negotiate and agree on the renewal arrangement. Upon the 2019 Financial Services Framework Agreement becoming effective, each of the services under the Financial Services Framework Agreement, except the deposit services, can be provided by China Telecom Finance to the Group immediately in accordance with the business scope of China Telecom Finance as approved by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Committee). The deposit services under the 2019 Financial Services Framework Agreement and the annual cap were approved by the independent shareholders of the Company at the extraordinary general meeting held on 18 April 2019.

REPORT OF THE DIRECTORS

China Telecom Finance was jointly established by China Telecom, China Telecom Corporation Limited (“China Telecom Corporation”) and the Company, representing 15%, 70% and 15% of the total registered capital of China Telecom Finance, respectively. Given China Telecom is the controlling shareholder of the Company, China Telecom Corporation is a subsidiary of China Telecom, and thus China Telecom Finance is a connected person of the Company under Chapter 14A of the Listing Rules as an associate of the Company’s substantial shareholder. Accordingly, the transaction under the Financial Services Framework Agreement constitutes a continuing connected transaction of the Company.

The 2019 Financial Services Framework Agreement had expired on 31 December 2021, and the Company entered into the 2021 Financial Services Framework Agreement (“2021 Financial Services Framework Agreement”) with China Telecom Finance on 22 October 2021 to extend the term of 2019 Financial Services Framework Agreement for three years from 1 January 2022 to 31 December 2024. The deposit services under the 2021 Financial Services Framework Agreement and the annual caps were approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 December 2021.

As the 2021 Financial Services Framework Agreement had expired on 31 December 2024, the Company entered into the 2024 Financial Services Framework Agreement (“2024 Financial Services Framework Agreement”) with China Telecom Finance on 12 July 2024 to extend the term of 2021 Financial Services Framework Agreement for three years from 1 January 2025 to 31 December 2027. The deposit services under the 2024 Financial Services Framework Agreement and the annual caps were approved by the independent shareholders of the Company at the extraordinary general meeting held on 10 December 2024.

Details of the Financial Services Framework Agreements are set out below.

FINANCIAL SERVICES FRAMEWORK AGREEMENT

Pursuant to the 2024 Financial Services Framework Agreement, China Telecom Finance has agreed to provide financial services to the Group, including deposit services, loan and bill discounting services and other financial services. The Group and China Telecom Finance will cooperate on a non-exclusive basis, and the Group may select at its discretion other financial institutions to provide the relevant financial services. The terms of the financial services offered to the Group by China Telecom Finance shall be equivalent to or more favorable than those offered to the Group by the major cooperative commercial banks of the Group for the financial services in the same period and of the same type. China Telecom Finance shall provide the following financial services to the Group in accordance with the major terms set out above, with relevant pricing policies as below:

(i) Deposit Services

The deposit interest rates offered by China Telecom Finance to the 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 offered by the major cooperative commercial banks of the Group for the deposit services in the same period and of the same type, and the deposit services shall be conducted on normal commercial terms or better. The deposit interest rates offered by China Telecom Finance shall be equivalent to or higher than those provided by the major cooperative commercial banks of the Group. Under the same conditions, the interest rates of the deposits services provided by China Telecom Finance to the Group shall be the same as those offered by China Telecom Finance to other member companies of China Telecom for the deposit services in the same period and of the same type.

(ii) Loan and Bill Discounting Services

The interest rates for loan and bill discounting offered by China Telecom Finance to the Group shall comply with the relevant requirements of the People's Bank of China and be with reference to the loan benchmark interest rates promulgated by the People's Bank of China from time to time (if any) and the interest rates offered by the major cooperative commercial banks of the Group for the loan services in the same period and of the same type and bill discounting services in the same period and of the same type and amount, and the loan and bill discounting services shall be conducted on normal commercial terms or better. The interest rates for loan and bill discounting offered by China Telecom Finance shall be equivalent to or lower than those provided by the major cooperative commercial banks of the Group. Under the same conditions, the interest rates for loan and bill discounting provided by China Telecom Finance to the Group shall be the same as those offered by China Telecom Finance to other member companies of China Telecom for the loan services in the same period and of the same type and bill discounting services in the same period and of same type and amount.

China Telecom Finance offers loan and bill discounting services conducted on normal commercial terms or better to the Group. The Group will not be required by China Telecom Finance to provide guarantee by any of the Group's assets or through other means for the loan and bill discounting services provided to the Group.

(iii) Other Financial Services

China Telecom Finance will provide other financial services, including settlement, collection and payment of funds, provision of entrusted loans, bonds underwriting, non-financing guarantees, financial advice, credit authentication, consulting and agency services, bill acceptance, provision of product buyer credit and consumer credit and other services approved by the NFRA under the 2024 Financial Services Framework Agreement.

The fees charged for providing the other financial services mentioned above by China Telecom Finance to the Group shall comply with the fees standard promulgated by regulatory authorities including the People's Bank of China or the NFRA (if applicable), and be with reference to the handling fees standard charged by the major cooperative commercial banks of the Group for the other financial services of the same type, and the other financial services shall be conducted on normal commercial terms or better. The handling fees standard shall be equivalent to or lower than those charged by the major cooperative commercial banks of the Group. Under the same conditions, the fees standard charged to the Group by China Telecom Finance shall be the same as those charged to other member companies of China Telecom by China Telecom Finance for the other financial services of the same type.

For each of the specific transactions with China Telecom Finance under the 2024 Financial Services Framework Agreement, China Telecom Finance has been appointed as one of the financial institutions to provide financial services to the Group under the terms and conditions of the 2024 Financial Services Framework Agreement. Prior to entering into any specific agreements with China Telecom Finance in respect of the transactions under the 2024 Financial Services Framework Agreement, the Group will compare the rates or fees and the other relevant transaction terms offered by China Telecom Finance with the terms of three comparable transactions offered by the major cooperative commercial banks of the Group for the deposits, loans or other financial services in the same period and of the same type. Only when the rates or fees or the other relevant transaction terms (e.g. transaction approval conditions, procedures or time limit) offered by China Telecom Finance are equivalent to or more favorable than those offered by the major cooperative commercial banks of the Group, the Group may enter into transactions with China Telecom Finance at its discretion. Under the circumstances which the Group considers appropriate, the Group may engage additional or other financial institutions other than China Telecom Finance to provide financial services.

REPORT OF THE DIRECTORS

The following table sets out the annual caps and actual amounts of the above-mentioned continuing connected transactions of the Group for the year ended 31 December 2025, and the annual caps for the year of 2026 to 2027:

Unit: RMB million

	Year ended 31 December 2025		Year ending 31 December	
	Annual Cap	Actual Amounts	2026 Annual Cap	2027 Annual Cap
Transactions with China Telecom Group				
Engineering related services provided to China Telecom Group	30,000	21,000	32,000	34,000
Ancillary telecommunications services provided to China Telecom Group	29,000	19,722	30,000	31,000
Operation support services provided to/by China Telecom Group				
Revenue	6,500	4,955	7,000	7,500
Expenditure	1,200	605	1,200	1,200
IT application services provided to/by China Telecom Group				
Revenue	13,000	7,946	15,500	18,000
Expenditure	1,800	1,724	2,000	2,200
Centralized services provided to China Telecom Group	550	395	550	550
Property leasing provided to/by China Telecom Group				
Revenue	300	173	310	320
Expenditure				
Right-of-use Assets	300	260	300	300
Leasing Charges	250	129	250	250
Supplies procurement services provided to/by China Telecom Group				
Revenue	6,000	2,871	7,000	8,000
Expenditure	7,000	4,039	8,000	9,000
Transactions with China Telecom Finance				
Maximum daily balance of deposits under the deposit services provided by China Telecom Finance (including the interest accrued thereon)	12,500	12,451	12,500	12,500

REPORT OF THE DIRECTORS

The independent non-executive directors of the Company have confirmed that all the continuing connected transactions for the year ended 31 December 2025 to which the Group was a party:

1. had been entered into by the Group in the ordinary and usual course of business;
2. had been entered into on normal commercial terms or better; and
3. had been entered into according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The independent non-executive directors have further confirmed that:

The values of the continuing connected transactions entered into between the Group and its connected persons which are subject to annual caps have not exceeded their respective annual caps or revised annual caps.

The auditors of the Company have performed procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants on the continuing connected transactions and issued a letter to the Board to advise that:

1. nothing has come to their attention that causes them to believe that the continuing connected transactions disclosed above have not been approved by the Board;
2. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
3. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;
4. with respect to the actual amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that those actual amounts have exceeded the annual caps.

Save as disclosed above, none of other related-party transactions set out in the note 45 of the consolidated financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed under the Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Please see the "Corporate Governance Report" set out in this annual report for details of our compliance with the Corporate Governance Code.

MATERIAL LEGAL PROCEEDINGS

Except for the disclosure in this annual report, as at 31 December 2025, so far as the directors are aware, the Company was not involved in any material litigation or arbitration and no material litigation or claims had been made against, or were pending or threatened against the Company.

REPORT OF THE DIRECTORS

RISK FACTORS

The following section lists out the principal risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

1. The business of the Group may be affected by the economic, political and social conditions as well as government policies in China

As substantially all businesses, assets and operations of the Group are located in China, the Group's operating results, financial status and business prospect depend on the economic, political and social developments of China to a large extent.

In recent years, China is one of the countries with the fastest pace of economic growth around the globe in terms of GDP. However, the current growth rate may not be sustainable. Moreover, any future disaster, such as natural disaster and outbreak of epidemics would potentially slow down the level of economic activities, and in turn affect the economic growth of China, Asia and even the world. If any of the above mentioned reasons causes serious economic downturn in China, or causes the Group could not carry out and deliver its businesses normally, the Group's financial status, operating results and prospect may be adversely affected.

2. The business of the Group is closely related to the investment and operating conditions in the Chinese telecommunications sector

Demands in the Group's services will be affected by the level of capital expenditures of telecommunications infrastructure of the telecommunications operators in China. Such decreases in capital expenditures may have adverse effect to the Group's revenue and profits.

Moreover, in the event that the competition in the Chinese telecommunications sector continues to intensify, the telecommunications operator customers of the Group may be under the pressure to reduce prices of their products or services, thus leading to the decrease in their revenue. If that happens, such telecommunications customers may reduce the service fees to our Company in relation to certain businesses for cost cutting, with a view to maintaining their profitability.

3. The business of the Group is working capital intensive in respect of services offered to customers

During our course of business, the Group shall incur considerable working capital expenditures to make procurements for goods and services required for the provision of services to the clients of the Group and for the completion of projects. In the past, the Company has satisfied the working capital needs primarily by cash from operating activities and its own fund. A deficiency in working capital may affect the Group's business, financial status and operating results. Moreover, the Group's customers may delay payment or default in accounts receivables, which may have adverse effect on the cash flows, working capital, financial status and operating results of the Company.

4. The Group is under certain risks in relation to international business and operation

The Group is dedicated in expanding into overseas market and strategically expanding overseas operations. The expansion into markets outside China will subject us to considerable risks, including the changes of the international political situation, differences in business environment, high entry barrier imposed on foreign enterprises, existing market players, exchange rate fluctuations, legal and regulatory requirements, potentially unfavorable tax liabilities, inexperience in new markets, competition in the local markets and protectionism.

REPORT OF THE DIRECTORS

Part of our business is conducted overseas and mainly located in developing countries and regions, where the local political and economic conditions are often unstable and such factors are beyond our control. As we have engaged in overseas business, we are subject to various risks related to the countries and regions where we operate.

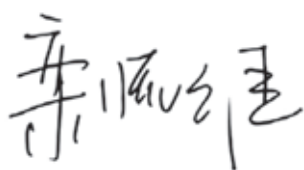
AUDITORS

Reference was made to the announcement dated 27 August 2024 in relation to the proposed appointment of a new auditor and the announcement dated 10 December 2024 in relation to poll results of the extraordinary general meeting and the appointment of auditors, and the appointments of KPMG and KPMG Huazhen LLP as the Company's international auditor and domestic auditor, respectively, for the year of 2024 were approved by the shareholders of the Company at the extraordinary general meeting held on 10 December 2024.

In addition, the shareholders of the Company approved the re-appointments of KPMG and KPMG Huazhen LLP as the Company's international auditor and domestic auditor, respectively, for the year of 2025 at the annual general meeting held on 29 May 2025. KPMG has audited the accompanying financial statements, which were prepared in accordance with IFRS Accounting Standards.

Upon the recommendation of the Audit Committee of the Company, the Board has resolved to propose to the shareholders of the Company the re-appointments of KPMG and KPMG Huazhen LLP as the international and domestic auditors of the Company for the year ending 31 December 2026, and a resolution for their re-appointments will be proposed at the Company's upcoming 2025 AGM.

By order of the Board



Luan Xiaowei

Executive Director and Chairman

Beijing, PRC

31 March 2026

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining sound corporate governance standards and procedures to ensure the completeness, transparency and quality of its information disclosure, and strives to achieve more standardized operational procedures and effective management, so as to safeguard shareholders' interests to the greatest extent.

CORPORATE GOVERNANCE PRACTICES

As a joint stock limited company incorporated in Chinese Mainland with limited liability and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company has not only complied with the relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), but also abided by the Company Law of the People's Republic of China ("PRC Company Law") and other applicable laws, regulations and regulatory requirements of Hong Kong and the PRC as basic guidelines for the Company's corporate governance. While strictly complying with relevant laws and regulations and also referencing good corporate governance practices, the Group is continually striving to further strengthen its internal control and risk management systems in order to improve its corporate governance standards and transparency.

The Company has been recognized by the capital market for its sound corporate governance over the years. In 2025, the Company continued to receive accolades in respect of its corporate management and ESG performance by international institutions such as *Extel* (formerly *Institutional Investor*) and *Corporate Governance Asia*.

The Board is responsible for performing corporate governance duties, including developing and reviewing the Company's policies and practices on corporate governance; reviewing and monitoring the training and continuous professional development of directors and senior management as well as the Company's policies and practices in compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Board believes that the Company complied with all code provisions as set out in the Corporate Governance Code in Appendix C1 to the Listing Rules for the year ended 31 December 2025.

CORPORATE STRUCTURE OF THE COMPANY



GENERAL MEETING

Pursuant to the Company's Articles of Association, the general meetings are classified as annual general meeting (the "AGM") and extraordinary general meeting (the "EGM"). The AGM is convened once a year and within six months after the end of the previous financial year. A resolution will be proposed for consideration in respect of each independent matter. The details of the voting procedures will be set out in the notices of the general meetings in accordance with the provisions of the Articles of Association and the Listing Rules. In accordance with the relevant provisions of the Listing Rules and the PRC Company Law, notices and circulars of general meetings are given to shareholders promptly, providing shareholders sufficient notice and time to think over the matters to be considered at the meeting, with details of the voting procedures set out in the notices of the general meetings. The Chairman of the Company should attend and chair the general meetings, and all the directors of the Company (in particular, the chairman of the committees of the Board) shall be invited to attend the general meetings to address any questions that may be raised by the shareholders at the general meetings. In addition, the Company has formulated the Rules of Procedure for the General Meeting which sets out the appropriate arrangements for convening, shareholders' proposing, attending and voting at the general meetings. In accordance with the Listing Rules, all the resolutions were voted by poll in the general meetings held in 2025.

CORPORATE GOVERNANCE REPORT

For the 2024 AGM, a physical meeting was held in Beijing on 29 May 2025, at which the resolutions, including the 2024 financial statements, profit distribution and dividend declaration proposal, report of the directors, report of the supervisory committee, reappointment of an executive director and board re-election, were considered and approved. Shareholders and authorized proxies representing 79.47% of the total voting shares of the Company were present at the AGM.

For the 2025 EGM, a physical meeting was held in Beijing on 23 October 2025, at which the resolutions, including the amendments to the Articles of Association and abolishment of the Supervisory Committee, and amendments to the Rules of Procedure for the General Meeting and the Rules of Procedure for the Board were considered and approved. Shareholders and authorized proxies representing 78.98% of the total voting shares of the Company in relation to such resolutions were present at the EGM.

The above resolutions at the general meetings were approved and passed by shareholders, and details of the relevant poll results were published on the websites of the Company and “HKExnews” of the Stock Exchange.

SHAREHOLDERS’ RIGHTS TO CONVENE GENERAL MEETINGS AND SUBMIT PROPOSALS AT GENERAL MEETINGS

Pursuant to Article 8.8 of the Company’s Articles of Association, a shareholder holding or shareholders aggregately holding 10% or more of the shares of the Company (including preference shares with resumed voting rights) that request for the holding of an extraordinary general meeting with the board of directors shall request it in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, issue a written affirmative or negative opinion on convening an extraordinary general meeting within ten (10) days after receiving the request.

If the board of directors agrees to hold the extraordinary general meeting, the board of directors shall issue a notice of holding a shareholder’s meeting within five (5) days after a resolution is made at a meeting of the board of directors. Any modification to the original request in the notice shall be subject to the consent of the relevant shareholder or shareholders.

If the board of directors disagrees to hold the extraordinary general meeting or provides no feedback within ten (10) days after the request is received, the shareholder holding or shareholders aggregately holding 10% or more of the shares of the Company (including preference shares with resumed voting rights) shall propose the holding of an extraordinary general meeting to the audit committee in writing.

If the audit committee agrees to hold the meeting, it shall issue a notice of holding a shareholder’s meeting within five (5) days after receiving the request. Any modification to the original request in the notice shall be subject to the consent of the relevant shareholder(s).

If the audit committee fails to issue a notice of holding a shareholders’ meeting within the prescribed time limit, it shall be deemed that the audit committee fails to convene and preside over the shareholders’ meeting, and a shareholder holding or shareholders aggregately holding 10% or more of the shares (including preference shares with resumed voting rights) of the Company for 90 consecutive days or more may convene and preside over the meeting on its or their own initiative.

Pursuant to Article 8.10 of the Company’s Articles of Association, at a shareholders’ meeting of the Company, the board of directors, the audit committee, and a shareholder holding or shareholders aggregately holding 1% or more (including preference shares with resumed voting rights) of the shares of the Company shall have the right to submit proposals.

CORPORATE GOVERNANCE REPORT

A shareholder holding or shareholders aggregately holding 1% or more of the shares (including preference shares with resumed voting rights) of the Company may, ten (10) days before the shareholders' meeting is held, submit an interim proposal to the convener in writing. The convener shall issue a supplementary notice of the shareholders' meeting within two (2) days after receiving the proposal, announce the contents of the proposal, and submit the proposal to the shareholders' meeting for consideration, except for the proposal that violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall under the scope of powers of the shareholders' meeting.

Any proposal not specified in the notice of holding a shareholders' meeting or not complying with the Articles of Association shall not be voted and resolved at the shareholders' meeting.

SHAREHOLDERS' ENQUIRIES

Enquiries or requisitions to convene a general meeting or submit a proposal pursuant to the Articles of Association of the Company that the shareholders of the Company wish to make to the Board may be addressed to the Investor Relations Department of the Company by our shareholders' hotline at 852-3699 0000 or by email at ir@chinaccs.com.hk.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board has formulated the shareholders communication policy and has regularly reviewed on this. Such policy regulates the Company's various routine and non-routine daily communication channels with shareholders, including general meeting(s), roadshows and daily meetings. The above arrangements enable shareholders and investors to keep abreast of the latest operating status and development prospects of the Company. In addition, the Company has established an Investor Relations Department, which is dedicated to providing shareholders and investors with necessary information, data and services, and maintaining active communication with stakeholders in the capital market, including shareholders, investors, etc. Besides, the Company has set up a public email for investor relations to facilitate the communications and feedback from investors, allowing the Company to collect different opinions from the market in an effective and timely manner. In addition, the Company's executive directors (including the Chairman, the President and the Chief Financial Officer) communicate with shareholders on a regular basis and meet directly with them to listen to their views and suggestions through channels such as the results briefing and roadshows twice a year. The details of the communication with the shareholders including information on the shareholders' calendar of significant events and the public shareholding percentages, are set out in the section of "Investor Relations" of this annual report and the website of the Company. The dividend policy of the Company is set out in the section of "Report of the Directors" of this annual report. Based on the communications between the Company and the shareholders and investors as well as the feedback received during the year, the Board considers that the shareholder communication policy of the Company has been properly implemented and effective during the year.

BOARD OF DIRECTORS

The Board is responsible for leading and supervising the Company, and performing the duties of formulating strategies, making decisions and preventing risks, as well as implementing the resolutions passed in general meetings. The major responsibilities of the Board include making decisions on the medium and long-term development of the enterprise, formulating the Company's strategies and development plans, determining the Company's business plans and investment proposal, reviewing financial policies and performance, formulating the basic management systems of the Company, formulating the appraisal and compensation administrative measures of the management and determining their remuneration, rewards and penalties as well as conducting performance appraisal. The Board has delegated to the senior management the powers and responsibilities to conduct the day-to-day management and operations of the Group and to organize the implementation of the resolutions of the Board, annual business plans and investment proposals. The senior management must obtain the Board's approval before entering into any material transactions in accordance with the relevant provisions of the Articles of Association. The Articles of Association and the Rules of Procedure for the Board have clearly defined the scope of duties of the Board and the management of the Company. Besides, the Company has also refined and improved the matters to be approved by the Board and its sub-committee in accordance with the List of Board's Resolved Matters to continuously improve its corporate governance.

CORPORATE GOVERNANCE REPORT

As of the date of this report, the Board’s performance evaluation has been conducted internally. By completing the Board Performance Assessment Form and providing ratings and comments, the assessment covers a review of the Board’s operational compliance and effectiveness. Compliance review primarily evaluates the Board’s exercise of authority and responsibilities, as well as information communication. Effectiveness review primarily assesses the Board’s role in strategic planning, decision-making, risk prevention, as well as the achievements in corporate development and reform.

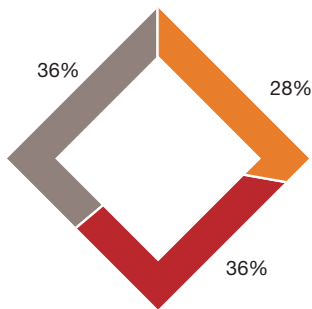
CHAIRMAN AND PRESIDENT

As of the date of this report, Mr. Luan Xiaowei and Mr. Cui Zhanwei take up the position of Chairman and President of the Company, respectively. Mr. Luan Xiaowei, our Chairman, is responsible for overseeing the operation of the Board and in charge of the Company’s overall management. Mr. Cui Zhanwei, our President, is responsible for the Company’s daily operation and management.

COMPOSITION OF THE BOARD AND DIVERSITY POLICY

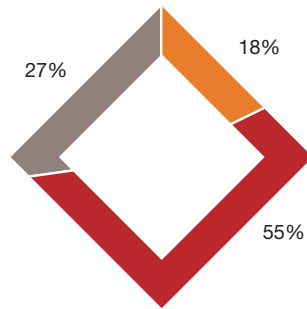
As of the date of this report, the Board comprised eleven directors, including three executive directors (Mr. Luan Xiaowei, Mr. Cui Zhanwei and Mr. Shen Aqiang), four non-executive directors (Mr. Cheng Jianjun, Mr. Tang Yongbo, Mr. Liu Aihua and Mr. Chen Li) and four independent non-executive directors (Mr. Lv Tingjie, Mr. Wang Qi, Mr. Wang Chungue and Ms. Chiu Mun Wai). The term of office and date of appointment of each Director is set out in the section of “Report of the Directors” of this annual report.

Composition



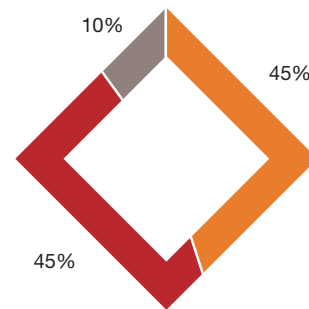
- ◆ Executive directors
- ◆ Non-executive directors
- ◆ Independent non-executive directors

Age Group



- ◆ < 50
- ◆ 50-60
- ◆ > 60

Years of Services in the Board



- ◆ < 2 years
- ◆ 2-5 years
- ◆ >5 years

CORPORATE GOVERNANCE REPORT

The Company has adopted a board diversity policy, which sets out the approach to achieve diversity on the Board. The Company's board diversity policy gives a number of considerations in aspects including skill, knowledge, professional experience, gender and age. The Board of the Company comprises professionals with diversified backgrounds including telecommunications industry, technology, finance and accounting, compliance, management and academics. The Company has one female director on the Board and complies with its board diversity policy. The Company is committed to promoting board diversity and the Nomination Committee will proactively consider the increase in the proportion of female members when selecting and making recommendations on suitable candidates for Board membership. Through the board diversity policy of the Company and the annual review and discussion by Nomination Committee on the board structure, the Company will develop a pipeline of potential successors to the Board which could achieve gender diversity.

The Board has four independent non-executive directors, of which an independent non-executive director Ms. Chiu Mun Wai possesses accounting professional qualification in compliance with Rules 3.10 and 3.10A of Chapter 3 of the Listing Rules. The Company has received the written annual confirmation of independence from each of the independent non-executive directors pursuant to Rule 3.13 of the Listing Rules and considers all independent non-executive directors to be independent. The profiles of the directors are set out in the "Profiles of Directors and Senior Management" section of this annual report and the Company's website.

The Company's human resources work focuses on coordinating the reform of the labor, personnel and distribution systems, giving full play to the decisive role of the market in resource allocation, fully implementing the tenure system and contractual management of the managerial staff, promoting market-oriented labor employment, strengthening the construction of the cadres, talents and employees, continuously optimizing the planning and structure of the team. We have established a market-oriented recruitment mechanism, improved the market-oriented operation mechanism and incentive and constraint mechanism, improved the standard and efficiency of human resources management, and provided solid organizational support and talent support for the sustainable and healthy development of the Company. The Company takes into full consideration of skills, age and gender diversity when recruiting its employees, and endeavors to strengthen the cultivation of female talents, increase the proportion of female talents in the talent team, and attaches importance to the selection and appointment of female talents. Based on business development and operational needs and a comprehensive consideration of various factors, the Company strives to achieve a balanced proportion of our employees in skills, age and gender. Information on the Company's workforce and gender ratio in 2025 is set out in the "Environmental, Social and Governance" section of this annual report.

As of the date of this report, to the best knowledge of the directors, the members of the Board did not have any financial, business, family or other material connection with each other, in particular between the Chairman and the President, and all of them are free to make independent judgments.

CORPORATE GOVERNANCE REPORT

The Company has also arranged appropriate insurance cover in respect of possible legal actions against its directors and senior management.

Directors devotes sufficient time and efforts to the business of the Company. The Company also requires the directors to disclose the number of key positions they hold in public companies or organizations and provide the Company with the time they devoted to the relevant positions.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules to govern securities transactions by the directors of the Company. The Company has made specific enquiries to the directors, and each of the directors has confirmed his/her compliance with the Model Code in connection with the transactions of the Company’s securities in the reporting period.

NOMINATION AND APPOINTMENT OF DIRECTORS

The Company follows a formal, considered and transparent procedure for the appointments of new directors. The Nomination Committee of the Board first considers and discusses the nomination and appointment of a new director, and also makes recommendations to the Board for decision based on the board diversity policy. The Board shall recommend the candidate(s) at the general meeting and the candidate(s) shall be elected at the general meeting each for a term of three years (including non-executive directors), effective from the date of election.

If an independent non-executive director serves more than 9 years in the Company, the further appointment of such director should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the Board believes the independent non-executive director is still independent and should be re-elected, including the factors taken into account, the process and the discussions conducted by the Board in making such decision. After obtaining the authorization at the general meeting, the Board will determine the remuneration of each of the directors with reference to factors including their duties and responsibilities with the Company, their experiences and the current market conditions.

As of the date of this report, all members of the Board were appointed for a term of three years commencing from the date of approval of their appointments to the seventh session of the Board at the AGM of the Company held on 29 May 2025. The directors of the Company are all eligible for re-election at the expiration of the term.

MEETINGS OF THE BOARD

Pursuant to the Company’s Articles of Association and the Listing Rules, the Board shall convene at least four meetings a year. In addition, the Company has formulated the Rules of Procedure for the Board to define the relevant arrangements of the Company on matters such as the convening of board meetings, the delivery of notices and materials of meetings, and the manner of participation and voting by directors.

The Company Secretary assists the Chairman in preparing the agenda for Board meetings. Unless stipulated otherwise by the Board in advance, the time and place for any Board meeting shall be notified to all directors at least 14 days prior to the date of the meeting. The agenda and related documents of the Board meetings will be dispatched to all directors at least 3 days prior to the date of the meeting. The Board and each of the directors may contact the senior management independently if necessary and obtain additional information from the Company so that the directors can make informed decisions with relevant information. In addition, prior to the board meeting, the Company will obtain the advice and opinions from the directors on significant issues to ensure that the Board is provided with independent views and opinions. The Company conducts an annual review of the implementation and effectiveness of these mechanisms.

CORPORATE GOVERNANCE REPORT

All minutes of the Board meetings record the details of resolutions considered and decisions made are kept by meeting secretary and open for inspection by the directors. A director shall abstain from voting on any board resolution approving any proposal in which he or any of his associates has a material interest, nor shall he be counted in the quorum present at the meeting. In 2025, the Board held four meetings and passed one written resolution. In addition to general matters such as review of the annual and interim financial statements, dividend distribution, Corporate Governance Report, ESG Report and budget, the Board also considered other resolutions, mainly including the election of the seventh session of the Board, reviewing of the structure and composition of the Board, the Management Performance Report for 2024, the implementation of the remuneration of the senior management and the overall payroll of the Company for 2024, the equity investment plan for 2025, reviewing of the management's performance targets of the operating results of 2025, the composition of committees of the seventh session of the Board, the implementation plan for the remuneration of the seventh session of the Board, the formulation of the Measures for Market Value Management, the amendments to the Articles of Association, the amendments to the Rules of Procedure for the General Meeting and the Rules of Procedure for the Board, the assessment of the 14th Five-Year Plan and framework for the 15th Five-Year Plan of the Company, as well as the authorization to the Board to repurchase the Company's H shares. Meanwhile, each director has abstained from voting on the relevant resolutions in which they have conflict of interest.

In 2025, the Chairman of the Company had a meeting with the independent non-executive directors without the presence of other directors.

The attendance record (excluding the case of the written resolutions) of the Company's directors in Board meetings, board committee meetings and general meeting(s) in 2025 are as follows:

Attendance in 2025/Meeting convened during period of appointment

	Board of Directors	Strategy Committee	Audit Committee	Remuneration Committee	Nomination Committee	Non-competition Undertaking Review Committee	AGM	EGM
Executive Directors								
LUAN Xiaowei	4/4	1/1	–	–	1/1	–	1/1	1/1
CUI Zhanwei	4/4	1/1	–	–	–	–	1/1	1/1
SHEN Aqiang	4/4 ⁽¹⁾	–	–	–	–	–	1/1	1/1
Non-executive Directors								
CHENG Jianjun ⁽²⁾	3/3 ⁽²⁾	1/1 ⁽²⁾	–	–	–	–	–	1/1
TANG Yongbo	4/4 ⁽³⁾	1/1 ⁽³⁾	–	–	–	–	0/1	0/1
LIU Aihua	4/4 ⁽⁴⁾	1/1 ⁽⁴⁾	–	–	–	–	0/1	0/1
CHEN Li ⁽⁵⁾	3/3	–	–	1/1	–	–	–	1/1
Independent Non-executive Directors								
LV Tingjie	4/4 ⁽⁶⁾	1/1	2/2	2/2	1/1	2/2	0/1	0/1
WANG Qi	4/4	1/1	–	2/2	1/1	–	1/1	1/1
WANG Chunge	4/4	–	2/2	–	–	2/2	1/1	1/1
CHIU Mun Wai ⁽⁷⁾	3/3	–	1/1	1/1	–	1/1	–	1/1
Resigned Director								
SIU Wai Keung, Francis ⁽⁸⁾	1/1	–	1/1	1/1	–	1/1	1/1	–

CORPORATE GOVERNANCE REPORT

Notes:

1. Mr. Shen Aqiang appointed another director to attend one board meeting.
2. Mr. Cheng Jianjun was appointed as a non-executive Director and a member of the Strategy Committee of the Company on 29 May 2025. He appointed another director to attend one board meeting and one Strategy Committee meeting.
3. Mr. Tang Yongbo appointed another director to attend four board meetings and one Strategy Committee meeting.
4. Mr. Liu Aihua appointed another director to attend three board meetings and one Strategy Committee meeting.
5. Mr. Chen Li was appointed as a non-executive Director and a member of the Remuneration Committee of the Company on 29 May 2025.
6. Mr. Lv Tingjie appointed another director to attend one board meeting.
7. Ms. Chiu Mun Wai was appointed as an independent non-executive Director and a member of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Non-competition Undertaking Review Committee and the Right of First Refusal and Priority Right Committee of the Company on 29 May 2025.
8. Mr. Siu Wai Keung, Francis resigned as an independent non-executive Director and all relevant committees' member of the Company on 29 May 2025.

DIRECTOR'S TRAINING

Newly appointed directors will receive trainings provided by the Company upon the appointment, so as to ensure that they have adequate understanding of the Company's business and they are fully aware of their duties as directors under the laws and regulations. The Company engaged external lawyers to provide the new directors appointed during the reporting period with trainings on issues including directors' duties and the Listing Rules.

The Company distributed Board Memorandum to directors each month, setting out updates on major business and financial position of the Company to facilitate the directors to discharge their duties. Meanwhile, through regular Board meetings and reports from management, the Directors are able to have clearer understanding of the operations, business strategy, and the latest development of the Company and the industry. In addition, the Company also issued latest information regarding corporate governance, anti-corruption and directors' responsibilities under the Listing Rules and other applicable laws and regulations to the directors in a timely manner, ensuring their awareness of their responsibilities under the laws and regulations. All the directors were also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant.

In September 2025, the Company organized a site visit for its directors, and they made valuable recommendations for the development of the Company.

CORPORATE GOVERNANCE REPORT

In 2025, the training records of the directors of the Company were as follows:

	Attend training or seminar relevant to the Company's industry, director's duties, and/or corporate governance	Read information relevant to the Company's industry, director's duties and/or corporate governance; or read regular updates issued by the Company
Executive Directors		
LUAN Xiaowei	✓	✓
CUI Zhanwei	✓	✓
SHEN Aqiang	✓	✓
Non-executive Directors		
CHENG Jianjun	✓	✓
TANG Yongbo	✓	✓
LIU Aihua	✓	✓
CHEN Li	✓	✓
Independent Non-executive Directors		
LV Tingjie	✓	✓
WANG Qi	✓	✓
WANG Chungu	✓	✓
CHIU Mun Wai	✓	✓

Note: Mr. Cheng Jianjun, Mr. Chen Li and Ms. Chiu Mun Wai have obtained the legal opinion stated in Rule 3.09D of the Listing Rules and completed the new director training on 19 May 2025, 16 May 2025, and 19 May 2025, respectively. Each of them confirmed that they understood their responsibility as a director of the Company.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

As an important part of a sound corporate governance practice, the Board has set up five board committees since the listing of the Company: the Audit Committee, the Remuneration Committee, the Nomination Committee, the Non-competition Undertaking Review Committee and the Right of First Refusal and Priority Right Committee, and all of which are responsible for the supervision of the overall affairs of the Company in various areas and assistance of discharging its responsibilities. The majority of members of these five board committees comprise of independent non-executive directors to ensure full expression of independent and objective views and to fulfill each of its responsibilities of review and supervision. Besides, the Company also set up a Strategy Committee to further enhance its corporate governance. The list of members of each committee is published on the websites of the Company and the Stock Exchange.

Strategy Committee

The Strategy Committee is chaired by the Chairman of the Company and currently consists of seven directors, including Mr. Luan Xiaowei (Chairman) and Mr. Cui Zhanwei, the executive directors, Mr. Cheng Jianjun, Mr. Tang Yongbo and Mr. Liu Aihua, the non-executive directors, and Mr. Lv Tingjie and Mr. Wang Qi, the independent non-executive directors. The Strategy Committee is mainly responsible for studying and making recommendations on the mid-to-long-term plan for development strategy, operating objectives and development direction of the Group.

In 2025, the Strategy Committee held one meeting, and mainly reviewed the assessment of the 14th Five-Year Plan and the framework for the 15th Five-Year Plan of the Company.

Audit Committee

The Audit Committee consists of three independent non-executive directors: Ms. Chiu Mun Wai (Chairperson), who has accounting and related financial management expertise, as well as Mr. Lv Tingjie and Mr. Wang Chunge. The Audit Committee is mainly responsible for reviewing the interim and annual financial statements of the Company to ensure a true and fair view of the state of affairs, reviewing interim and annual results of the Company after consulting with external auditors, and making recommendations to the Board. In addition, the Audit Committee is also responsible for examining the appointment of external auditors, considering and supervising the financial reporting procedures and the risk management and internal control systems of the Company, reviewing the effectiveness of the internal audit of the company, overseeing the execution of the connected transactions, and also listening to the external auditor's audit memorandum. The Audit Committee makes an assessment of the effectiveness of the Group's risk management (including environmental, social and governance risks) and internal control at least once a year. In addition, the Audit Committee is also responsible for reviewing the adequacy of resources of the Group's accounting and financial reporting function. Audit Committee could establish a reporting mechanism to accept and handle the complaints and anonymous reporting on accounting, internal control and auditing matters.

In 2025, the Audit Committee held two meetings, and mainly reviewed the resolutions of the audited financial report of the Company of 2024, interim report of 2025, report on connected transactions, report on internal control and risk management and appointment of independent auditors. The Audit Committee also received a briefing on the work progress on the environmental, social and governance (ESG) for 2024 and the first half of 2025.

Remuneration Committee

The Remuneration Committee consists of four directors: Mr. Wang Qi (Chairman), Mr. Lv Tingjie and Ms. Chiu Mun Wai, the independent non-executive directors, and Mr. Chen Li, the non-executive director. The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for remunerations of all directors and senior management, on the establishment of a formal and transparent procedure for developing remuneration policy, the remuneration packages of directors and evaluating the performance of senior management and conducting their performance assessment, etc.

After being authorized by the shareholders at the general meeting, the Board will determine the remuneration for each director based on their duties, responsibilities, experience, and current market conditions. In addition, the Company has established a series of management measures as the basis for determining the compensation of senior management, which include the following four measures: the selection and appointment of management, performance appraisal of members of the management, remuneration management for members of the management and overall payroll.

In 2025, the Remuneration Committee held two meetings, and mainly reviewed the resolutions regarding the implementation of the remuneration of the senior management and the overall payroll of the Company for 2024, the management's performance targets for the operating results of 2025 and the implementation plan for the remuneration of the seventh session of the Board.

Nomination Committee

The Nomination Committee consists of three directors: Mr. Luan Xiaowei (Chairman), the executive director, as well as Mr. Wang Qi and Ms. Chiu Mun Wai, the independent non-executive directors. The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, reviewing the structure, size and composition of the Board annually, identifying individuals suitably qualified to become Board members or senior management and selecting and nominate relevant individuals for directorships or senior officers, or making recommendations to the Board on the selection of individuals nominated for directorships or senior officers. The Nomination Committee will review the Board Diversity Policy annually to ensure its effectiveness, and the details of the board diversity policy has been set out under "Composition of the Board and Diversity Policy" of this section.

In 2025, the Nomination Committee held one meeting and passed one written resolution, and mainly reviewed the resolutions regarding the re-election of the Board, the review of the structure and composition of the Board and the recommendation of the appointment of non-executive director. The Nomination Committee considered that the candidates possess extensive experience in multiple areas, including telecommunications industry, technology and management etc. Their expertise and knowledge in different areas are strongly complementary to each other and are conducive to the scientific decision-making of the Board. At the same time, they also have diverse characteristics in terms of age, cultural and educational background, and length of services, which was in alignment with the Board's diversity policy, so Nomination Committee recommended nominating these candidates to serve as directors.

CORPORATE GOVERNANCE REPORT

Non-Competition Undertaking Review Committee

The Non-competition Undertaking Review Committee consists of three independent non-executive directors: Mr. Lv Tingjie (Chairman), Mr. Wang Chungue and Ms. Chiu Mun Wai. The Non-competition Undertaking Review Committee is mainly responsible for monitoring the implementation of the non-competition undertakings given by China Telecom to the Company.

In 2025, the Non-competition Undertaking Review Committee held two meetings, and mainly reviewed the implementation of the non-competition undertakings by China Telecom, and made their recommendations to the Board.

The Company has received a letter issued by China Telecom stating that they were not in breach of any non-competition undertakings in 2025. The letter has been reviewed by the Non-competition Undertaking Review Committee and the Board.

Right of First Refusal and Priority Right Committee

The Right of First Refusal and Priority Right Committee consists of three independent non-executive directors: Mr. Wang Chungue (Chairman), Mr. Wang Qi and Ms. Chiu Mun Wai. The Right of First Refusal and Priority Right Committee is mainly responsible for monitoring the enforcement of the right of first refusal and priority right granted by China Telecom since the Company was listed and protecting the interests of independent shareholders when such right of first refusal or priority right is exercised. Meeting(s) are held when necessary according to the Right of First Refusal and Priority Right Committee Charter. In 2025, the Right of First Refusal and Priority Right Committee did not hold any meeting.

Independent Board Committee

Pursuant to the relevant requirements under the Listing Rules, a listed company shall establish an Independent Board Committee (which shall consist only of independent non-executive directors) to advise independent shareholders in relation to transactions that are subject to independent shareholder's approval (such as connected transactions) as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the Company and its shareholders as a whole. In 2025, the Independent Board Committee did not hold any meeting.

SUPERVISORY COMMITTEE

Pursuant to the revised PRC Company Law effective on 1 July 2024, the Supervisory Committee of the Company was abolished after the extraordinary general meeting of the Company held on 23 October 2025, at which the resolution relating to the amendments to the Articles of Association and abolishment of the Supervisory Committee was considered and approved.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the repeal of the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, the latest amendments to the PRC Company Law and the consequential and other recent amendments to the Listing Rules, the Guidelines for the Articles of Association of Listed Companies published by the China Securities Regulatory Commission and other regulatory requirements, as well as the actual conditions of the Company, the Board proposed to make corresponding amendments to the Articles of Association. The above amendments to the Articles of Association and abolishment of the Supervisory Committee, and the amendments to the Rules of Procedure for the General Meeting and the Rules of Procedure for the Board were considered and approved at the extraordinary general meeting of the Company held on 23 October 2025. For details of the amendments, please refer to the circular of the Company dated 30 September 2025.

COMPANY SECRETARY

The Company Secretary, Mr. Chung Wai Cheung, Terence, is an employee of the Company and has appropriate understanding of the Company's business. The Company Secretary is responsible for supporting the daily operation of the Board and ensuring the compliance with the policies and procedures of the Board. All of the directors can access to opinions of the Company Secretary to ensure that the procedures of the Board conform to the applicable laws and regulations. The profile of the Company Secretary is set out in the section of "Profiles of Directors and Senior Management" in this annual report. The Company Secretary met the requirement on professional training under the Rule 3.29 of the Listing Rules in 2025.

REMUNERATION OF THE AUDITORS

The current international and domestic auditors of the Company are KPMG and KPMG Huazhen LLP, respectively (collectively "KPMG"). During the year, the total remuneration (including VAT) for audit firms, including KPMG, in respect of the Group's audit services amounted to RMB32.13 million.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements. The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and therefore the directors continue to adopt the going concern approach in preparing financial statements.

The responsibility statement of KPMG, our external auditor, regarding its Independent Auditor's Report on the financial statements of the Group is set out on pages 177 to 182 of this annual report.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL**Risk Management and Internal Control System**

The Board of Directors of the Company is fully responsible for establishing and maintaining an appropriate and effective risk management and internal control system to safeguard the investment of the shareholders and the assets of the Group. The Company has set up an internal control system and risk management mechanism in compliance with the COSO standards and defined management structure and its authority, which aims at ensuring the efficient utilization of the resources of the Company to achieve its business targets and safeguard its assets, with a view to preventing unauthorized utilization or disposal of the resources of the Company, securing appropriate accounting records to provide reliable financial evidence for internal use or external dissemination, so as to ensure that its operating activities are in compliance with relevant laws and rules. The above control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has a Code of Conduct for Employees to ensure ethical values and competency and it attaches great importance to the prevention of fraud risk and has established an internal reporting mechanism to encourage anonymous reporting of irregularities by the Company's employees, especially senior management. The Audit Committee has the power to make inquiries of the President and Chief Financial Officer of the Company regarding any fraud, whether material or not, involving management or other employees who play a significant role in the internal controls of the Company. For more information on the Company's anti-corruption initiatives, please refer to the "Environmental, Social and Governance Report" section of this annual report.

The Company attaches great importance to risk management in the course of its daily operation. With more than a decade of development since the listing, the Company has established a risk management culture appropriate to its business practices. The Company put in place a set of practicable risk management methods as well as a sound organization structure and management mechanism for risk management, which solidified risk management procedures, enhanced risk management efficiency and perfected its comprehensive risk management mechanism. In 2025, the Company took into account the requirements of Rule D.2 of the Corporate Governance Code of the Stock Exchange and continued to strengthen the identification, classification, assessment and control of risks, paid attention to environmental changes, strengthened green and energy-saving measures, innovation and transformation, and compliant operation. The Company actively shouldered social responsibilities, improved management efficiency, and monitored and tracked significant risks related to environmental, social, and governance, to promote its long-term sustainable development. No material risk issue was identified during the year. After strict identification, assessment and analysis of risks, the Company conducted assessments on the potential risks that the Company may be exposed to in 2025, such as market risks and financial risks, as well as the significant risks related to environmental, social and governance, and proposed practicable corresponding solutions. The Company formulated the annual risk management report which sets out the risk management work in 2025 and the assessment of material risks and the control plan for 2026. For details of the major risks of the Company, please refer to the "Report of the Directors" and "Environmental, Social and Governance Report" sections of this annual report.

Since its listing in 2006, the Company has formulated the internal control manual, internal control assessment rules and other systems based on the COSO internal control framework. Over the years, the Company has striven to improve the systems related to internal control and risk management in light of the changes in internal and external operating environments and business development requirements. In 2025, according to the internal and external regulatory requirements, and adapting to the strategy of corporate transformation as well as the changes in its operation management and policy environment, the Company completed the revision of the internal control manual, optimized and improved the internal control authority list, and continuously strengthened internal supervision. The Company revised the business processes manual such as procurement management, project R&D, fund management, external investment, the management of major off-balance sheet matters, external donations, information management and disclosure. The Company also improved the authorization setting for capital expenditure project approval, procurement and contract management, guarantee business, and general expenses to ensure that the Company's internal control manual meets the Company's management needs.

CORPORATE GOVERNANCE REPORT

The Company has established the Legal Department (Compliance Management Department) and the Audit Department, of which the Legal Department (Compliance Management Department) is responsible for overall risk management and establishes and improves the risk management system, coordinates the conduct of major risk assessments, and management and control measures. while the Audit Department is responsible for internal control evaluation. The Legal Department (Compliance Management Department) reports to the Audit Committee and the Board to ensure that the Board and management maintain and operate a sound risk management and internal control system in accordance with established procedures and standards. In 2025, the Company further strengthened audit supervision, attached importance to the audit rectification and utilization of the results of audit, and continued to strengthen the building of its audit team and centralized its audit resources in order to improve management practices, prevent loopholes, and mitigate and control risks. The above work plays an important role in supporting the Board, the management and the risk management and internal control system.

The Company has formulated guidelines on information disclosure management to regulate the disclosure of the periodical result announcements, sensitive information and other important information of the Company and to make proper disclosure in accordance with the requirements of the Stock Exchange. The Company has established a progressive accountability, verification and reviewing system, to ensure the truthfulness, accuracy and timeliness of information disclosure. The Company will appoint external independent advisors, such as legal advisors, for reviewing and verifying when necessary. The Executive Vice President and the Company Secretary of the Company are responsible for coordinating and organizing information disclosure to ensure the compliance of the information disclosure. The Company Secretary is responsible for the daily management of information disclosure, including the disclosure of inside information. The Company also has the Office of the Board to assist in the detailed work regarding information disclosure.

In order to fulfill the requirements of the Stock Exchange, to ensure connected transactions are carried out according to the pricing policy or mechanism under the framework agreements and to regulate and enhance the management of connected transactions, the Company has formulated the “Administrative Measures of Connected Transactions of China Communications Services Corporation Limited”. The Company enters into a connected transaction framework agreement with China Telecommunications Corporation and applies for the annual caps of connected transactions every three years. At the end of each year, the Company evaluates the connected transactions entered into in each province in the previous year. In order to ensure the compliance and effective operation of connected transactions on financial services with China Telecom Group Finance Co., Ltd., the Company has formulated the “Administrative Measures of Connected Transactions on Financial Services of China Communications Services Corporation Limited”, through transaction verifying mechanism, daily monitoring mechanism, price checking mechanism and contingency planning mechanism, providing safeguards for the internal control of connected transactions on financial services, to ensure compliance with relevant regulatory requirements. Through the treasury platform, the Company monitors connected transactions of deposits in real-time to ensure that the total deposits at China Telecom Group Finance Co., Ltd. do not exceed the connected transactions limit. In addition, the risk identification and control targets for connected transactions formulated by the Company are set out in the internal control manual. A series of internal control procedures have been established in respect of the reporting and determination of the annual caps for connected transactions, signing and execution of contracts, reconciliation with connected parties, data verification, accounting, verification of information disclosure and information disclosure, and on-going improvements are made to the management process for connected transactions.

CORPORATE GOVERNANCE REPORT

Annual Risk Management and Internal Control Assessment

The Company continues to focus on strengthening internal control and risk management and has sound internal control and management systems in place. The major internal control and risk management measures of the Company in 2025 are summarized as below:

In 2025, the Audit Department of the Company has uniformly conducted self-assessment for internal control. During the year, the Company continued its risk-oriented internal control self-assessment, which was organized from top to bottom and under a unified manner. With the changes in the Company's internal and external environments as well as the continuous expansion of its business scale, the Company increased its attention to comprehensive risk management. Based on the risk-oriented internal control self-assessment system and a comprehensive assessment in accordance with the major risks faced by the Company during the year, it identified the key control points and processes, including environmental, social and corporate governance (ESG) risks in the scope of the evaluation, and effectively and adaptively prepared the list of contents to be addressed for the self-assessment in the year, and conducted a comprehensive and well-targeted inspection and assessment. The self-assessment is conducted annually and on a routine basis, covering all of its subsidiaries.

For the internal control self-assessment during the year, it was conducted under the supervision of the Company's comprehensive risk management committee, with the President of the Company acting as its director. Leading by the Company's Audit Department, it organized and coordinated the relevant departments of each risk issue to coordinate and assess their own risks, emphasizing the business departments playing a leading role in dealing with the risk management issues at source. The Company further promoted the effective combination between the self-assessment and daily operation management and ensured the effectiveness of the self-assessment work. The business departments were to decide on the persons responsible, exert themselves as the first line of defense of risk management, and instill the risk prevention awareness into all areas of the Company's operations, so as to enhance the effectiveness of their self-assessment efforts and promote the improvement of their management.

After the completion of the assessment, the Company focused on prevention of material risks, and reviewed and examined the design and implementation of its internal control and risk management systems. The Company also formulated practical and effective rectification measures in relation to defects identified during the self-assessment and continued to optimize the Company's internal control system, and ensured operational effectiveness so that it could function better to prevent risks and contribute to good management practice. Meanwhile, in the subsequent internal audit, attention was paid to the effectiveness of the internal control for various businesses and inspection was made on assessment of internal control and rectification of defects, so as to ensure that the assessment is effective.

In 2025, the Company further improved its internal audit system, promoted centralized audit management, and established the Northwest and Overseas Audit Centers to strengthen risk supervision over smaller provinces in western China and overseas operations. The Company continued to promote the coordinated management of the audit project plan, and made independent and objective supervision and assessment of the operation activities and the appropriateness, compliance and effectiveness of its internal control, with an aim to enhance its operation and create more value for the Company, improve the processes for risk management, control and corporate governance and contribute to the fulfillment of its strategic goals. In light of the requirement on annual key risk control and the characteristics of its operation and management. The internal audit carried out during the year mainly included economic accountability audit, revenues and expenses audit and special audit on critical risk areas. It also focused on the annual critical risks after assessment, including external subcontracting management, excessive debt, income and cost accounting, cash management as well as transformation and development. Upon the request of the management of the Company and in light of the needs of relevant business departments, the department for internal audit and oversight made use of the data from the audit and the audit outcomes to hold the audit joint meetings, so as to provide advice for the decision-making and operation and management activities of the Company.

CORPORATE GOVERNANCE REPORT

In 2025 the Company continued to promote audit standardization and carried out the standardization of internal audit processes. Based on its audit informatization system, the Company widely applied the standard audit plan to various special audits. The Company utilized informatization audit measures to manage the audit projects and redesign the audit procedures, and established an internal audit quality assessment system to conduct quality assessment so as to improve audit quality and achieve full audit coverage. In 2025, the Company not only completed the planned economic accountability audit but also focused on key risk areas by conducting special audit on the network information security, asset idling and disposal, R&D quality and efficiency, and terminal management, so as to promote the implementation of the Company's strategic control across all levels of the Company.

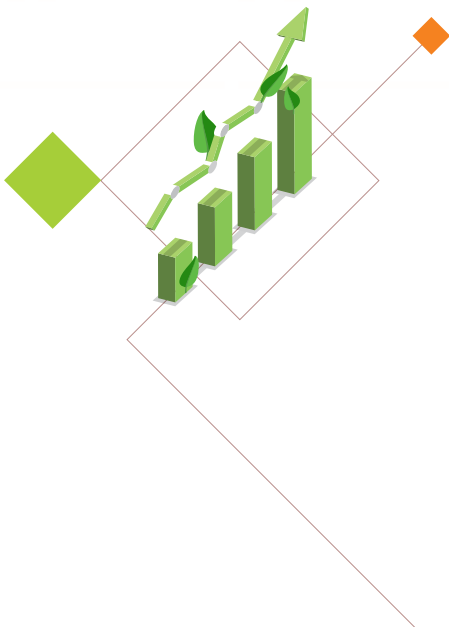
The Board continued to monitor and supervise the risk management and internal control systems of the Company through the Audit Committee, and conducted an annual review on the risk management and internal control systems of the Company and its subsidiaries for the financial year ended 31 December 2025. The review covered all significant aspects of controls, including financial controls, operational controls and compliance controls. After receiving the report from the Company's Legal Department (Compliance Management Department) as to the effectiveness of the relevant systems (including the environmental, social and governance related risk management and internal control systems) and the relevant confirmation from the management to the Board, the Board considered that the risk management and internal control systems of the Company were stable, healthy, proper, effective and adequate. The annual review also confirmed that the adequacy of resources, staff qualifications and experience, training programmes, and budget for the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's environmental, social and governance performance and reporting. The Company has satisfied the requirements under Rule D.2 of the Corporate Governance Code of the Stock Exchange regarding risk management and internal control.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



This report is prepared pursuant to the Environmental, Social and Governance (“ESG”) Reporting Code (the “Code”) in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This report covered the period from 1 January 2025 to 31 December 2025. This report has complied with all the “comply or explain” provisions as set out in the Code. We did not disclose certain key performance indicators which are required to be disclosed by the Stock Exchange but not directly related to the business of the Group or have minimal influence.

This report covered the data and cases from China Communications Services Corporation Limited and its subsidiaries. There is no significant change in the scope of this report from that of the 2024 ESG Report. For detailed information on the Company’s governance structure, organizational structure, market of its services, and organizational scale, please refer to the Company’s annual report for the year 2025.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



PHILOSOPHY OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a leading service provider in the informatization sector in the PRC, the Group adheres to its position as a “New Generation Integrated Smart Service Provider” and commits to “Building Smart Society, Boosting Digital Economy, Serving a Good Life”, providing integrated comprehensive smart solutions in the digital intelligence sector.

Sustainable Development

The Group places a strong emphasis on the concept of scientific development, actively responds to the United Nations Sustainable Development Goals (SDGs) initiative and adheres to the sustainable development principle of “customer prioritization, efficient resources allocation, talent orientation, as well as responsibility and commitment”. On the back of our fundamental missions of serving our customers, bringing returns to our shareholders, caring about our employees and giving back to society, we are committed to providing innovative, high-quality, efficient and secure integrated services including telecommunications infrastructure services, business process outsourcing services, applications, content and other services, while delivering value to our customers and the society, promoting healthy and sustainable development of itself, and aligning our corporate development with society and environment.



Customer Prioritization

Remaining customer-centric with a focus on their needs; ensuring the quality of our customers’ products and delivery on the basis of high-quality products, solutions and services, ensuring prompt response to customer concerns, and continuously improving their satisfaction



Efficient Resources Allocation

Gradually improving the synergistic and professional operation of our internal resources to achieve eco-friendly and efficient utilisation of resources through scientific management and innovative application of new technologies; helping our partners achieve low-carbon and intelligent operation by leveraging the integration of new technologies and innovation



Talent Orientation

Caring about the development of our employees in various aspects, striving to provide them with adequate space for development, a comprehensive training system, competitive salary and welfare packages and incentive mechanism while creating a safe and enjoyable working environment for them



Responsibility and Commitment

Striving to give back to society by fulfilling our responsibilities as a state-owned enterprise in emergency rescue and disaster relief, etc., actively participating in projects for rural revitalization and improvement of people’s livelihood, and encouraging our employees to actively participate in social welfare activities



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Board Statement

The Board of Directors (the “Board”) of China Communications Services Corporation Limited (the “Company”) is the highest responsible and decision-making body for ESG governance and has overall responsibility for environmental, social and governance work. The Board meets annually to review and approve the publication of this report (including the review of the progress on ESG-related goals). The Company’s management is authorized to be responsible for the implementation of specific ESG works of the Group (including stakeholders identification and communication). At the same time, the Board reviewed the potential risks and opportunities of ESG issues on the Company’s overall strategy and the results of the materiality assessment of ESG issues.

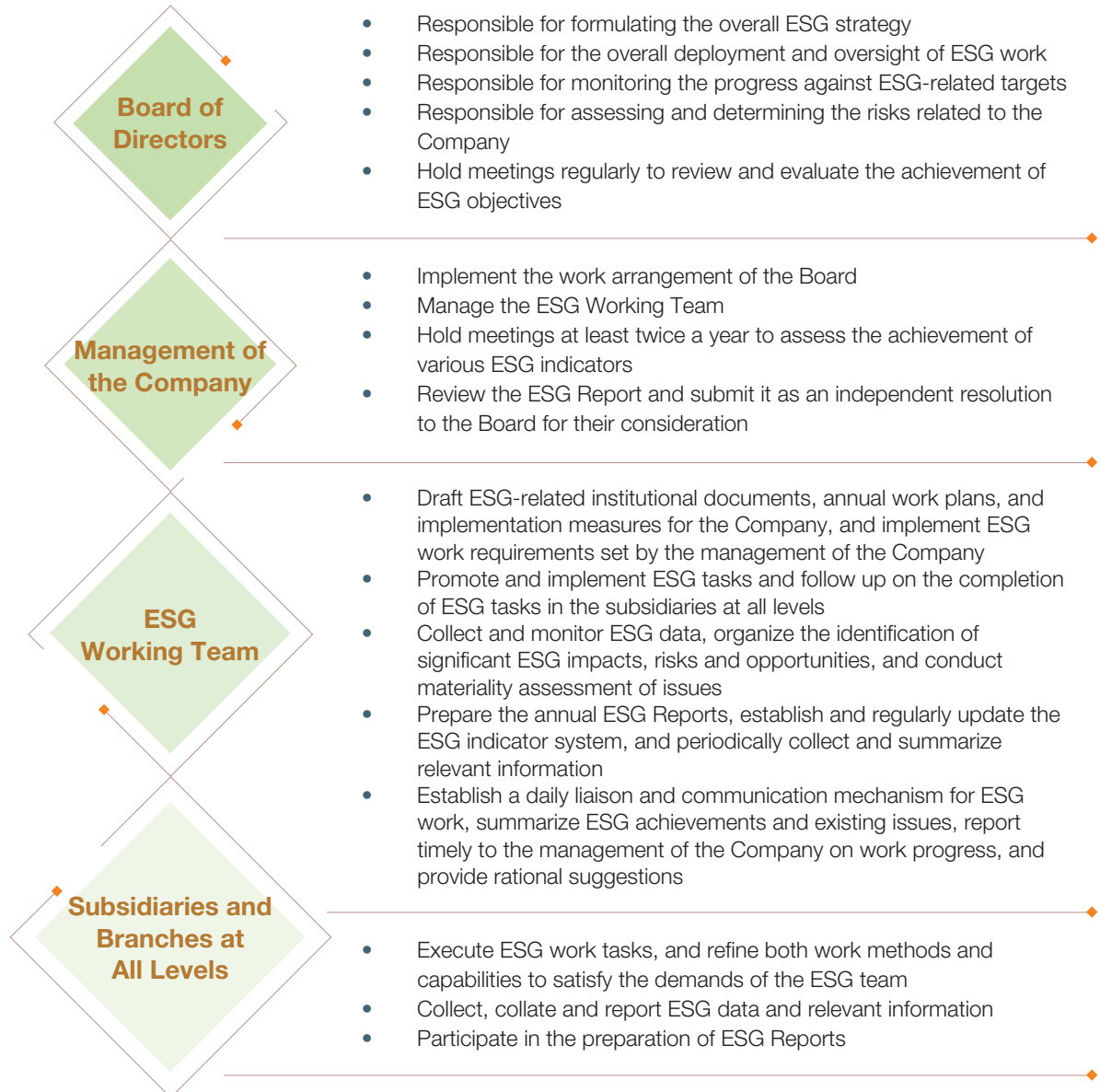
The Audit Committee of the Board holds meetings twice a year to assist the Board in considering specific ESG work and is responsible for assisting the oversight of ESG issues and is continuously enhancing the requirements of internal control processes for ESG risk identification. The management of the Company formulates relevant internal control processes in accordance with the requirements of the Audit Committee of the Board to ensure the effective control of ESG risks by the Company’s risk management and internal control system, and incorporates key ESG risks into the Company’s comprehensive risk management system.

During the year, the Board and the Audit Committee listened to the Company’s ESG work plan and relevant management initiatives, including energy consumption, green and low-carbon development, and other social responsibility issues such as disaster relief, production safety, staff training and anti-corruption. In addition, the Board and Audit Committee were also briefed on the work concerning the establishment of the Company’s ESG indicator system and related research proposals.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT







ESG Governance Structure



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Communication with Stakeholders

The Group pays attention to the common interests of stakeholders, including the government and regulatory authorities, shareholders and investors, employees, suppliers, customers and communities. It attaches great importance to the communication with them. Through announcements, regular reports, meetings, talks, visits, special communications and events, the Group collates and actively responds to the views and suggestions of all parties to promote innovation, coordination, green, openness and sharing in corporate development.

Stakeholders	Mechanism and Means of Communication	Expectations on the Company	Responses of the Company
 Government and Regulatory Authorities	Meeting	Compliance with laws and regulations	Comply with laws and operate with integrity
	Reports or statements	Implement government regulatory requirements	Pay taxes in accordance with the laws and promote employment
	Report and visit	Promote the building of industrial ecosystem	Innovate smart products and services
 Shareholders and Investors	Periodic reports, announcements	Asset preservation and appreciation	Operate in a stable manner and continuously create value for shareholders
	Special report, visit	Regulate corporate governance	Improve corporate governance and continuously enhance the internal control system
	Daily communication	Prevent operational risks	Protect the rights and interests of investors, especially small and medium-sized investors, in accordance with the laws
	Investor meeting	Regulate information disclosure	Disclose corporate information in strict accordance with the rules
 Employees	Employee representative meeting	Safeguard legal rights and interests	Regulate labour management
	Employee symposium with management	Achieve career development	Enhance staff training and open up career paths
	Employee survey	Participate in management	Improve income distribution and welfare protection mechanism
	Letter and visit	Staff caring	Care for the physical and mental health of staff and improve working conditions
 Suppliers	Supplier selection and engagement	Integrity and self-discipline in procurement, clearly defined systems, rigorous processes and standardized operations	Improve the synergistic and compliant procurement management systems and separate the duty and function of supplier selection, procurement execution and monitoring
	Green procurement	Implement green and eco-friendly concepts, reduce the damage and impact to the environment	Give priority to suppliers with environmental management system certificates and products that are in line with environmental protection standards; Disseminate the concept of environmental protection to suppliers and continuously optimize procurement management system
	Subcontract management	Clear needs and high transparency in management	Establish a supplier resource base, ensure supplier qualifications and service capabilities, provide necessary skills training and strengthen project-focused whole process management
 Customers	Contract fulfilment	Cost-effective solutions (services, products)	Identify customer needs accurately and innovate smart products to meet their customized needs
	Visit, meeting and communication	Good service quality	Project reports, regular meetings, project visits, etc., for full life cycle business management
	Roadshow, exhibition	Efficient response	Respond to customer needs as soon as possible
 Community	Community communication activity	Protect the environment	Energy saving, emission reduction and conservation of water and electricity
	Community building activity	Safeguard emergency communications	Actively engage in disaster relief and communications safeguard
	Public welfare activity	Care for the underprivileged groups	Participate in rural revitalization, help the disabled and the poor

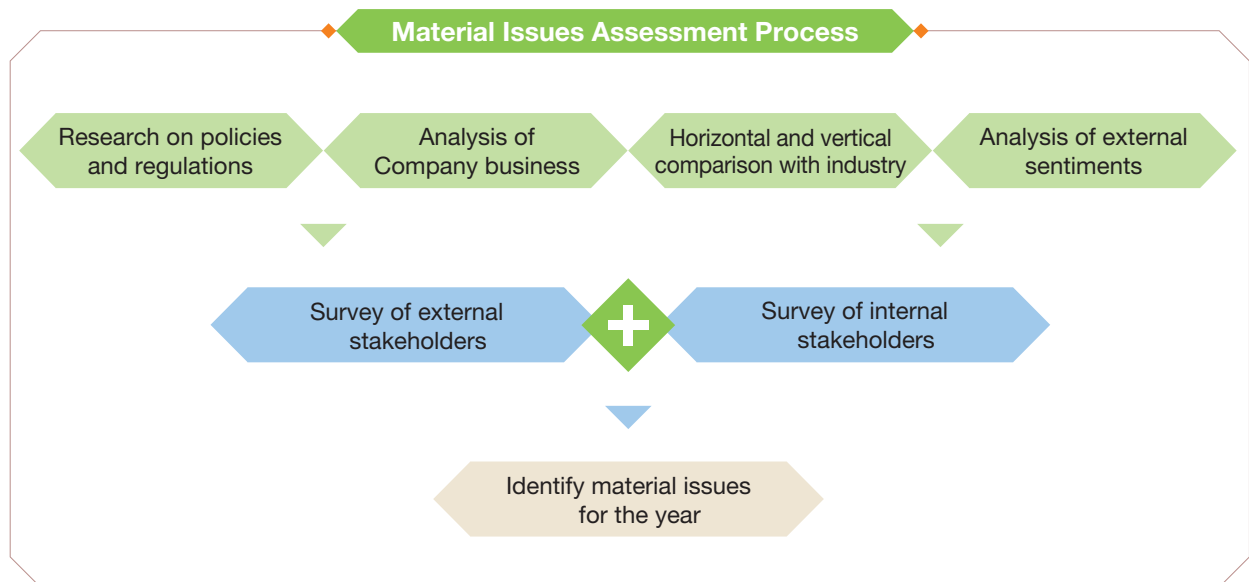
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Material Issues Identification and Assessment Process

In order to gain a more in-depth and objective understanding of the ESG issues that stakeholders are concerned about, during the preparation period of this report, the Group carried out a materiality assessment of these issues, summarized and categorized the material ESG issues of our company, and used this as the basis for the preparation of this report.

Identify ESG Issues

Based on the 2024 materiality assessment results, the Group conducted a comprehensive analysis of stakeholder concerns with reference to its overall business development in 2025, advanced ESG management practices within the industry, the ESG issues outlined in the Code, its own business and industry characteristics, as well as the engagements with external stakeholders — such as shareholders, investors, and capital markets through investor meetings and active participation in ESG rating agency questionnaires. Meanwhile, aligning with its corporate strategy, the Group conducted internal interviews and surveys with employees on sustainability-related topics. With a combination of the above internal and external analysis, the Group determined 21 ESG issues for the year.



Formulate and Implement the Stakeholder Communication Plan

During the ESG issue assessment process, the Group attached great importance to the interaction and communication with various stakeholders. The Group formulated a detailed stakeholder communication plan and collected the concerns and expectations of various stakeholders (including investors, employees, customers, suppliers, the community, etc.) regarding ESG issues through various means (such as regular surveys, questionnaires, discussion sessions, etc.).

Quantitative Assessment of Material ESG Issues

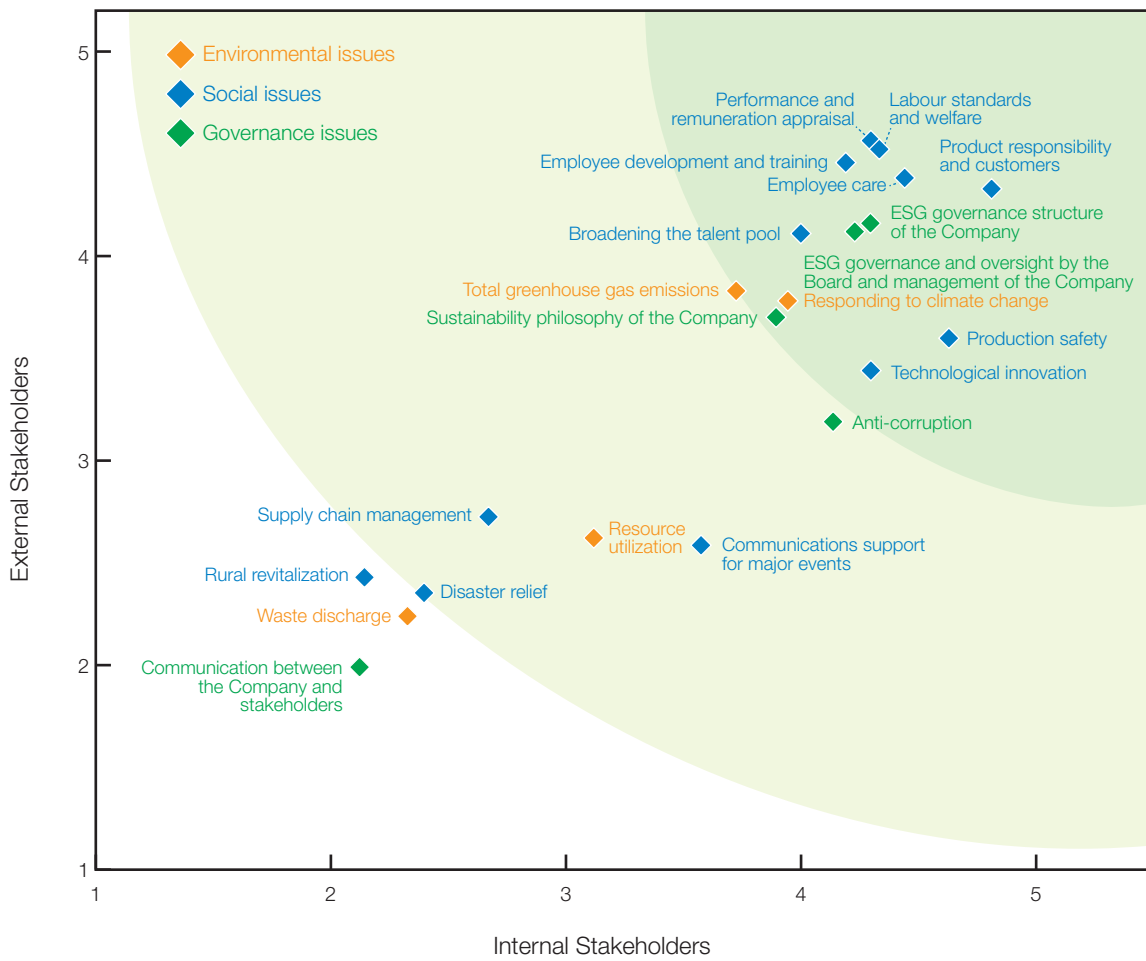
The Group carried out an online questionnaire survey, inviting various stakeholders to rate the importance of the company's ESG issues in 2025. The ratings were scored from 1 to 5, with the materiality increasing successively.

A total of 4,361 stakeholders participated in this survey, covering various types of stakeholders such as corporate directors, management, employees, investors, suppliers and industry associations.

The Group analyzed the results filled in by various stakeholders, evaluated the importance of each issue from two dimensions of "internal materiality" and "external materiality", identified 13 extremely material issues, 5 material issues, and 3 relevant issues, and developed the Company's ESG issue materiality analysis matrix for this year.

The results of this assessment of material issues have been reviewed and confirmed by the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

Climate change not only has profound impacts on the global ecosystem, but also brings relatively great impacts on the global economy. Carbon dioxide emission has been adopted as an important indicator by the PRC for the evaluation of an enterprise’s production and operation performance, which presents new requirements for enterprises to adapt to climate change. The Group has realized the effects of risks and policies associated with climate change on its operations and has taken corresponding proactive measures to capitalize on the opportunities arising therefrom and cope with the challenges.

The Group actively researched on and discussed the pathways to address climate change and control greenhouse gas emissions, while formulating green and low-carbon development plans. It organized capacity building, technology research and publicity work to fight against climate change and endeavoured to improve its capability in environmental management, with a view to contributing to mitigate global warming.

Climate-related Disclosures

The Group has been disclosing climate change-related information across four dimensions: governance, strategy, risk management, and metrics and targets, taking into account the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since the financial year 2022, and continues to enhance the relevant disclosures. During the reporting period, the Group made further disclosures with reference to the Climate-related Disclosures from IFRS S2 and the requirements of Consultation Conclusions “Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework” published by The Stock Exchange of Hong Kong Limited.

Governance

The Board of the Group serves as the supreme decision-making body for sustainable governance (see “ESG Governance Structure” section for details), responsible for overseeing the Group’s overall management direction and strategic orientation regarding climate change-related risks and opportunities. The members of the Board possess diverse professional backgrounds and management experience, enabling them to make comprehensive judgments on climate-related issues from strategic, risk management, and business development perspectives.

To continuously enhance the Board’s understanding of climate change issues and ensure its full awareness of relevant regulatory requirements, industry trends, and potential business impacts, the Group will regularly provide climate-related specialized training for the Board. When necessary, external institutions or experts will be invited to share their insights and engage them in discussions on climate risks, transition trends, and response strategies. Additionally, the Board receives updates on progress regarding climate action and other sustainability initiatives every half-year. The Board’s Audit Committee supports the Board in evaluating climate-related risks and opportunities, formulating climate strategies and dual carbon targets, defining response measures and mitigation roadmaps for emission reduction.

In terms of the development of the remuneration and incentive system, the Group has included in its consideration regarding climate-related performance into the medium-to-long-term optimization research scope of its remuneration policy, which is currently under scheme evaluation, exploration of implementation approaches, and careful study of feasible ways to link climate targets with incentive mechanisms, so as to gradually promote the effective implementation of the climate strategy at the organizational level. In addition, the Group has issued the Appraisal and Evaluation Rules for Green Development Work to define the “Dual Carbon” management indicators and specific implementation rules of the Group’s subsidiaries, to promote the reinforcement of the main responsibilities of all parties, to objectively evaluate the implementation and effectiveness of the various tasks, and to promote the effective implementation of the “Dual Carbon” work and the green and low-carbon development across the entire business. The Group also issues annual energy-saving and emission reduction budget targets to its provincial companies and strictly implements the energy-saving and emission reduction performance reward and punishment mechanism to ensure the successful completion of the annual energy-saving tasks.

Strategy




The Group places high priority on the potential risks and opportunities arising from climate change, integrating climate-related risks as a critical component of its long-term corporate strategy. The Company systematically assesses climate-related risks and opportunities, and implements proactive measures to address them.

As of the reporting period, the Group has formulated the Green Development Rolling Plan for 2026–2028, which covers the low-carbon business system for climate transition. Moving forward, by incorporating the national dual-carbon policies, industry sustainability standards and the characteristics of its own business structure, and based on further in-depth multi-dimensional assessment of climate-related risks and opportunities, the Group will gradually advance the research and compilation of its climate transition plan, specifying core transition directions, phased objectives, key tasks and resources guarantee measures.

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At this stage, the Group has systematically integrated climate-related factors into its business planning process and is gradually adjusting its business structure to reduce reliance on high-carbon activities while seizing business opportunities related to low-carbon and sustainable development. Such adjustments are reflected in the Group’s continuous expansion of business areas related to low-carbon transition, including integrated consulting services covering power infrastructure and supporting facilities, new energy, and carbon management.

The Group has identified the following potential impacts of climate change on the Company’s strategies and financials in three time periods, namely short-term (occurring within the next one year), medium-term (occurring from the next year to 2030) and long-term (occurring from 2031 to 2050), upon discussions with cross-functional business departments and industry experts:

Risks/ Opportunities	Type	Risks/Opportunities description	Potentially affected segments of the value chain	Potential impact pathways	Short-term	Medium-term	Long-term
 Physical risks	Acute	Extreme precipitation or severe weather events such as cyclones/ typhoons/hurricanes and hail	<ul style="list-style-type: none"> Production and operation Upstream supply chain 	<ul style="list-style-type: none"> Extreme precipitation and flooding may cause delays in construction, increase construction costs and affect project delivery schedules Obstruction of transportation links in the core supply chain, such as communications equipment and fibre-optic cables, affects equipment procurement and project implementation 	√	√	
	Acute	Events of extreme heat and sudden droughts	<ul style="list-style-type: none"> Production and operation 	<ul style="list-style-type: none"> High temperatures may lead to increased health risks for outdoor construction workers, such as heat stroke, which in turn affects work efficiency Increased intensity of operation of air-conditioning and other cooling equipment at the operating sites 	√	√	
	Chronic	Global warming trend	<ul style="list-style-type: none"> Production and operation Upstream supply chain 	<ul style="list-style-type: none"> Global warming causes critical facilities such as communications base stations and data centers to face higher temperature pressures, accelerating aging and increasing failure rates 			√
 Transition risks	Policy and legal risk	Legal and regulatory policies on environmental protection, carbon emissions and information security, etc.	<ul style="list-style-type: none"> Production and operation 	<ul style="list-style-type: none"> Restrictions on data center and infrastructure construction. The government may restrict high energy consumption projects through data center energy consumption standards, which may affect China Comservice’s business expansion across the country 	√	√	√
	Technological risk	Changing business scenarios as a result of low-carbon technology transformation	<ul style="list-style-type: none"> Production and operation 	<ul style="list-style-type: none"> The communications industry is moving towards green transformation and low-carbon technology upgrades to better meet customer demand 	√	√	√
	Market risk	Changing customer behaviour	<ul style="list-style-type: none"> Downstream sales 	<ul style="list-style-type: none"> Corporate customers are increasingly emphasizing their own carbon management, and the demand for green integrated solutions has increased 	√	√	√
	Reputational risk	Stakeholder requirements for climate risk disclosure	<ul style="list-style-type: none"> Direct operations 	<ul style="list-style-type: none"> Regulatory requirements for public disclosure of climate risks are becoming increasingly stringent, and non-compliant disclosures and inappropriate climate performance can damage corporate reputation 		√	√
 Opportunities	Energy sources	Low-carbon energy use	<ul style="list-style-type: none"> Production and operation 	<ul style="list-style-type: none"> Installation of distributed photovoltaic and replacement of new energy vehicles will increase the proportion of new energy consumption and reduce its own greenhouse gas emissions 		√	√
	Products and services	Low-carbon digitalization services	<ul style="list-style-type: none"> Downstream sales 	<ul style="list-style-type: none"> Accelerating digital transformation across industries and the need to reduce carbon emissions are driving demand for smart energy consumption management, green cloud computing, and low-carbon IoT solutions 	√	√	√

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The Group places high importance on the financial implications of climate risks and opportunities. While quantitative models and data systems are currently being refined, quantitative data (including but not limited to related investments, funding plans, asset values, percentages, and capital expenditures) are not available. Relevant information will be disclosed progressively according to assessment capabilities.

Current financial effect (potential)	Anticipated financial effect	Response measures
<ul style="list-style-type: none"> Loss of revenue: delays of projects may lead to delays in client payments, affecting the stability of revenues Rising supply chain costs: bad weather affects the stability of the supply chain, leading to an increase in the price of core equipment and increase in procurement costs 	<ul style="list-style-type: none"> Low impact on financial performance in the short to medium term 	<ul style="list-style-type: none"> Implement contingency plans and form a rapid response team to react quickly in the event of extreme weather to minimize the impact of the weather and safeguard project deliveries Establish a diversified supply chain system to ensure that key equipment and materials are sourced from multiple sources to minimize the risk of supply chain disruption caused by extreme weather events
<ul style="list-style-type: none"> Rising operating costs: increase in demand for cooling leads to a significant rise in electricity consumption 	<ul style="list-style-type: none"> High impact on financial performance in the short to medium term 	<ul style="list-style-type: none"> Implement adequate health protection measures, such as providing regular breaks, hydration, and heat-prevention and cooling equipment, for outdoor workers and those working in high-temperature environments, so as to reduce the risk of heat stroke and health problems Optimize energy management programs and adopt energy saving and consumption reduction measures, such as using green energy and improving energy efficiency
<ul style="list-style-type: none"> Rising operating costs: equipment durability is decreasing, maintenance frequency is increasing, and the company may need to increase investment to maintain operations 	<ul style="list-style-type: none"> Low impact on financial performance in the long term 	<ul style="list-style-type: none"> Develop and use high-temperature-resistant, low-energy-consumption communications equipment to cope with environmental changes due to global warming
<ul style="list-style-type: none"> Business expansion is constrained, affecting revenue growth: if the new policies limit high energy consumption projects, the company's business expansion in some regions may be affected, which in turn affects revenue growth expectation 	<ul style="list-style-type: none"> Medium impact on financial performance in the short, medium and long term 	<ul style="list-style-type: none"> Through active participation in government-led establishment of standards on environmental protection, low-carbon and industry, the company obtains timely information on policies and regulations, which helps the company to plan in advance, and through cooperation with industry associations, promotes the deployment and implementation of relevant policies to ensure that the company is in a favorable position in the changing policy environment
<ul style="list-style-type: none"> R&D expenditures are on the rise: the transformation of low-carbon technologies usually requires large R&D investment, which requires a large amount of capital in short term 	<ul style="list-style-type: none"> Low impact on financial performance in the short, medium and long term 	<ul style="list-style-type: none"> Cooperate with leading low-carbon technology companies and research institutes to accelerate the process of technology transformation. Through cooperation, the company can reduce the cost of R&D, improve the maturity of technology and its market adaptability, and reduce the risk of technology introduction
<ul style="list-style-type: none"> Increase in R&D expenditures: in response to changing customer demand for low-carbon, green communications services, the company adjusts its existing product and service portfolio to introduce green solutions that meet market demand 	<ul style="list-style-type: none"> Low impact on financial performance in the short, medium and long term 	<ul style="list-style-type: none"> Conduct regular market research to gain a deeper understanding of the changing needs of customers in terms of low-carbon and green services to ensure that the company can accurately grasp market dynamics and customer expectations
<ul style="list-style-type: none"> Decrease in brand value: delay in corporate climate action and disclosure may lead to doubt on corporate sustainability commitments by the publics and customers, affecting brand value and customer loyalty 	<ul style="list-style-type: none"> High impact on financial performance in the medium to long term 	<ul style="list-style-type: none"> Regularly publish environmental, social and governance reports to enhance communication with investors, customers and regulators, and positively demonstrate the company's actions and effectiveness in addressing climate change
<ul style="list-style-type: none"> Reduced operating costs: savings in purchased electricity expenses, carbon compliance transaction costs, etc. 	<ul style="list-style-type: none"> Low impact on financial performance in the medium to long term 	<ul style="list-style-type: none"> Ensure a stable supply of green electricity by investing directly in renewable energy facilities or partnering with renewable energy providers. While ensuring a stable supply of energy and controlling costs, the company can also ensure that its business meets green energy requirements by cooperation or purchasing green electricity certificates
<ul style="list-style-type: none"> Increase in revenue: low-carbon digitalization services can expand into new markets and improve the company's overall business revenue 	<ul style="list-style-type: none"> Low impact on financial performance in the short, medium and long term 	<ul style="list-style-type: none"> Form a dedicated low carbon services team to enrich the current digitalization products and solutions

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Scenario analysis

In order to accurately identify and measure the impacts of climate disasters on enterprises under climate change, the Group has prepared contingency plans in advance to enhance the Company’s climate resilience. During the reporting period, the Group conducted a physical risk analysis based on the SSP2-4.5 medium greenhouse gas emissions scenario and SSP5-8.5 high greenhouse gas emissions scenario in the Shared Socio-economic Pathways (SSPs) proposed by the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6), based on the underlying data of domestic climate disasters and geographic distribution.

Scenario	Scenario description	Predicted end-of-century temperature rise	Boundary of analysis	Scenario assumptions	Scenario source
 Medium greenhouse gas emissions scenario	Under this scenario, global socio-economic development progresses at a moderate pace, accompanied by intermediate-intensity climate policies and mitigation measures. Greenhouse gas emissions stabilize at current levels before commencing a gradual decline by mid-century	< 3°C	Basic office and major operational business segments. This covers the Group’s headquarters and 22 provincial companies (excluding overseas companies)	Assuming no change in internal factors such as main business, asset size, risk response measures, etc., and analyzing only the specific climate risk to which the assets are held under the disaster levels of each scenario	IPCC
 High greenhouse gas emissions scenario	Under this scenario, the global economy grows rapidly, but relies mainly on the extraction of fossil fuels and energy-intensive industries, with little or no climate policy management, and climate change pressures intensify, with greenhouse gas emissions increasing rapidly during this century and reaching roughly double that level by 2050	> 4°C			

According to the company’s main assets operating address, industry information and relevant data sets, an assessment was conducted covering typical climate risk types such as extreme heat, extreme precipitation, sudden drought, tropical cyclones, and global warming trends. In the SSP2-4.5 and SSP5-8.5 scenarios, the physical risk levels of extreme heat, sudden drought and sea level rise all show an upward trend, of which the upward trend in the risk levels of extreme precipitation and extreme heat is more significant than that of the other physical risks. In addition, in the SSP5-8.5 scenario, the frequency and intensity of extreme heat and precipitation events will increase significantly. Combined with the results of scenario analysis, the Group has initially identified that under extreme climate conditions in the future, extreme precipitation and extreme heat may have a certain impact on the on-site operation arrangements and the operation of relevant infrastructure. The relevant analysis results will serve as an important reference for the Company to identify and assess climate-related physical risks, and support the formulation of follow-up risk management and response measures.

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Based on the scenario analysis, the Company has simultaneously advanced climate resilience assessment. For the medium greenhouse gas emissions scenario, a comprehensive assessment will be conducted focusing on the adaptability of existing business layouts to climate disturbances and the operational effectiveness of existing risk response mechanisms. This will systematically identify potential challenges to business operations under progressive climate impacts, providing support for optimizing the existing risk prevention and control system. For the high greenhouse gas emissions scenario, the focus will be on the impact of extreme climate events on business, with an in-depth assessment of emergency response and recovery support capabilities to consolidate the foundation for strengthening bottom-line resilience and ensuring the stable operation of core businesses.

Based on the results of the climate resilience assessment, the Company will, in the short term, mitigate the immediate impacts of extreme climates by means such as optimizing on-site operation processes and upgrading infrastructure protection standards; in the medium term, adjust business layouts and enhance risk transfer and response capabilities in high-risk areas; and in the long term, continuously track the evolution of climate risks and gradually promote the transformation of business models towards low-carbon and resilience directions.

The Group will continuously review and update scenario assumptions as appropriate, gradually introduce more applicable climate scenarios and risk dimensions, closely monitor temperature changes and the evolution of climate risks, and steadily enhance its risk identification and response capabilities in the context of climate change, so as to strengthen the overall resilience of business operations.

Risk Management

The Group is actively addressing the potential significant financial or strategic impacts of climate change in the short, medium or long term, integrating climate change risk management into the Company's existing overall risk assessment and management system. Based on the current risk management framework, the Group conducts continuous and systematic management and supervision of climate change-related risks and opportunities in accordance with the standardized process of "risk identification, risk analysis, risk assessment, risk prioritization and risk response".

During risk identification and assessment, the Group utilizes the SSP scenario data from IPCC AR6, and combines climate scenario analysis results, business layout and operational characteristics to focus on physical risks such as extreme weather and potential transition risks triggered by changes in policies, regulations and markets. Through the existing risk assessment mechanism, the Group conducts a comprehensive analysis of the likelihood of relevant risks and their potential impacts on financial conditions, operating results and strategic objectives, and determines the significance and management priority of risks accordingly.

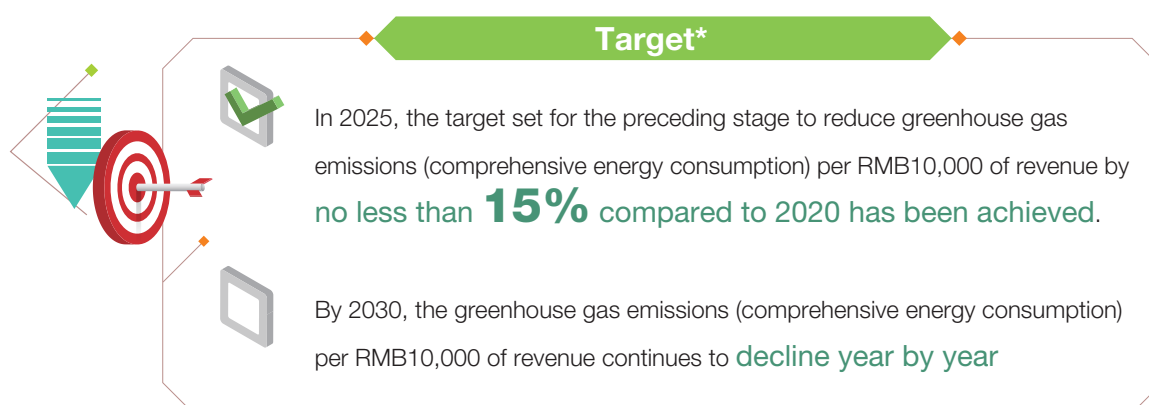
Meanwhile, the Group continuously improves the internal control processes and risk management procedures related to environmental, social and governance matters, effectively links climate-related risk management with the overall risk management system and internal monitoring mechanisms, and constantly strengthens its systematic management capabilities for climate change and other sustainability issues. Compared with the previous reporting period, there have been no material changes to the core processes of the Group's climate risk management. The Group will continue to optimize climate risk management arrangements in light of the external policy environment and business development, and gradually enhance the depth and refinement of climate-related risk management within the overall risk management system, so as to strengthen the Group's operational resilience and sustainable development capabilities in the context of climate change.

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Metrics and Targets

The Group actively responds to the national strategy of “Dual Carbon” while persistently implementing the development philosophy of innovation, coordination, green, openness and sharing. It has formulated green and low-carbon development plans and related implementation programs, and continuously increased its R&D investment in emerging energy-saving technologies and new businesses, thereby creating a green ecosystem and making China Comservice more eco-friendly.

The Group strictly adheres to the core objectives established by the latest international climate change agreements. Guided by China’s policy deployments under the Paris Agreement regarding carbon peaking and carbon neutrality, and based on its service nature and its actual business development, the Group ensures its green and low-carbon goals align with international consensus and national strategy, while being scientifically sound and feasible.



As the Group has not yet been included in the national official list of key greenhouse gas emission-controlled enterprises, no internal carbon pricing mechanism has been established during the reporting period. The Group continues to monitor national policies on carbon peaking and carbon neutrality, as well as the development of carbon market-related systems, and has conducted preliminary research on internal carbon cost management and the application of carbon price signals. Moving forward, the Group will dynamically assess the applicability of an internal carbon pricing mechanism according to the policy environment, industry development and its own management needs, and advance planning of the relevant system in a timely manner.

During the year, the Group continued to promote carbon inventory work among its subsidiaries at all levels to have a clear picture of Group’s overall greenhouse gas emissions, further consolidating the foundation for energy conservation and emission reduction. The Group has established an assessment mechanism for green and low-carbon development, with evaluation indicators focusing on dual control of carbon emissions, ecological and environmental protection, and the development of typical demonstration projects. The assessment covers 22 provincial subsidiaries and is integrated into the performance assessment of unit heads through deduction points in the negative list.

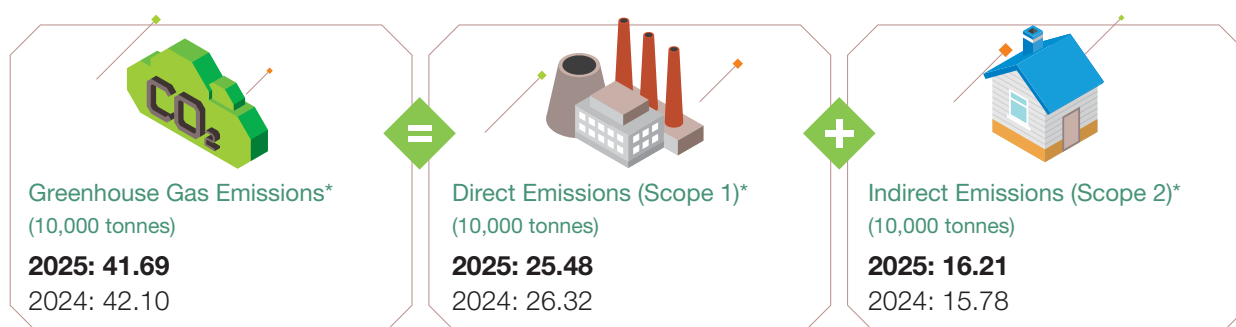
* This target is set based on the Group’s own operational data and industry energy efficiency benchmarks. Industry decarbonization approaches of external tools such as carbon credits are not adopted at this stage.

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Energy Consumption

In 2025, the Group's total energy consumption amounted to approximately 162,000 tonnes of standard coal and 10.77 kilograms of standard coal per RMB10,000 of revenue (2024: approximately 165,000 tonnes of standard coal and 11.00 kilograms of standard coal per RMB10,000 of revenue).

According to the Group's energy statement, the total greenhouse gas emissions from the Group's energy consumption in 2025 were approximately 416,900 tonnes (2024: approximately 421,000 tonnes), which was calculated in accordance with the Greenhouse Gas Protocol.



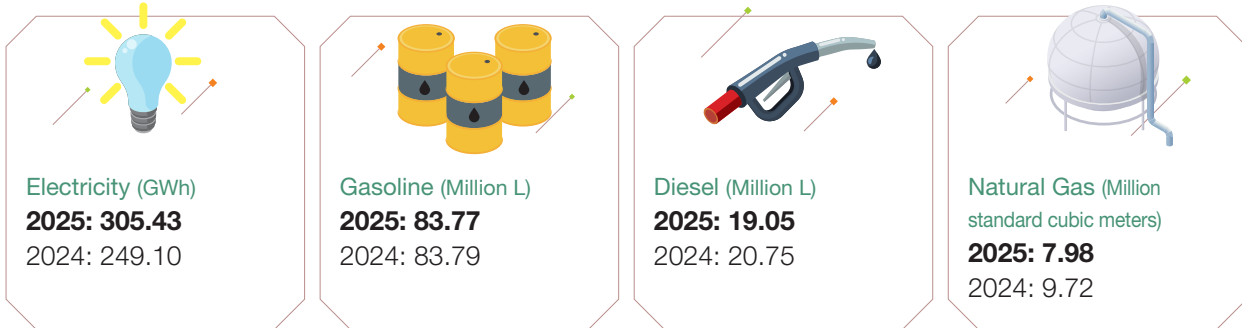
Notes:

1. Total GHG emissions comprise Scope 1 direct GHG emissions and Scope 2 indirect GHG emissions.
2. Scope 1 direct GHG emissions include GHG emissions from the consumption of natural gas, coal, gasoline, and diesel fuel.
3. Scope 2 indirect GHG emissions are calculated using the location-based method, including GHG emissions from purchased electricity and purchased heat.

* The Group previously accounted for greenhouse gas emissions including carbon dioxide, methane, and nitrous oxide. In accordance with the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange, the measurement of Scope 1 and Scope 2, was with reference to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). This is an internationally accepted and widely recognized industry standard for greenhouse gas accounting, and all input data are based on the Group's actual operational data. This year, in alignment with the Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (2015) issued by the National Development and Reform Commission and the Announcement on the Publication of CO₂ Emission Factors for Electricity in 2023 (Announcement No. 47 of 2025) jointly released by the Ministry of Ecology and Environment and the National Bureau of Statistics, the Group has updated its GHG accounting methodology to CO₂ emissions, incorporating revised emission factors.

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Direct/Indirect Energies by Type



Our Actions

Action 1

The Group has set up a “Carbon Peaking, Carbon Neutrality” management organization, namely the “Leading Working Group for Energy Conservation and Ecological and Environmental Protection of China Comservice”, with the President as the main person in charge and members from the Company’s management, forming a three-tier working structure which aims to promote the Group’s green and low-carbon development.



Leading Group

Direct the deployment of green development work and study and make decisions on important issues in respect of “Dual Carbon”



Office of the Leading Group

Implement the specific work and organize the day-to-day work of the Group for “Dual Carbon”



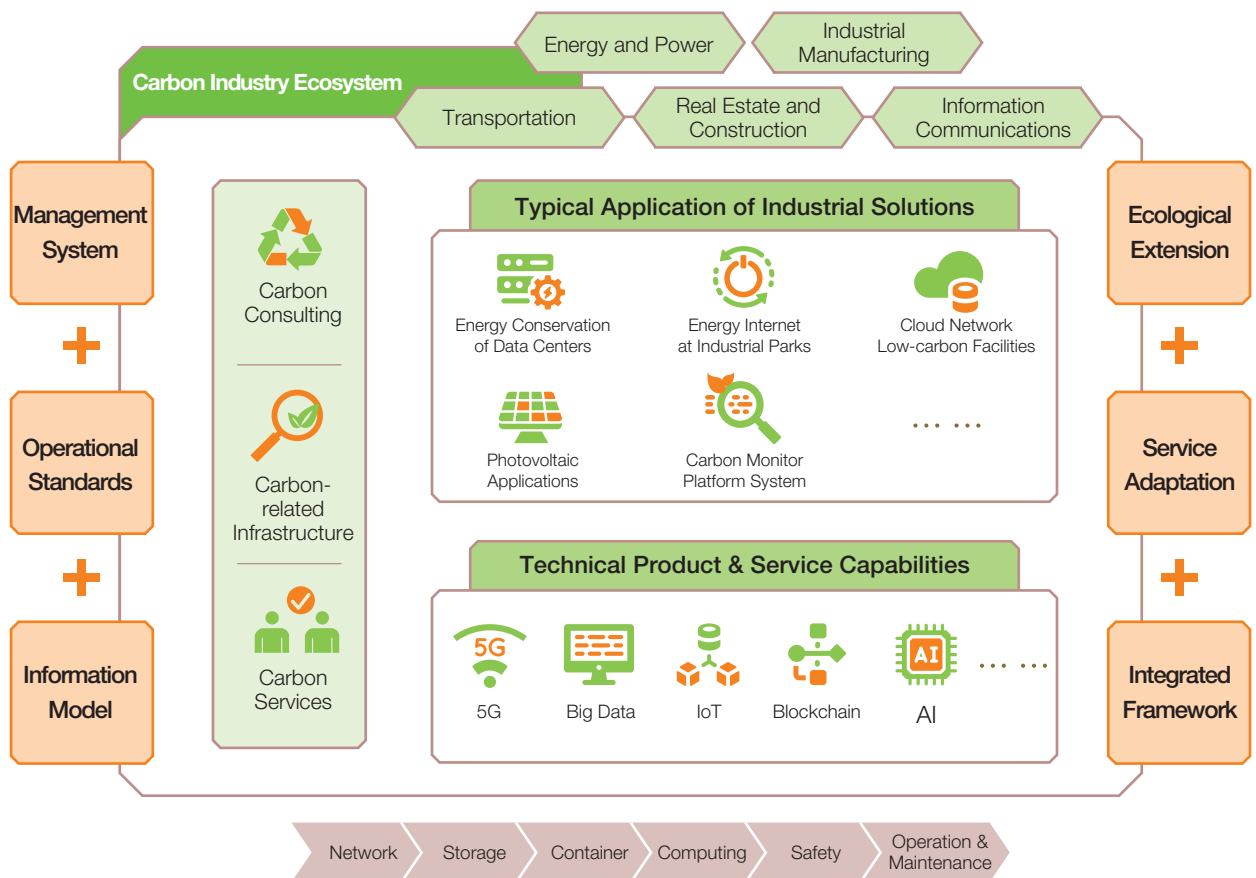
Subsidiaries and Branches at All Levels

Implement the Group’s “Dual Carbon” planning objectives, promote and implement “Dual Carbon” projects

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Action 2

The Group prepared “the Green Development Rolling Plan for 2026–2028”, and continuously promoted the “Research on the Peaks of Carbon Emission and Pathways to Carbon Peaking”. Leveraging the “Dual Carbon” mission, it improved the organizational system and rules for energy conservation and emission reduction, supported the construction of a binding incentive mechanism for energy conservation and emission reduction, and reduced total energy consumption. Focusing on the areas such as energy and power, industrial manufacturing, transportation, real estate and construction, and information and communications as well as three major business sectors which included Carbon Consulting, Carbon-related Infrastructure, Carbon Services, the Group strived to promote carbon reduction in society.



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Talent Development for Climate Change Response

1. Strengthening the Dual Carbon Expert Workforce

- In 2025, to enhance the professional capabilities of the dual carbon team and green experts, the Group conducted targeted training focusing on dual carbon policies, low-carbon technologies and practical application scenarios. By deepening the empowerment model of “policy + technology + practice”, the Group helped the team improve core competencies in the dual carbon field, providing solid talent support for the Group’s green transformation and the implementation of dual carbon goals.
- The Group hosted the “China Comservice 2025 ESG and Green Development Management Empowerment Training Program”. Leaders and relevant responsible persons in charge of green development and ESG work from China Comservice’s provincial companies and key professional companies gathered with top industry experts to explore ESG development paths, foster green service professionals for China Comservice, and map out a new blueprint for the Group’s green development.



2. Iteration of the Dual Carbon Knowledge System and Development of High-Quality Courses

Jiangsu Company of the Group has established a dual carbon empowerment training curriculum system and a faculty database for dual carbon training. It has actively integrated resources from the China Quality Certification Center, universities, research institutes, industry associations and other relevant institutions to develop a one-stop dual-carbon talent development program, and advanced the establishment of the dual carbon training curriculum system starting from three aspects: basic knowledge of carbon emissions, the energy supply side and the energy demand side, providing comprehensive coverage of training on dual carbon knowledge.



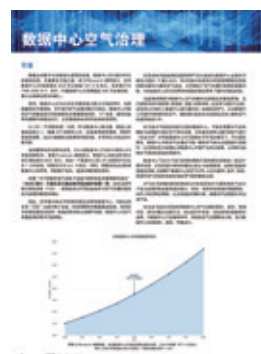
Zero Carbon Development Alliance

“Zero Carbon Development Alliance” is jointly launched by 25 entities including the subsidiaries of the Group, China International Telecommunication Construction Corporation and China Comservice Supply Chain Co., Ltd., as well as China Quality Certification Centre and Beijing Internet Exchange Center of the Ministry of Industry and Information Technology. Through collaboration and cooperation among alliance members, with the vision of co-creation, co-sharing and co-construction, and the core of co-development of standards and business interconnection, it promoted the development of ecological civilization and business development with carbon neutrality.



2025 White Paper on Air Quality Management of Data Center

China Comservice Energy Technology & Service Co., Ltd., a subsidiary of the Group, participated in the compilation of the 2025 White Paper on Air Quality Management of Data Center. The white paper analyzes the needs, current situation, testing methods and existing challenges for air quality management of data center, and systematically elaborates the impacts and main causes of air pollution in data centers, and puts forward corresponding treatment solutions.





Use of Technology to Seize Opportunities from Climate Change

In addressing the risks of climate change, the Group has leveraged its unique advantages and seized the opportunities for energy conservation and carbon reduction brought by climate change. It has intensified the application of new technologies such as 5G, cloud computing, the Internet of Things, big data, blockchain and AI. Through enhancing technological breakthroughs and product iterations, the Group has developed a series of energy-saving technologies and products in the process of promoting the upgrading and carbon reduction of energy-intensive industries. During the reporting period, the accumulated R&D investment exceeded RMB 5.4 billion.

Continuous Investment in R&D of Green Technology

With the rapid development of 5G, cloud computing, IoT, big data, blockchain, AI and other technologies, the scale of communications base stations and data centers has rapidly expanded, resulting in the continuous increase of power consumption. By fully leveraging its internal R&D synergies, the Group focuses on key technologies and intensifies technological innovation while strengthening cooperation with operators to give full play to its differentiated advantages, actively contributing to the green and low-carbon development of the communications industry.

The Group has developed its own green data center PUE simulation platform, active and passive hybrid cooling for data centers, precision optimization of integrated photovoltaic-storage-charging systems, photovoltaic intelligent management platform, photovoltaic storage cloud green energy management platform, C-Cooling energy-saving cloud platform, smart energy and carbon management platform, 5G base station smart energy-saving system, 5G base station AI energy-saving technology, 5G base station energy control intelligent shutdown technology, evaporative cooling module multi-coupling heat pipe refrigeration mainframe, energy-saving integrated cabinet, photovoltaic energy storage and power backup system, distributed intelligent power supply system, server room AI group control and other energy-saving technologies and products. It has also accumulated mature planning, design and construction experience in energy saving and emission reduction, which have been promoted across the country. Through providing information and communications technologies and services in various industries, the Group has also actively assisted in the digitalization, intelligentization and green development of the government, energy, transportation, education, finance and other sectors, realizing green coexistence.

Successful Cases of Green Technology Application



Guangdong-Hong Kong-Macao Greater Bay Area Integrated Data Center

China Comservice Construction Co., Ltd., a subsidiary of the Group, undertook the “2025 Guangdong-Hong Kong-Macao Greater Bay Area Integrated Data Center Phase 1.2 Mechanical and Electrical Project Communications Supporting Construction”. The technical scheme was verified through simulation using a green data center PUE simulation platform. Green and energy-saving equipment adapted to the high-temperature and high-humidity climate in Southern China was selected, including indirect evaporative cooling air handling units (AHU) and air-cooled fluorine pump air walls, driving the project’s PUE to below 1.2. Adhering to the orientation of green and energy-saving construction, the project empowers intelligent computing power with green technologies, which comprehensively improved its competitiveness.



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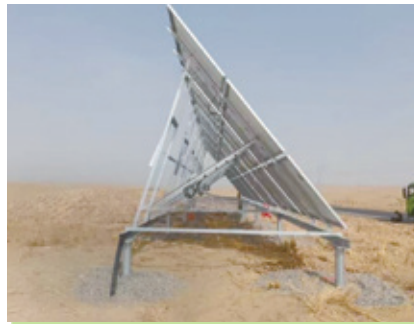
Underwater Data Center

The “Shanghai Lingang Underwater Data Center”, constructed by Shanghai Company of the Group, is the world’s first demonstration project of an underwater data center directly connected to offshore wind power. Through the innovative integration of two core technologies namely, direct supply of green power from offshore wind farms and natural seawater cooling, the project realizes the collaborated development of offshore green power and underwater computing power.



Zero-Carbon Photovoltaic-Storage Integrated System Application Project in Desert Areas

China Information Consulting & Designing Institute Co., Ltd., a subsidiary of the Group, developed the Aksu Zero-Carbon Photovoltaic-Storage Integrated System Application Project in desert areas of Xinjiang. By constructing 113 communications base stations fully powered by photovoltaic energy and energy storage, the project effectively serves railway lines, oilfield operation areas, and pastoral and agricultural residential areas. It not only solves the problem of network coverage in remote areas but also provides a replicable and promotable “Tarim Model” for global green energy construction in desert scenarios through the innovative model of “zero-carbon smart base stations”.





Data Center Distributed New Energy Microgrid Project

China Utone Communications Construction Consulting Co., Ltd., a subsidiary of the Group, successfully built China's first data center microgrid project based on the integrated energy management model of "wind-photovoltaic-storage + load". Adopting the mode of "self-generation for self-use and surplus power grid connection", the project achieves efficient and clean-energy power supply with an annual power generation capacity of 13.1 million kilowatt-hours. It can save approximately 98,700 tonnes of standard coal and reduce carbon dioxide emissions by approximately 271,100 tonnes annually, effectively improving energy self-sufficiency rate and operational intelligence. As a replicable and highly effective green energy solution for various scenarios, the project boasts significant demonstration value and prospects for promotion.



Distributed Source-Load Aggregation Project at Dairy Farming Base

Hunan Company of the Group implemented the "PV + Farming" integrated demonstration project, which is a distributed source-load aggregation project at a dairy farming base. Innovatively utilizing the roof resources of 27 cattle sheds in a large-scale breeding farm, the project constructed a photovoltaic power station with a total installed capacity of 5.356MWp. By adopting monocrystalline silicon modules, string inverter technology, and the source-grid-load-storage integrated mode, it has realized efficient local consumption of clean energy and collaborated optimization with the power grid. The project not only injects strong momentum into the green upgrading of the local agricultural industry but also creates a replicable green energy model project for rural revitalization.



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**Water-Cooled Green Data Center Project**

The large-scale data center electromechanical EPC project constructed by Huaxin Consulting Co., Ltd., a subsidiary of the Group, innovatively built a green and low-carbon data center through advanced technologies such as low-temperature deep lake-water cooling from reservoirs, AI-driven energy efficiency optimization, tailwater power generation, replacement of diesel generator sets with 35kV municipal power supply, waste heat recovery, and photovoltaic power generation. Its PUE was reduced to 1.13, achieving world-class advanced level in terms of energy efficiency. The project provides a replicable model for similar scenarios with rivers and lakes as cooling sources for data centers.

**Zero-Carbon Park**

China Information Consulting & Design Institute Co., Ltd., a subsidiary of the Group, built a technological innovation zero-carbon park. With its core concept of sustainable development, the park has established a complete green energy system by developing photovoltaic power generation, distributed energy storage, charging piles, an intelligent microgrid management platform, and other facilities as part of the construction of the zero-carbon park's panoramic cockpit. It contributes to achieving carbon neutrality goals, and has become an important benchmark for green development in the region.





AI Bird Recognition System

The independently developed AI Space-Air-Ground Integrated Monitoring Platform by Guangdong Planning and Designing Institute of Telecommunications Co., Ltd., a subsidiary of the Group, integrates the “most powerful brain” of deep learning, the “on-site office” capability of edge computing, and the “mirror world” of digital twins technology. The system can not only recognize more than 200 species of birds with an accuracy rate exceeding 95% and at a speed surpassing human experts but also realize automatic and precise statistics of population quantities, dynamic tracking of activity trajectories, and establish millimeter-level precision 3D “digital IDs” for more than 30 species of key protected birds. These functions have upgraded the traditional ecological monitoring method relying on manual work and experience accumulation into a data-driven, real-time dynamic, and quantifiable intelligent monitoring system.



Promote Green Operations

The Group is an informatization communications service provider. In the course of providing services to customers, the Group has always strictly complied with various laws and regulations on environmental protection and emissions, such as the PRC Environmental Protection Law and the PRC Energy Conservation Law. It has formulated internal documents such as the China Comservice Administrative Measures for Energy Conservation and Ecological Environment Protection to actively control pollutant and greenhouse gas emissions, sewage discharge and the disposal of solid and hazardous waste, thereby actively responding to the national call to reduce the impact of its operations on the environment.

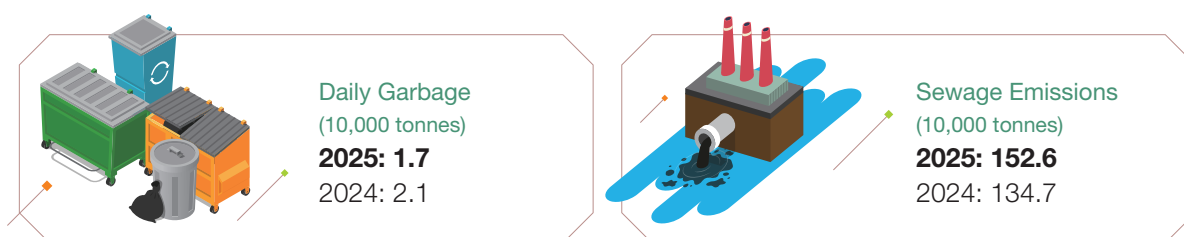


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Discharge

The Group strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other laws and regulations governing waste disposal and utilization, and conducts waste disposal in compliance with legal requirements. Some of the provincial companies and professional companies of the Group have engaged property management firms for waste disposal.

At present, the key waste and emission indicators focused by the Group include the generation of daily garbage, sewage emissions, and paper used during office operations. These indicators mainly cover controllable daily emissions from the Group's office and project operation activities. As the Group's business and operation model is dominated by service-oriented businesses, waste generation is mainly affected by project types and office activities or related arrangements. The Group will study the gradual establishment of uniform quantitative emission reduction targets for relevant indicators, and evaluate and improve such target-setting to continuously enhance waste management performance.



Note:

1. The Group is an asset-light enterprise. Its solid wastes are mainly daily garbage, and the sewage it discharges is mainly daily sewage.

Resource Utilisation

In terms of the use of packaging materials, the Group operates in the informatization communications service industry, and is mainly engaged in design, construction, supervision, maintenance and other services. Therefore, there is no significant usage of packaging materials in its production and operation process.

As for water consumption, the Group's water supply is provided by the owner or property manager of the office building. The Group attaches great importance to the reasonable and efficient usage of water resources in the normal course of business. It strives to promote and advocate water conservation through public promotion on a daily basis and the installation of water-saving taps, which allows it to further intensify the management of water resource utilisation and reduce unnecessary consumption of water resources. In 2025, the Group's total water consumption was approximately 4.39 million tonnes (2024: approximately 4.63 million tonnes).

In respect of office paper, the Group adheres to the principle of economical use and tolerates no waste to strictly control the use of office paper. In addition, the Group actively enhances its online office capabilities, continuously improves its service quality with informatization means, and extensively promotes the use of cloud-based office applications such as paperless conference systems and online conference systems, and requires its subsidiaries at all levels to use accounting electronic vouchers and e-tendering and procurement. In 2025, the Group's use of office paper amounted to approximately 1,388 tonnes (2024: approximately 1,423 tonnes).

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Protecting the Ecological Environment in Project Construction

The Group complies with relevant environmental laws and regulations, and other relevant requirements in its business operations. It reduces construction waste and natural resource consumption, and requires its subsidiaries to understand the environmental characteristic and needs of the regions where they operate, and establish and implement environmental management strategies in line with the requirements.

More than 60% professional companies of the Group have obtained relevant certifications, including approximately 100 professional companies with ISO 9001 certification and nearly 90 professional companies with ISO 14001 certification. Besides, Jiangsu Telecom Real Estate Management Co., Ltd. and Hunan Kang Pu Communication Technology Co., Ltd. which are subsidiaries of the Group, have obtained ISO 50001 energy management system certification. They are committed to managing and reducing the environmental impact in the business activities.



Land Conservation

Strictly abide by national laws and regulations, effectively protect arable land, and orderly implement treatment and restoration work such as site closure, rehabilitation and greening to achieve sustainable use of land resources



Construction Impacts

Avoid mineral deposits, forests, grasslands, wildlife, natural relics, human relics, natural reserves, scenic spots and other areas when conducting field survey for communications lines and avoid changing the neighbouring environment when laying optical fibre cables as far as possible



Equipment Pollution

Give priority to equipment that is free of noise, electromagnetic radiation and pollutant emissions



Electromagnetic Radiation



Actively adopt advanced technical means to refine the layout of base stations and ensure that the electromagnetic radiation indicators meet the national standards; monitor and assess the electromagnetic environment around base stations; strictly control the quality of equipment connecting to the network to exercise strict control at source

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Green Office

The Group constantly improves its organizational system, management system and work process for energy saving and emission reduction through multiple measures, so as to effectively reduce energy consumption. The Group actively launches Energy-Saving Promotion Week and National Low-Carbon Day activities, and posts energy-saving signs in public areas, conference rooms and other venues inside the office buildings to continuously enhance employees' awareness of energy saving and environmental protection. In light of the actual conditions of provincial companies, the Group systematically carries out energy-saving renovation of office buildings, replacement of old air-conditioners and construction of distributed photovoltaic power generation systems, and helps achieve operational energy conservation through technological innovation of the office environment.

In 2025, the Group's headquarters launched the "Initiative for Headquarters to Strictly Practice Thrift and Efficiency in Office Operations". It advocated the economical use of office supplies, encouraged paperless office work and the collection of office supplies on demand; promoted energy conservation by setting the indoor air conditioning temperature no lower than 26°C in summer and no higher than 20°C in winter, turning on part or all of the lighting in meeting rooms according to meeting needs, and turning off lighting in public floor areas in principle during lunch break; and advocated resource conservation by practicing the "Clean Plate Campaign", saving water and reducing paper use.

<p>Improve Online Office Capabilities</p> 	<p>The Group makes full use of cloud conferencing and cloud investigation and research and other methods to enhance online office efficiency</p>
<p>Strengthen Power Saving Management for Lighting</p> 	<p>The Group continues to enhance its daily electricity saving measures and adopts energy-saving lamps in all offices, meeting rooms and other premises to reduce the electricity consumption of lighting equipment</p>
<p>Enhance Energy Consumption Management for Vehicles, Promote Green Travel</p> 	<p>The Group strictly controls the formation and scale of the fleet of business vehicles to reduce the energy consumption, and it has implemented a "one vehicle, one card" refuelling system in an effort to reduce total fuel consumption. With the use of GPS systems for precise positioning, it aims to reduce the energy consumption of vehicles. It also advocates green travel among employees</p>



Eco-friendly Recycling

Several professional companies of the Group collect returned network equipment, inefficient equipment with high-energy consumption and other inefficient assets from telecommunications operators for recycling and disposal via a green auction platform. By introducing the reverse integrated asset disposal model of “dismantling, transportation, storage and sale”, a closed-loop ecological chain of environmentally-friendly asset disposal, starting from the source of scrap materials till the auction and delivery of assets, has been developed, which not only realizes eco-friendly disposal of scrap and obsolete materials, but also achieves effective utilisation of resources.

The Group will actively establish and improve a long-term mechanism for resource conservation, improve energy efficiency, develop a circular economy and fulfil its corporate environmental responsibility.



China Comservice Supply Chain Co., Ltd.

China Comservice Supply Chain Co., Ltd. (“Supply Chain Company”), a subsidiary of the Group, owns six subsidiaries including Zhongjie Telecommunications Co., Ltd., Shanghai Tongmao International Supply Chain Management Company Ltd., Zhejiang Zhongtong Communications Co., Ltd., Jiangsu Zhong Bo Communications Co., Ltd., Fujian Zhongtong Communication Co., Ltd. and Hubei Xintong Communication Ltd. These subsidiaries are engaged in the auction business and disposed of cables, storage batteries, telecommunications equipment, terminals, air-conditioners, vehicles and office equipment for a total of RMB1.07 billion in 2025. Since 2009, they have disposed of assets with a total amount of nearly RMB9.4 billion.

Based on the nature of the scrap and obsolete materials from customers, Supply Chain Company has established a green auction support system, which integrates the recycling, transportation, sorting, storage and disposal of such materials. This system provides end-to-end integrated services, fulfilling clients’ needs for full-process control from asset disposal to material handover, while addressing challenges such as prolonged asset disposal cycles, potential safety risks, and high warehousing costs.

Zhongjie Telecommunications Co., Ltd.

Through the restructuring of its technical foundation, innovative interactive experience and integration of ecological resources, the Zhongjie Auction Platform has formed its core competitiveness of “borderless terminals and intelligent decision-making”. It has accumulated more than 2,700 business customers. In 2025, the total auction transaction amount reached RMB940 million, including RMB470 million for cables and wires, RMB150 million for storage batteries, and RMB310 million for telecommunications equipment.

Shanghai Tongmao International Supply Chain Management Company Ltd.

The Company is deeply engaged in the green circular economy and has established a mature “green auction support system” integrating recycling, transportation, classification, warehousing and disposal, forming a whole-process closed-loop management model for reverse integration from the collection of waste materials to delivery and settlement. Relying on the auction platform with nearly 650 qualified recycling enterprises, the Company efficiently meets the disposal needs of operators for waste materials, maximizes the unit disposal efficiency of assets, effectively avoids environmental risks through strict qualification screening and process control, and earnestly fulfills the green social responsibilities of waste-generating entities.

In 2025, the Company successfully disposed of more than 360 tonnes of various waste racks, air conditioners, special equipment and terminal equipment, over 90 tonnes of waste office equipment, over 9,100 tonnes of cables, and 2,200 tonnes of storage batteries, with a total value of RMB460 million of waste materials disposed. Since 2020, the cumulative disposal value has reached RMB2.77 billion.

Zhejiang Zhongtong Communications Co., Ltd.

Relying on a recycling and disposal network covering 11 prefecture-level cities across Zhejiang province, the Company held more than 50 special auctions for various types of waste materials during the year. The Company continued its one-stop material disposal service model covering the whole process of asset evaluation, recycler qualification review, online auction and revenue management, further consolidating its leading position in the field of waste material disposal in the communications industry.

In 2025, the Company continued to focus on the waste material disposal business for telecommunications operators. The materials disposed throughout the year included waste cables, air conditioners, terminals, storage batteries, obsolete wireless equipment and other scrap materials. The total auction amount was RMB52.47 million, and the total amount of the province reached RMB61.97 million.

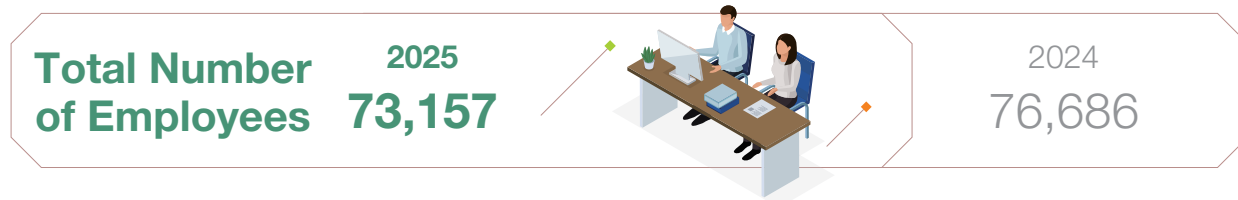
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HUMAN RESOURCES MANAGEMENT

Employment

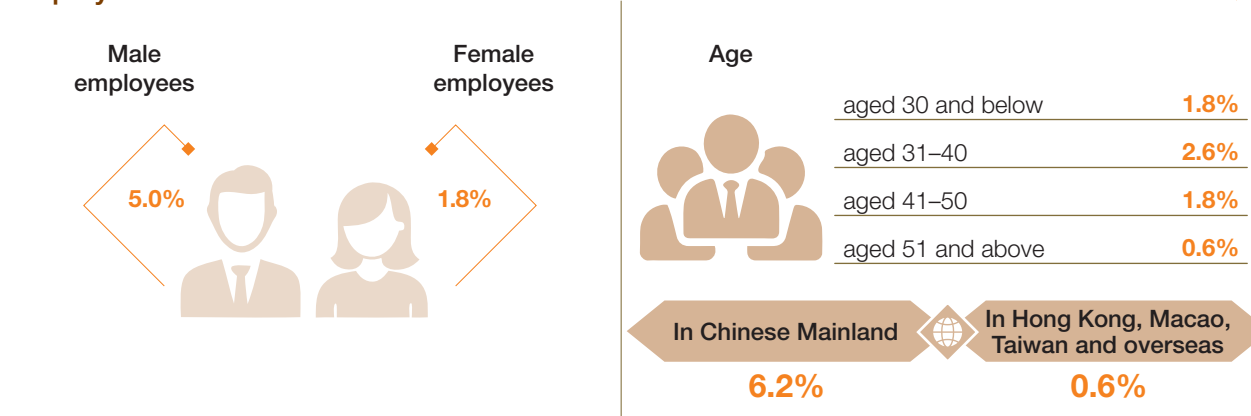
The Group had approximately 73,000 employees as at 31 December 2025. We are committed to ensuring equal development opportunities for both genders, and protecting and enhancing the rights and interests of female employees. Our employees are located primarily in the PRC with some of them located in other regions around the world such as Southeast Asia, the Middle East and Africa. Our employees are divided into contract employees, dispatched employees, part-time employees and other employees.



Indicator	2025	2024
By type		
Contract employees	71,693	74,910
Dispatched employees	1,323	1,613
Part-time employees	5	5
Others	136	158
By region		
Chinese Mainland	97.6%	97.1%
Hong Kong, Macao, Taiwan and overseas	2.4%	2.9%

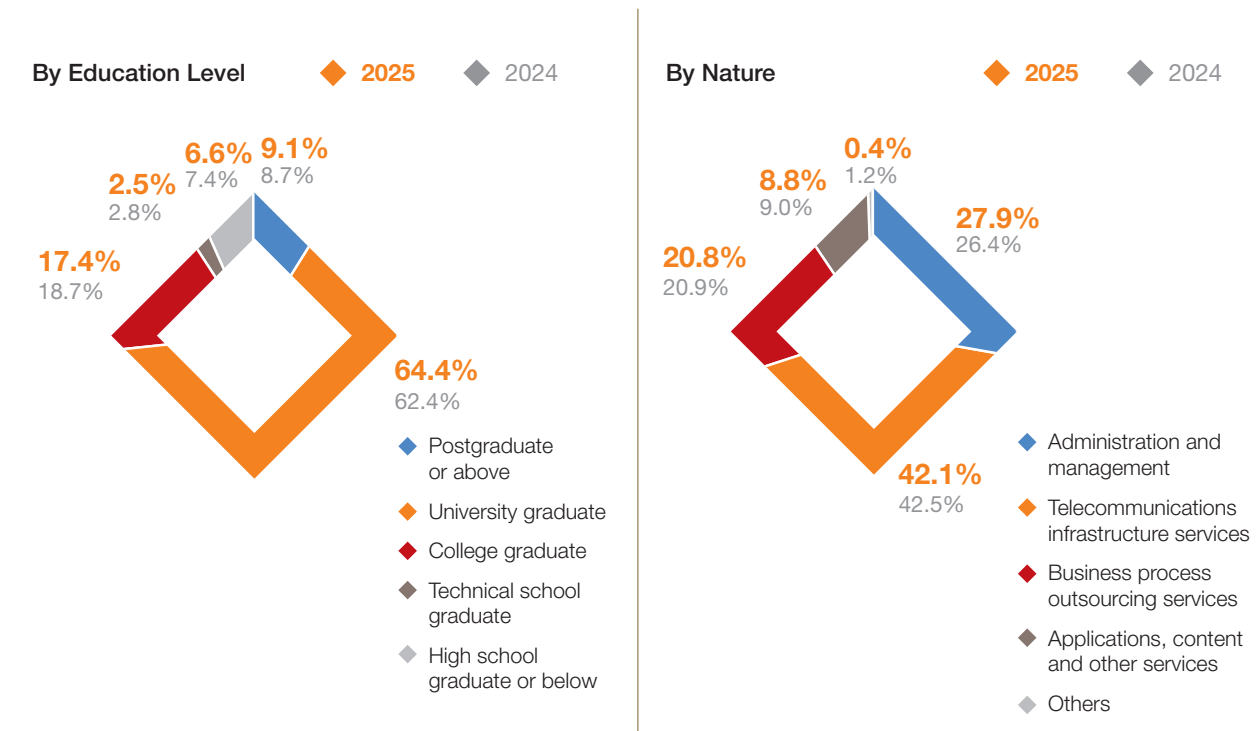
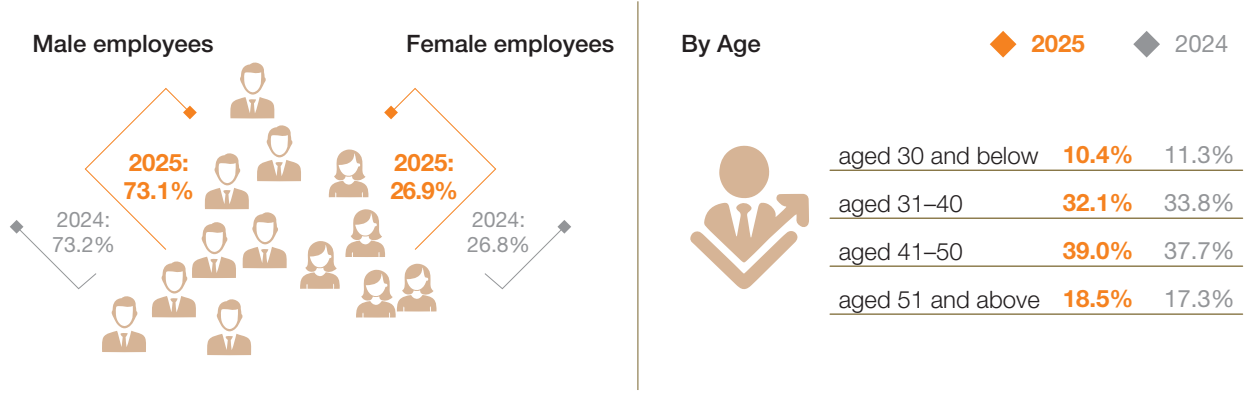


Employee Turnover Rate in 2025

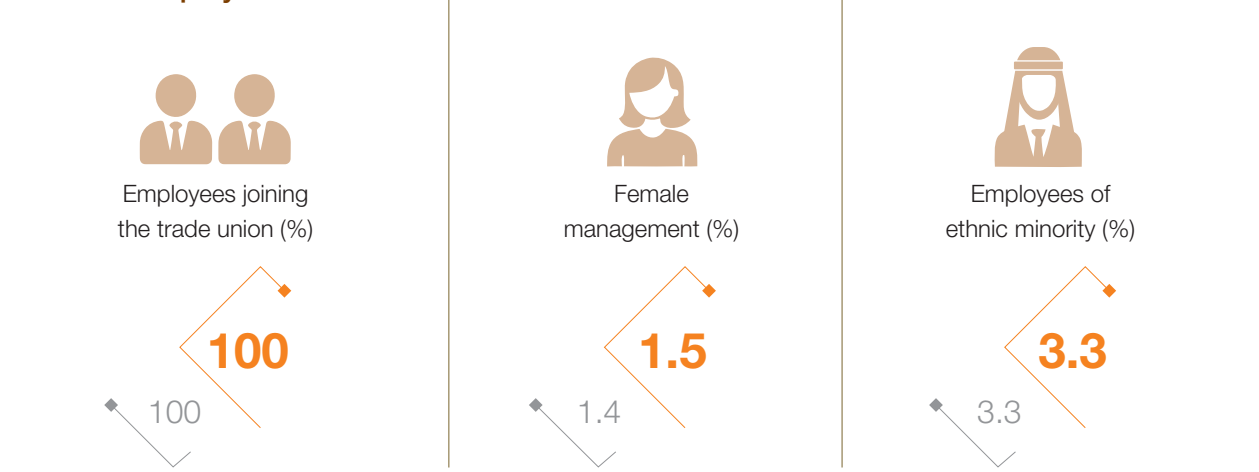


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Employee Structure (Contract + Dispatched Employees)



Contract Employees



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Broadening the Talent Pool

As a state-owned enterprise, the Group undertakes an important social responsibility of stabilizing employment situation and provides a large number of job opportunities in the market every year. In addition, we take into consideration the characteristics of communications infrastructure construction projects, i.e. strong cyclicity with a large demand for temporary labour, and encourage our upstream and downstream partners to conduct flexible recruitment during the installation of communications cables and equipment based on actual business needs. Through which, we create a large number of job opportunities in the market, which plays an important role in building up our own talent pool and addressing the employment needs of fresh college graduates.

To further improve the market-oriented operational mechanism and deepen the innovation of the human resources system and mechanism, the Group has been pushing forward the reform of the human resources, labour, and allocation systems in 2025. It established an employment mechanism based on position management with contract management as the core, with a focus on key business areas. It has also introduced high-tech, highly skilled, and high-quality talent, maintained control over the total number of employees, optimized the workforce structure, improved the effectiveness of career mobility mechanism, enhanced the overall quality of staff, and boosted labor productivity continuously.

Remuneration and Performance Appraisal Management

The Group regards employees as an important resource of the enterprise and attaches significance to the protection of their interests. In accordance with the principle of “performance-oriented, internally equitable and externally competitive”, it optimises the remuneration distribution system which links closely with its enterprise value and individual performance. It formulates and implements the Guidance on Performance-related Pay for Heads of Professional Companies and Municipal Companies under Provincial Subsidiaries of China Comservice. It insists on adopting a remuneration system that favours employees with outstanding contributions and those working in crucial and front-line positions of hardship and danger to support first-class talents in delivering first-class performance for first-class remuneration, so that employees who worked more would be paid more.

We are committed to the career development of our employees and offer dual promotion paths for them: “promotion for management functions” and “promotion for technical expertise”. We implement a system that links our employees’ remuneration and promotion to their work experience, capabilities, and performance, which encourages them to be proactive. Staff promotion follows the principles of fairness, justice, openness and transparency, and fully respects employees’ right to choose, right to know and right of supervision.

The Group actively supported the implementation of the position-based bonus incentive scheme for state-owned technology-based enterprises in 49 technology-based enterprises under the Group, which aimed to promote a close linkage between the remuneration of technological talents and their innovation ability and contribution. This allows employees to share the fruits of corporate development and stimulates the vitality of the organization and staff. The Group pays social insurance and housing fund for its employees in strict accordance with relevant national policies. It establishes an enterprise annuity system to protect the basic rights and interests of employees.

The Group provides the Provincial Company Leaders’ Performance Evaluation Indicator System and Scoring Measures every year to ensure the full implementation of the Company’s development objectives and tasks for the year. By closely coordinating the budget, appraisal, and resource allocation, the Group gives full play to motivating and guiding roles of performance evaluation, motivates business units at all levels to further develop strategic businesses, and promotes the steady improvement of the Company’s value and capability.

The Group’s headquarters publishes employee performance appraisal methods based on different appraisal indicators each year and conducts annual performance appraisals for employees at all levels to give full play to the value-orientation and strategic execution of the performance management system, continuously stimulates employees’ intrinsic motivation, and mobilizes their motivation and creativity.

Labor Standards and Welfare

Compliance with the Laws in the Use of Labor

The Group has always complied with laws and regulations on dismissal, working hours and anti-discrimination. Our employees are entitled to national holidays. The Group strictly abides by and implements the laws and regulations in relation to labor employment and protection of labor's rights and interests, including the PRC Labor Law, the PRC Labor Contract Law and the PRC Trade Union Law. Pursuant to which, the Group protects the labor rights and interests, democracy and spiritual and cultural rights and interests of its employees. In addition, we have taken the initiative to take measures to promote a higher level of human rights protection and labor rights protection in accordance with the fundamental conventions of the International Labour Organization, the 10 principles of the United Nations Global Compact, the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of Persons with Disabilities. The Group explicitly prohibits all forms of forced labor and enforces strict prevention and control requirements. Any violations will trigger immediate investigations and corrective actions to protect employee rights, with strict accountability for relevant parties.

- It strengthens labor employment management in a lawful and standard manner, ensures the entering into labor contracts with contract employees and makes contributions to the social insurance.
- In line with employment standards, it provides standardized labor contracts by category to clarify the rights and obligations of both parties, so that there are rules and laws for the management of labor relations to follow.
- It sets up standards for the dispatching contracts entered into with the labor dispatching units, inspects and supervises the signing of labor contracts between the labor dispatching units and dispatched employees, makes contributions to the social insurance and protects the rights and interests of the dispatched employees.

Diversity and Equal Opportunities

The Group provides multi-channel and diversified recruitment methods to bring in various types of outstanding talents. The Group adheres to the employment policies of gender equality and equal pay for equal work, provides equal employment opportunities in the recruitment and promotion of employees, does not discriminate against workers on the basis of their ethnicity, race, gender, age, geographic location, marital and child-bearing status, and physical conditions, and offers posts suitable for disabled persons with regard to their personal characteristics. The Group also protects the privacy of employees in accordance with the law, and implements a system of paid leave for employees.

Prohibition of Using Child Labor

The Group strictly implements the relevant requirements of the Provisions on the Prohibition of Using Child Labor, strictly manages the staff recruitment process, specifies the age requirements for candidates and prohibits the use of child labor and prevents the use of forced labor in accordance with the law. Any violations will result in immediate termination of employment, safeguarding the rights of minors, and strict accountability for relevant parties. There were no incidents of child labor and forced labor in 2025.



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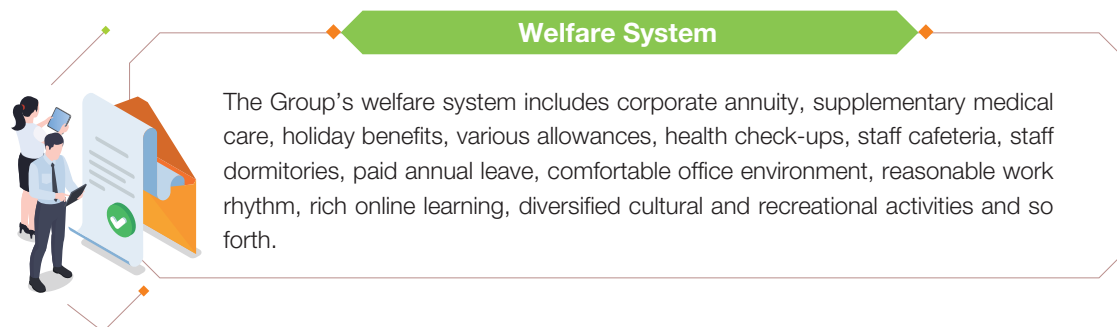
Safeguarding Democratic Rights and Interests

The Group respects and supports the freedom of employees to join labor unions and other organisations in accordance with the law, continuously improves the organizational structure of the labor union, clarifies the division of responsibilities, and strives to leverage the role and value of the labor union in promoting business development. We also continuously expand democratic management channels, improve democratic management systems, adopt diversified methods to ensure staff representatives participate in enterprise democratic management, encourage employees to provide suggestions and fully guarantee their rights of information, participation, expression, and supervision. We continuously enhance the standard and capability of enterprise democratic management, safeguard democratic rights and interests, and promote the healthy development of the Company. Meanwhile, in order to further promote the institutionalisation and standardisation of the employee representative meeting, give full play to the role of the employee representative meeting in developing harmonious labor relations and safeguarding the democratic rights of the employees. The Group formulated the Provisional Rules for the Administration of the Employee Representative Meeting of the Provincial Companies of China Comservice in accordance with the Company Law of the PRC, the Trade Union Law of the PRC, the Labor Contract Law of the PRC, and the Regulations on Workers' Congress of Industrial Enterprises Owned by the Whole People and other laws and regulations.

Safeguarding the Rights and Interests of Female Employees

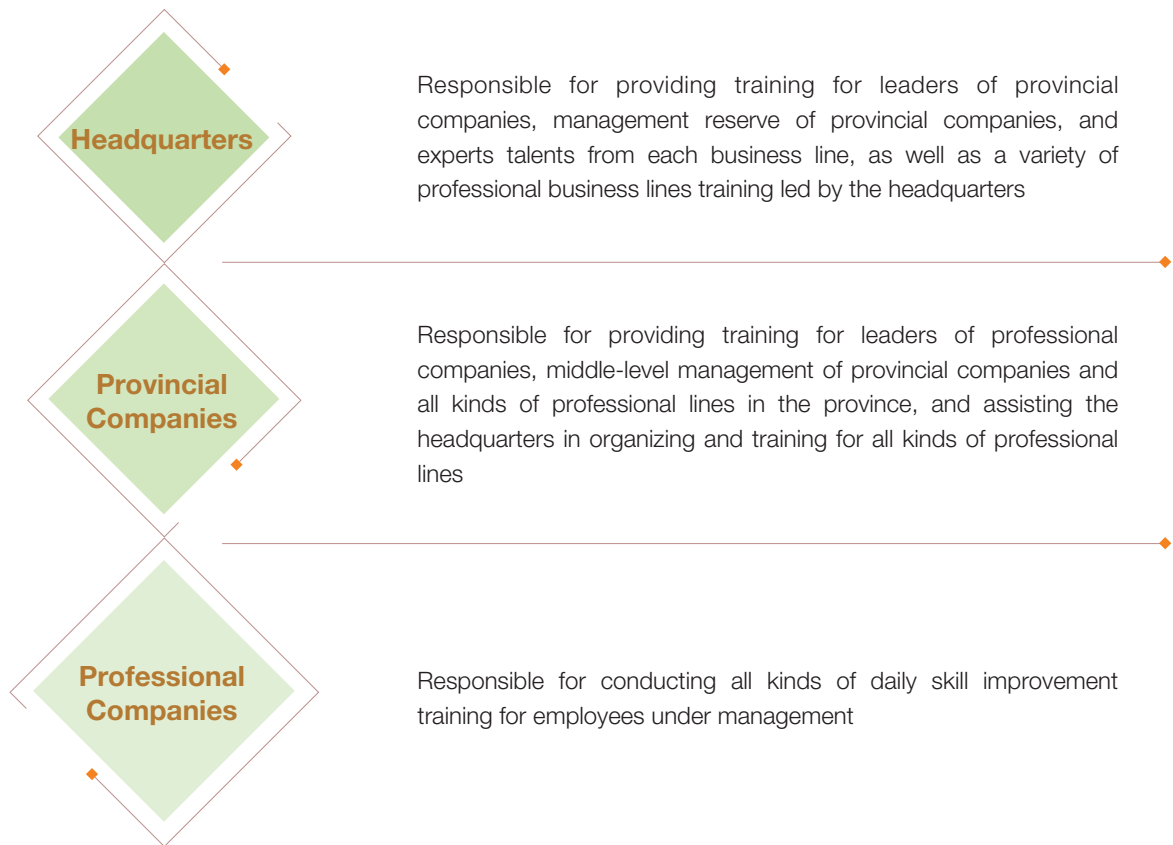
The Group attaches great importance to the care of female employees, endeavors to build a platform for female employees to grow and excel, strengthens the protection of the legal rights and interests of female employees, strictly implements the protection of female employees during the “four periods” (menstruation, pregnancy, maternity and breastfeeding), and cares and supports female employees who are “single mothers” or have difficulties in their families. At the same time, enterprises at all levels are urged to protect the legal rights and interests of female employees, and to strengthen humanistic care and psychological counselling for female employees.

The Group formulated and published the Guiding Opinions on Further Strengthening the Work of Female Employees in China Comservice, and implemented the PRC Law on the Protection of Women's Rights and Interests, the Outline of Women's Development in China (2021–2030), the Special Provisions on the Labor Protection of Female Employees, the Regulations on the Work of Female Workers' Committee in the Trade Unions and other laws and regulations. It also safeguarded the collective interests of female employees, improved the mechanisms for the education and motivation of female employees, the system for cultivation and selection of female leaders and managers, and improved the mechanisms for labor protection, occupational health, social security, as well as the assistance and relief for female employees. Furthermore, the Group launched the “N+1” care and concern activities for female employees in phases, such as signing a collective contract for female employees, adding a special health check-up for female employees, purchasing an additional insurance policy for female employees, organizing a special health seminar for female employees, forming a team for female employees' cultural and sports activities, setting up a forum for emotional exchange among female employees, and setting up a system of care and concern for the whole working cycle of female employees, so as to realize, protect and develop the fundamental interests of the majority of female employees to the greatest extent.



Development and Training

The Group attaches great importance to staff training. Currently, it has established a three-tier training system covering the headquarters, provincial companies and professional companies. By fully leveraging the resource advantage of the training centers under the Company, it strives to build a hierarchical, classified, synergistic and efficient training system to promote the building of a learning-oriented organization.



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In 2025, the Group formulated and issued the China Comservice 2025 Training Work Plan. It made synergistic and efficient use of resources from the colleges and training centers under the Company, led by the key mission of promoting high-quality development of the Company, and concentrated on the key tasks for the year. With a focus on building up three teams, namely leading cadres, expert talents and key employees at the base level, it coordinated the training camps for improvement of various management and professional capacities, and continuously optimized the training management system, course development system and online training system, so as to provide talent and capability support for the innovation and transformation of the Company.

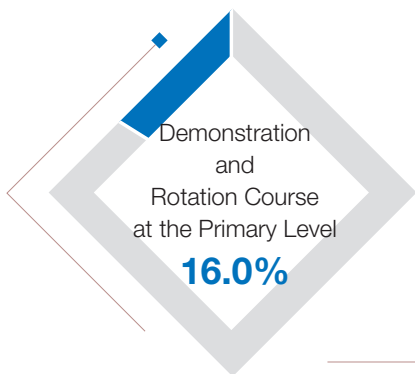
In order to meet the online learning needs of employees, the Group has opened up a channel for all employees to participate in training and learning at online university, which provides online courses, live lectures, interactive seminars and other diversified learning pathways, and it also provides new employees with comprehensive career enlightenment and help them quickly integrate into the work environment. The Group provides professional and technical personnel and managers with cutting-edge professional knowledge and management concepts, helping them to continuously improve their professional skills and management capabilities to cope with the complex and changing market challenges.



In the context of the main tracks and new challenges of the Group in the new era, and towards the requirements of high-quality development of the Company, the Group is committed to promoting the awareness enhancement, knowledge reconstruction and mindset re-creation of the management reserve in each provincial company, so as to build a double-engine management reserve team of "Entrepreneurial Leaders" and "Technical Talents".



Focus on creating a high-quality talent ecology, with the goals of expanding perspectives and enhancing capabilities, and take various training camps and action learning as the carrier to train for practice, combine training with practice, and devote efforts to cultivate a team of professional backbone talents on each line.



The Group pays attention to the capability enhancement and development aspirations of the core backbone employees at the frontline, and organizes various comprehensive ability and professional skills training courses for frontline employees on key technologies and industry applications, project management, marketing, etc., so as to build a frontline employee team with core competitiveness and cohesion.



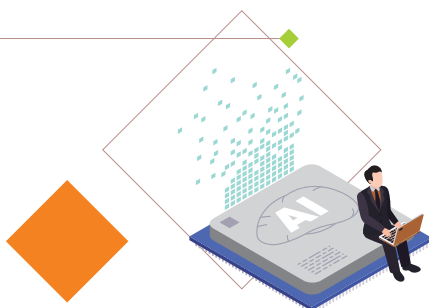
New Employee Training

Guangdong Company of the Group organized training for new employees on integrity in the workplace, production safety, network and information security, and project management. Through team-building exercises and scenario-based simulations, new employees strengthened their collaborative skills. Through AI+ digital emerging force workshop, it enhanced new employees' proficiency in applying AI tools. Through a diversified training system featuring "online & offline" and "theory & practice", the company helped new employees quickly integrate into the corporate culture and improve their professional competence and comprehensive capabilities.



Marketing Team Training Camp

Chongqing Company of the Group launched a practical training camp for the marketing team in three stages: "Learn-Practice-Deploy", providing progressive training and empowerment for marketing backbone staff of non-operator market across all units. The training camp not only improved the practical capabilities of the marketing team, but also optimized the marketing training system.



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Artificial Intelligence Training

Xinjiang Company of the Group launched an artificial intelligence training program themed “AI Empowerment, Intelligence for the Future”. The training featured an “all-star mentor team” composed of Tsinghua University professors, industry-leading experts, and internal technical leaders. This training delivered cutting-edge AI concepts and practical technical guidance to key trainees from diverse business segments across Xinjiang subsidiaries and branches. Participants rapidly applied learned knowledge to drive the transformation of AI empowerment into high-quality development momentum, propelling the company’s advancement in the AI era.

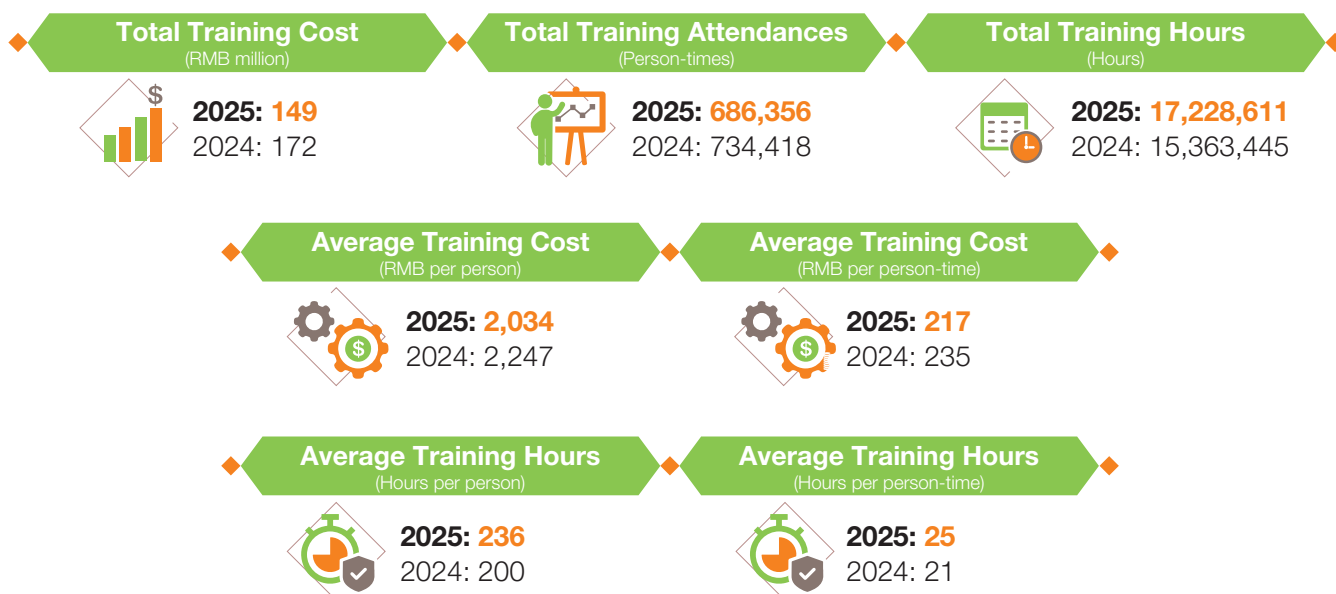


AI Marketing Practical Camp

Jiangxi Company of the Group helped employees think out of the box and systematically master the application of AI tools through four phases of practical training camps, supporting the “Winning in Strategic Emerging Industries through Intelligence” key business campaign to achieve excellent results.



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Indicator	Unit	2025	2024
Types of Training			
Production safety training	No. of trainings	6,032	5,224
	Person-time	217,184	192,770
Anti-corruption and integrity promotion training and activities	No. of trainings	1,888	1,965
	Person-time	58,929	65,316
Operation management training	No. of trainings	2,827	2,814
	Person-time	56,325	52,725
Technical expertise training	No. of trainings	10,696	10,565
	Person-time	212,353	251,281
Other training	No. of trainings	4,373	4,961
	Person-time	141,565	172,326
Training by Position/Gender			
Senior management	Ratio	2.6%	2.2%
Middle management	Ratio	39.0%	36.2%
General employees	Ratio	58.4%	61.6%
Male employees	Ratio	72.8%	70.5%
Female employees	Ratio	27.2%	29.5%
Average Training Hours by Position/Gender			
Senior management	Hour/person-time	36	55
Middle management	Hour/person-time	25	24
General employees	Hour/person-time	24	18
Male employees	Hour/person-time	27	20
Female employees	Hour/person-time	21	22

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



OPERATION MANAGEMENT

Health and Safety

The Group has always upheld a high sense of responsibility, strictly and voluntarily complied with relevant national laws and regulations. It firmly implements laws and regulations such as the PRC Labor Law, the PRC Work Safety Law, the PRC Fire Protection Law, and the Administrative Regulations on the Work Safety of Construction Projects. In addition, it comprehensively aligns with industry-related regulatory requirements such as the Provisions on the Administration of Work Safety in Telecommunication Construction Projects, the Management Rules for Labor Protection Supplies of Employers, and implements compliant operation in every business process.

The Group fully implements the overall philosophy of national safety and persists in the principle of coordinating two major principles of high-quality development and high-level safety. Through the full implementation of the system of responsibility for production safety for all employees, strengthening the standardization of production safety, consistently improving the management system of production safety, continuously carrying out production safety education and training, and establishing the dual prevention mechanism of tiered risk management and control as well as the investigation and management of hidden dangers, the regular production safety supervision and inspection and the periodic emergency rescue drills, etc., the Group ensured the effective implementation of production safety by promoting all work in an orderly manner in accordance with the law.

Meanwhile, the Group has continuously adjusted and optimized its approach in managing subcontractors, strengthened the safety management of business outsourcing and subcontracting units in an all-round way, and strictly controlled the key aspects such as enterprise qualification review, personnel information collection, entry approval of safety conditions, safety education and training, on-site behavior supervision, management of non-compliant behavior, and dynamic judgement of entry and exit, so as to firmly safeguard the bottom line of safety development, and steadily push forward the transformation of the enterprise's safety governance mode into a preprevention mode, prevent and curb the occurrence of major safety production accidents, ensure the health and safety of employees, and proactively create a safe environment conducive to the development of the enterprise.



Safety Management System

The Group's Production Safety Committee is a production safety management body, with the President of the Company as its director. Each of the subordinate provincial companies has set up a production safety committee to implement production safety responsibilities and regularly hold production safety committee meetings to discuss and make decisions on material matters related to production safety. By refining the duties and responsibilities of the organization and increasing the number of experts, the level of safety management is continuously enhanced.

Safe Construction

In order to ensure the safe production of communications construction projects, according to the requirements of relevant laws and regulations such as the PRC Work Safety Law and the Administrative Regulations on the Work Safety of Construction Projects, the principal responsible persons, project responsible persons and dedicated safety production management personnel of all communications construction enterprises under the Group have passed the assessment of safety production knowledge and management ability organized by the local information and communications administration, and 100% of them are certified to work.

The Group attaches importance to and makes every effort to safeguard the funding for production safety, and requires all its subsidiaries to allocate special production safety funds in accordance with the regulations for, among others, improving working conditions, improving safety facilities, updating labor protection equipment, conducting education and training, and strengthening safety inspections, so as to provide financial support for the smooth implementation of production safety.

In 2025, the Group formulated and fully implemented the Three-Year Action Implementation Plan for Fundamental Improvement of Work Safety. Throughout the year, a total of 1,274 production safety inspections were carried out. More than 23,000 hidden dangers were identified, and all of them have been rectified, with a rectification completion rate of 100%. The Group organized public lectures by the primary responsible persons for production safety, covering more than 37,000 people. It carried out more than 400 education and training sessions on internal and external typical accident cases, with a cumulative coverage of over 120,000 person-times. The Group also carried out the Accident Shocking Warning Day activities, which covered as many as 97,000 person-times.



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Occupational Health, Safety Production and Environment Management

Based on the strategic goal of continuously building the general contracting capability in recent years, the Group formulated the Guidelines for the Management of General Contracting Projects of China Communications Services Corporation Limited, in which it made specific requirements for occupational health, safety production and environment management (HSE management) of its companies at all levels in undertaking general contracting projects:

1. Clearly define objectives and responsibilities and continuously improve the HSE management system, standardize the occupational health, safety production and environmental management of general contracting projects, so as to minimize the danger to the project construction, the harm to the society and the damage to the environment.
2. According to the project scale, deploy full-time or part-time safety management personnel, who are responsible for the organization and coordination of occupational health, safety production and environmental management under the leadership of the project manager.
3. Carry out occupational health hazard sources identification and risk assessment, formulate project occupational health management plan, establish occupational health examination system, carry out monitoring and measurement, dynamically identify potential hazard sources and emergencies, and take countermeasures to prevent and reduce injuries.
4. Formulate the Measures for the Administration of Project Safety Production or similar documents, and establish and improve the safety management system; strictly implement the responsibility system for safe production; set up a dedicated safety organization and strengthen the organization and leadership of safety production.
5. Carry out hazard sources identification and risk assessment, formulate safety management plan, implement safety guarantee measures to ensure safety. Strictly implement the investigation and management system of hidden dangers of production safety accidents, discover and eliminate hidden dangers and accidents in a timely manner, and record the investigation and management of hidden dangers and accidents.
6. Carry out safety production education and training regularly, and project managers, safety management personnel, special operations personnel, etc. shall hold certificates according to regulations.
7. According to the relevant regulations of the PRC, industry, local governments and the enterprise, establish necessary safety records to prove the effectiveness of safety management, including safety management ledger, safety meeting minutes, rectification notice, safety production inspection records, purchase and distribution records of labor protection accessories and other original records, etc.
8. Implement the safety disclosure system, and disclose the hazard sources and the preventive measures, safety operation requirements, safety matters that should be paid attention to in cross-operation of various specialties level-by-level before construction, with signatures obtained up to the level of the workers (including suppliers and subcontractors).
9. According to the approved environmental impact assessment documents of construction projects, prepare the project environmental protection plan, identify important environmental factors, formulate environmental management target indicators and management schemes, and effectively control and manage important environmental factors such as construction dust, noise pollution, sewage discharge, solid waste discharge and fire on the construction site.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Dual Prevention Working Mechanism

According to the relevant requirements of the PRC Work Safety Law and on the basis of the Regulations on Tiered Management and Control of Safety Risks of China Communications Services Corporation Limited, the Group formulated the Regulations on Investigation and Management of Potential Safety Hazards of China Communications Services Corporation Limited, and established a dual prevention working mechanism for enterprise safety production.

The Group divides the safety risk level into four tiers: major risk, greater risk, general risk and low risk. It also stipulates that all kinds of risks should be managed and controlled from five aspects: engineering and technical measures, management measures, training and education measures, individual protection measures and emergency response measures. The Group conducts list-based management around the tiered risk management and control contents covering more than 30 specific scenarios, such as construction operations, production and business premises and special equipment.

In 2025, the Group carried out the three-year action for fundamental improvement of production safety in an orderly manner in light of the actual situation. It promoted China Comservice to deepen three key tasks, namely tackling hidden dangers, strengthening the foundation, and enhancing efficiency. It firmly established the concept of safety and coordinated the promotion of eight special tackling tasks, five tasks for infrastructure construction, and five tasks for capability enhancement. The Group organized provincial-level companies to carry out hidden danger investigation and rectification work involving all employees in five scenarios, including office buildings, engineering construction, maintenance services and customer service centers, warehouses, and other business premises. The rectification completion rate of major hidden hazards reached 100%.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Building a Culture of Safety

Conducting Education and Training on Production Safety

The Group insists on carrying out production safety education and training for all employees by different categories, so as to enhance the safety awareness of all employees. In 2025, the Group organized all employees to study the Administrative Measures for the China Comservice Production Safety Management, invited internal and external safety production experts to train safety production management personnel and project managers at all levels on the specialized subdivisions of construction operation safety, and organized a series of publicity and education activities such as “Safety Production Month”, “Fire Safety Month” and “Telecom Fire Safety Publicity Month”.



- 1 The Group published the Guide for Safe Construction of Information and Communications Engineering (ISBN 978-7-115-61752-1), summarizing the excellent experience in production safety in the field of communications construction, and promoted the dissemination of the experience in production safety in the field of communications construction to the front line through the provision of training to all subcontractors at each level.
- 2 The Group published the Guide for Information and Intelligent Terminal Installation and Maintenance Safety (ISBN 978-7-115-65390-1), which summarized the basic knowledge of production safety, the key processes of safety management and theoretical knowledge of installation and maintenance work.
- 3 Laws Regulations and Practices on Work Safety for Information and Communications Services (ISBN 978-7-115-66515-7), compiled by Guangdong Company of the Group in conjunction with authoritative industry institutions. Featuring systematicity, practicality and innovation, the book provides an authoritative guide to production safety management for the industry.





Firefighting, Rescue and Evacuation Drill

The Group's headquarters office building organized two practical emergency evacuation drills, with nearly 900 participants. The drills focused on practical exercises of fire grid management and personnel roll call. During the drills, all teams had clear divisions of labor, collaborated closely, and achieved orderly and efficient evacuation.



Production Safety Competition

Anhui Company of the Group organized a workplace safety production competition based on its actual work conditions. By clarifying directions, refining implementation paths and quantifying results, the Company thoroughly explored highlights and innovative practices in the implementation process, accurately summarized experience and achievements with promotion value, and systematically concluded the effectiveness and insights of safety management during service delivery.



"Hidden Hazard Identification Science Popularization Campaign"

Sichuan Company of the Group launched the "Hidden Hazard Identification Science Popularization Campaign", with a total of over 19,000 participants. It encouraged more than 6,000 employees to participate in various hidden hazard identification and science popularization activities, and carried out the "Hidden Hazard Elimination Drill Campaign", conducting 117 emergency drills targeting key high-risk scenarios, with a total of over 4,500 participants.



Special Training on Traffic Safety

Guangdong Company of the Group organized a special training program on vehicle traffic safety management for participants, including full-time production safety administrators, full-time and part-time vehicle traffic administrators from various business units, and some safety experts. Through an integrated approach of immersive scenario simulation, case analysis and practical operation, the training comprehensively improved the emergency response capabilities of production safety and full-time and part-time vehicle traffic management personnel, further strengthening the traffic safety management system for vehicles across the province.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Valuing Expert Talents

The Group formulated the Management Measures for Invited Experts of Production Safety of China Comservice, and engaged multiple external experts to give full play to their technological supporting role. These experts created synergy with the Group's expert talents, thereby enhancing the Group's education and training as well as the supervision and management capabilities in respect of production safety.

Safeguarding the Occupational Health of Employees

The Group always values the occupational health management of its employees, strictly complies with the Law of the PRC on the Prevention and Control of Occupational Diseases and other relevant laws and regulations, and responds to the requirements of the Healthy China Initiative (2019–2030). It provides occupational safety and protective equipment that meets the national occupational health standards and requirements, and ensures the occupational health of all employees.

In order to enhance health and safety management, the Group has introduced internationally recognized occupational health and safety management system certification. As at the end of 2025, more than 110 subsidiaries of the Group have obtained the international OHSAS18001 certification, ISO45001 certification or relevant domestic certifications, etc.

Continuous Improvement of Production Safety Mechanisms

In 2025, the Group revised and issued three production safety management documents, namely, the 2025-2027 Work Safety Work Plan of China Comservice, the 2025 Work Safety Performance Evaluation Measures of China Comservice, and the 2025 Work Safety Key Tasks of China Comservice. These measures further improved the enterprise's safe production responsibility system, clearly defined the production safety responsibilities of key position personnel such as technician in-charge and building wardens, supplemented and refined the specific production safety requirements of business departments and functional departments, and established a production safety evaluation and assessment mechanism.

The Group issued the Notice on Regular Work Safety Interview and the Notice on Regular Special Inspections of Work Safety Performance, further improving the long-lasting working mechanisms such as interviews and safety work reports.

The Group organized experts to compile and issue the Work Plan of China Comservice for the 2025 Work Safety "Thunder Action", fully implementing the regulatory responsibilities of each functional department. The Group improved specific work measures in terms of safety performance assessment, accident liability investigation and accountability, construction process control and management, and incentives for expert talents, etc., and endeavored to enhance China Comservice's production safety management.

The Group established and implemented an accident reporting system and conducted quarterly surveys. In 2025, no major production safety liability accidents occurred in the Group. In the past three years (including the reporting year), there were no work-related injuries and deaths, or serious injuries to employees due to work responsibilities¹, and there were no lost workdays due to work-related injuries.

¹ The scope of the data covers current contract employees, which is counted based on the scope of responsibility for production safety, including those production safety incidents for which the Group has direct responsibility or management responsibility.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supply Chain Management

The Group deeply integrates ESG into supply chain management and works with suppliers to implement ESG principles in business contracts and practices. We actively guide suppliers to practice the concept of green development, strictly requiring suppliers to comply with environmental regulations and implement measures such as green construction and standardized disposal of waste, and attach great importance to the protection of labor rights and interests within the supply chain, strengthening the management of workers' employment, ensuring the signing of labor contracts, and fully complying with relevant human rights protection requirements, covering aspects such as the prohibition of child labor and forced labor, the protection of labor rights and interests, ensuring occupational health and safety, emphasizing environmental protection, protecting information security and privacy, adhering to business ethics, and managing sanctions, etc. We have established a comprehensive supplier management system with strict standards and processes from supplier entry, audit, selection, evaluation to withdrawal, and introduced a fair, just and transparent supplier selection mechanism. At the same time, the Group conducts job skills and safety education training for employees of suppliers and subcontractors, and regulates production safety management.

In compliance with relevant laws and regulations of the PRC, such as the PRC Civil Code, the Bidding Law of the PRC, the Regulation on the Implementation of the Bidding Law of the PRC, the Measures for the Administration of Bidding for Communications Engineering Construction Projects, the Management Measures for the Determination, Investigation and Handling of Breaches of the Laws on Contract Issuing and Contracting of Construction Projects, the Administrative Measures for General Contracting of Housing Construction and Municipal Infrastructure Projects, and the Opinions of the General Office of the State Council on Promoting the Sustainable and Healthy Development of the Construction Industry, the Group takes into account the actual situation of the enterprise to continuously improve the relevant administrative measures on procurement and strengthens their implementation, with a focus on the management and control over key procedures of, among others, the selection and management of suppliers, contract signing, safety management, financial settlement, supervision and inspection.

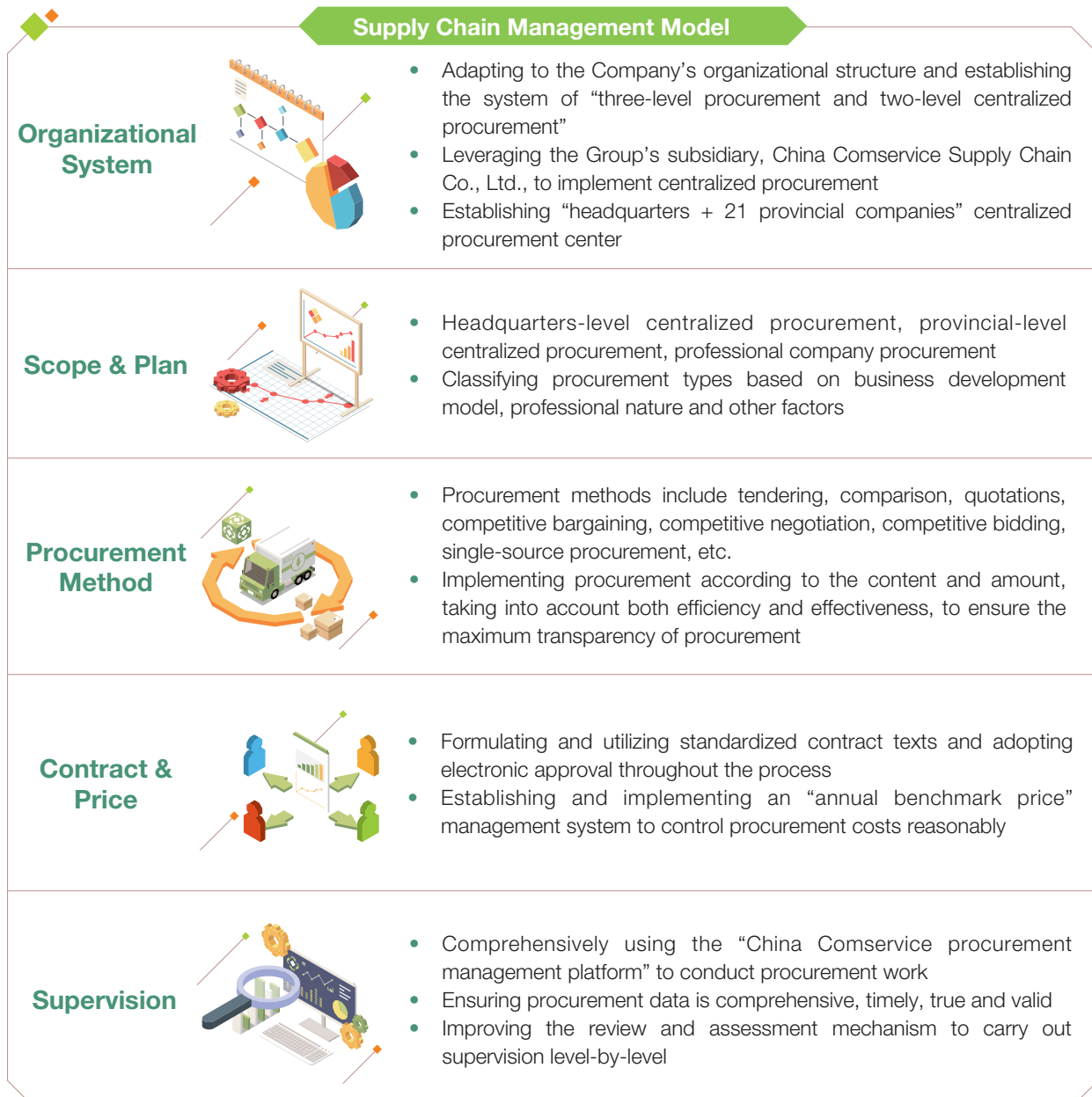
Geographic Location	Number of service suppliers	Number of goods suppliers
Northeast region	303	143
Northwest region	1,422	768
Mid-South region	3,206	2,395
Southwest region	2,049	1,969
Northern China region	1,299	969
Eastern China region	4,655	5,000
Hong Kong, Macao and Taiwan	0	0
Overseas	18	7
Total	12,882	11,251

Note: Each supplier is counted only once according to the area of principal use; some suppliers supplying services and goods at the same time are counted separately on both sides.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Develop a Fair and Equitable Supply Chain Environment

The Group implements hierarchical management of suppliers by its headquarters, provincial companies and professional companies. The headquarters is responsible for establishing a synergistic procurement system, formulating procurement management strategies and IT-based management requirements, and supervising, inspecting and assessing the procurement management of provincial companies. Provincial companies are responsible for establishing their own provincial procurement management system, carrying out the synergistic management of suppliers in the province through the IT system, formulating the implementation rules for procurement management and improving the corresponding internal control processes, and conducting inspection and assessment of the procurement situation of professional companies. Professional companies are responsible for the specific implementation of procurement management in their own units, formulating management standards or specific measures, and accepting supervision and inspection by the headquarters and provincial companies.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Targeting the principal business activities and key issues of supply chain management, the Group formulated relevant procurement supply chain management systems such as the China Communications Services Corporation Limited Procurement Management Measures (Self-use Category), China Communications Services Corporation Limited Procurement Management Measures (Contracting Business Services Category), China Communications Services Corporation Limited Centralized Procurement Management Measures and China Communications Services Corporation Limited Procurement Supplier Management Measures to ensure the achievement of procurement objectives, enhance the enterprise's ability to acquire and integrate external resources, and improve the efficiency and service standard of the supply chain operation, thus fostering a green cooperation ecosystem of "integrity, efficiency, quality, stability and reliability".

◆ Supplier Database Management

The unified information system is used to achieve hierarchical management of the supplier database. After the completion of procurement activities, the procurement execution department will submit an application for entry into the database, and the procurement centralized management department will conduct an audit. For suppliers who are no longer cooperating after the expiration of the cooperation period, should exit according to requirements and together with those included in the negative list, they will be removed from the supplier database.

◆ Supplier Post-evaluation

The post-evaluation is divided into regular post-evaluation, annual post-evaluation and overall post-evaluation, and the post-evaluation results are aggregated by using a unified information system to ensure that the comprehensive performance of suppliers is reflected objectively. The post-evaluation results of suppliers are used as an important reference basis for all phases of procurement and cooperation.

◆ Supplier Rating, Rewards and Penalty

Suppliers are rated and rewarded or penalized according to their post-evaluation and contribution level to determine their strategic value to the Company. Through rating, an effective competition mechanism of "survival of the fittest" is realized to aggregate high-quality suppliers. There are four ratings: A (preferred), B (eligible), C (reserve) and D (eliminated). In 2025, a total of 13,330 suppliers were rated.

◆ Supplier Negative List

Specify the management standards of the suppliers' negative list at different levels, and prohibit cooperation within the corresponding scope if there are any behaviors listed in the negative list, and ensure the implementation through the unified information system.

Integrity

Efficiency

Quality

Stability

Reliability

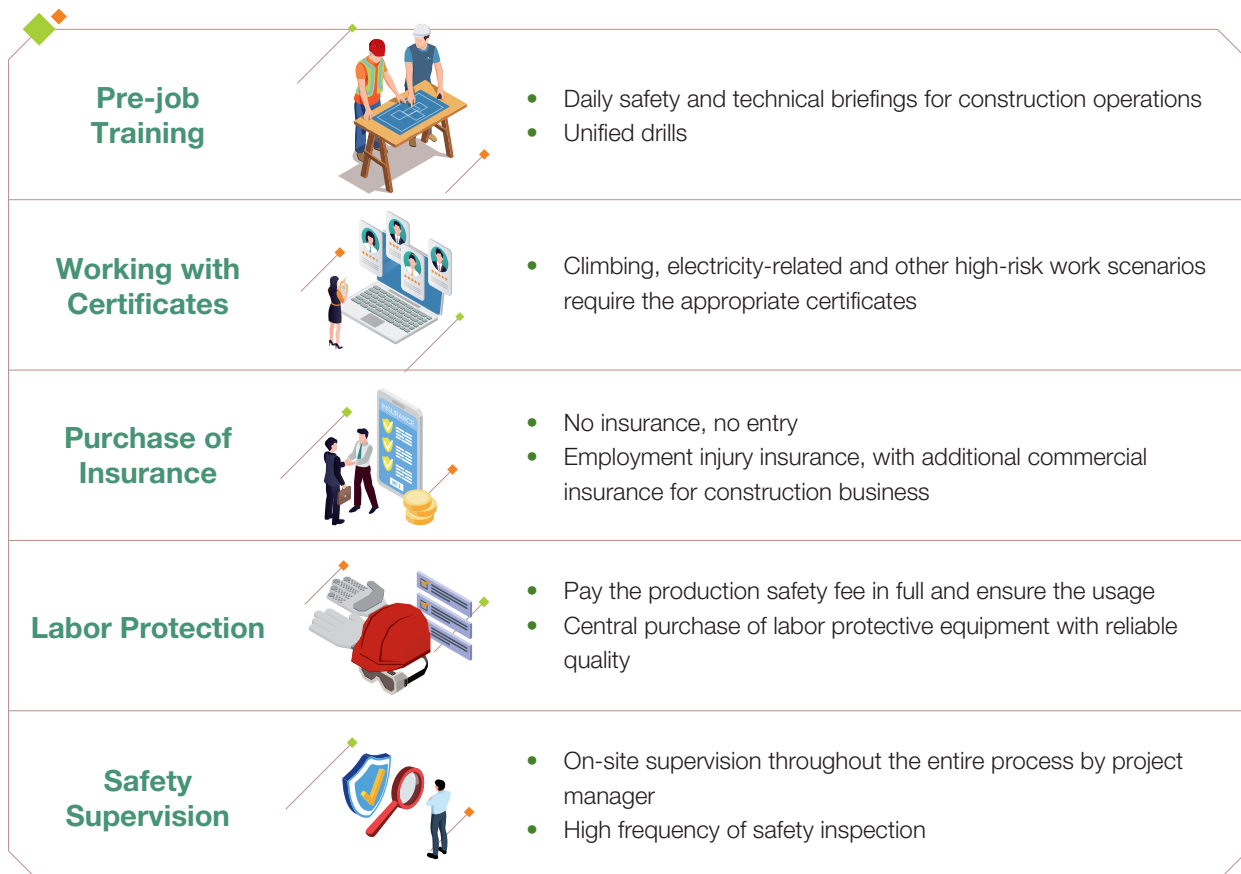
Supplier Communication

The Group fully implements the China Communications Services Corporation Limited Procurement Supplier Management Measures. In order to facilitate suppliers and potential suppliers to accurately understand relevant policies on supplier management, the Group proactively discloses such measures to the public through "China Comservice Procurement and Tendering Portal" (<https://szyc.chinaccs.cn/>).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Controllable Supply Chain Risk

Through continuous amendments and improvement on the system, the Group drives the implementation of the system and further improves management, implementation and monitoring and inspection capabilities. The Group strictly follows the supplier selection and examination procedures to eliminate the disqualified suppliers, to ensure that all suppliers enlisted in the "supplier resource pool" have materials to prove they possess adequate capabilities to perform the contract and control the risks. Such materials include enterprise qualifications issued by relevant government departments (the construction enterprise qualification, the design qualification, the labor qualification and the production safety permit), product standards and competence certificates recognized by the industry (product certificates and the service capability evaluation), professional qualification certificates of relevant personnel (certificates related to special operations, and certificates of safe production specialists of A, B and C classes). The Group instructs suppliers to improve their awareness of production safety, eliminates hidden risks and hazards and promotes the healthy development of the Company through a range of activities such as establishment of IT systems and standardization of management processes.



When entering into contracts with suppliers, the Group includes the Confidentiality Agreement, Production Safety Agreement, Anti-Corruption Agreement and Environmental Protection Agreement as the main annexures to the contracts, monitors the relevant situations through proactive audit activities to ensure the contracts are honored during cooperation, and performs procedures such as termination of cooperation, withdrawal or inclusion in the list of negative suppliers in accordance with the regulations for suppliers who have committed relevant risky acts.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Procurement

The Group has incorporated “green and environmental friendly” as one of the principles in its procurement system, practiced the concept of green procurement, and taken into account the requirements of environmental protection at the beginning of raising the procurement needs, committing to work with the upstream and downstream of the supply chain to reduce the damage and impact on the environment.

<p>Preference for Suppliers with Environmental Management System Certification</p>		<p>In centralized procurement, the presence or absence of the environmental management system certification (ISO14001) is one of the scoring criteria for suppliers, and a comprehensive evaluation of suppliers’ performance in energy management system construction, green emission reduction actions, carbon emission information disclosure, and other aspects is also conducted.</p>
<p>Preference for Products that Meet Environmental Protection Standards</p>		<p>In the centralized procurement of goods, specific environmental protection clauses are set as one of the main technical requirements in the technical specifications, and the implementation standard is “Requirements of Concentration Limits for Certain Restricted Substances in Electrical and Electronic Products” (GB/T 26572-2011), etc. Bidders are required to present their RoHS inspection reports.</p>
<p>Conveying Environmental Protection Concepts to Suppliers</p>		<p>The Group’s subsidiaries are explicitly required in the system to strengthen the dissemination of environmental protection concepts to suppliers; for service suppliers, the “Environmental Protection Agreement” is included as one of the main annexures to the contract and their implementation of environmental protection responsibilities is strictly monitored; specific requirements are made for the packaging of goods in the centralized procurement of goods to prevent unnecessary excessive packaging.</p>
<p>Disciplinary Action Against Suppliers who Neglect Environmental Protection</p>		<p>Suppliers who cause environmental pollution incidents can be withdrawn from the system and disqualified from cooperation according to the system. During the year, no supplier was withdrawn accordingly.</p>
<p>Actively Exploring the Whole Procurement Process through Electronic Means</p>		<p>The Group put into operation of its “China Comservice Procurement Management Platform”, covering many modules such as procurement and tendering portal, procurement system, bidding system and e-mall, to promote the whole procurement process to be accessed online and minimize carbon emissions from paper use and personnel travel.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Integrity and Self-discipline in Procurement

In accordance with the provisions of the Group's procurement-related system, before the commencement of a procurement project, all personnel involved are required to sign a Commitment of Integrity and Self-discipline to remind them to perform their duties objectively and impartially and to serve as a basis for accountabilities afterwards. During the year, the Group conducted inspection and verified the supplier enterprises, and included over 1,400 relevant enterprises into the negative list of suppliers at the headquarters level in order to prevent the occurrence of integrity risks.

The Company's Commitment of Integrity and Self-discipline includes commitments to abide by relevant national laws and regulations, abide by various regulations on work integrity, abide by the Company's rules and regulations, ensure objective and fair performance of duties without favoritism and malpractice, and eliminate all kinds of unhealthy practices and corruption, among which special agreements are made for abiding by professional ethics:

- Do not accept gifts, gratuities, securities or any other benefits from bidders or other interested parties.
- Do not ask for any benefits such as money or materials from bidders or other interested parties in any form.
- Do not have expenses, which should be paid by individuals, reimbursed by bidders or other interested parties.
- Do not participate in entertainment, banquets, travel and other activities organized by bidders or other interested parties.
- Do not ask bidders or other interested parties to provide convenience for personal business or family-run enterprises.
- Strictly abide by other regulations related to work integrity.

Labor Rights and Interests Protection by Suppliers

The Group pays great attention to the protection of the rights and interests of the labor of its suppliers. In the process of cooperation with suppliers during procurement, we ensure that the wages and remuneration packages provided by suppliers are reasonable, wages are paid in a timely manner and all labor rights and interests are enforced through prior review, inspection during the process and assessment afterwards. We urge service suppliers to strictly abide by the PRC Labor Contract Law and other laws and regulations. According to the China Communications Services Corporation Limited Procurement Management Measures (Contracting Business Services Category), when applying for inclusion into the Company's pool of suppliers, suppliers must submit the list of personnel participating in the project, personnel social insurance and labor contracts, technical management personnel professional titles, education and special operation qualification certificates, employer liability insurance or accident insurance materials for verifying their basic protection of labor rights and interests.

Service suppliers are urged to strictly abide by the Regulations on Ensuring Wage Payment to Migrant Workers and other laws and regulations. The Group specifically opens a channel for whistleblowing and complaints regarding defaulted migrant workers' wages, ensuring that it is accessible, and actively coordinates the handling of relevant clues received, regularly organizes personnel to conduct spot checks on suppliers' payment of wages of migrant workers. The Group could include suppliers who deliberately defaulted on migrant workers' wages or caused mass events in the negative list of suppliers according to the China Communications Services Corporation Limited Procurement Supplier Management Measures. During this year, no supplier of the Group was included in the negative list due to salary dispute incidents.

For subcontractors that cause mass incidents due to violations of laws and regulations such as child labor, working hours overtime, or infringement of labor rights, the Group includes them in the negative list and prohibits procurement in accordance with the China Communications Services Corporation Limited Procurement Supplier Management Measures. There was no use of child labor or forced labor during the year.



Product Responsibility and Customers

Ensuring Quality of Service

The Group is committed to building a “Service Excellence” corporate image and continuously improves its service quality. Over 120 subsidiaries of the Group have obtained ISO9001/GB/T 19001 quality management system certification.

The Group formulated the Requirements for Strengthening Customer Service Quality Management and established Special Team for Supervision of Customer Service Quality Management of China Comservice, continuously strengthening the management of customer service quality, standardize and improve the three-tier supervision and management system of customer service quality, improve the channels for customers’ complaints and feedback, and promote the enhancement of service awareness of its subsidiaries at all levels to improve management standard and service quality, enhance customer satisfaction, shape the Company’s good image, build a service quality “moat” and construct a service golden signboard.

In order to improve the management and supervision system of overseas customer service quality of China Comservice and establish a complaint and feedback channel and processing mechanism of customer service quality, the Group has issued the Notice on the Establishment of Overseas Customer Service Quality Complaint and Feedback Mailbox, which is exclusively for the purpose of receiving and processing the opinions, suggestions and complaints on the service and quality of operation contracts by overseas customers.

In terms of the delivery management of contracting business, the Group implements the China Communications Services Corporation Limited Contracting Business Delivery Management Measures to regulate the whole process from project initiation, implementation to completion, acceptance and settlement, to streamline the responsibilities of internal and external parties and management processes in the delivery process, and to promote internal management and customer satisfaction through scientific, regulated, standardized and effective delivery management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Responding to Customer Complaints/Customer Satisfaction Management

Adhering to the “customer-centric” development philosophy, the Group pays great attention to customer perception, establishing a three-tier customer service quality management and supervision system, and each provincial company has set up a dedicated team for customer service quality management supervision. Catering to the characteristics of government and enterprise customers, we establish service departments targeting different customer groups and apply “Smart Marketing System”, to build direct and efficient communication channels with customers, and timely follow up on customer needs through customer visits, technical exchanges, delivery implementation, maintenance services, after-sales follow-up, satisfaction surveys, and other methods in pre-sales, during-sales, and after-sales stages. The Group’s subsidiaries have actively conducted satisfaction surveys this year to listen to customer feedback.

Measures to Ensure Quality of Service



1. Determine the departments and persons responsible for delivery quality management
2. Develop clear delivery quality standards with clients for specific projects
3. Quality control/inspection/assessment during delivery process
4. Target of one-time quality acceptance pass
5. Use of digitalized control tools
6. Data archiving/experience accumulation/continuous improvement

In 2025, the Group opened up a complaint channel, added a feedback channel of “customer service and quality” in the “report area” of the Company’s website, configured special mailboxes for complaints and feedback on the quality of customer service in each province, incorporated the complaint channel into the text of contracts or attachments, and comprehensively disclosed the channel to customers. The Group set up a response mechanism for customer complaints, and formulated different response processes for serious complaints and general complaints. The Group implemented closed-loop management of customer complaints handling, recorded the handling process in written form and filed it. The Group organized service quality meetings from time to time, collected and handled customers’ service opinions and suggestions, carried out service quality analysis, actively explored the deep-level causes of customer complaints, formulated specific rectification measures, and formed an effective enhancement mechanism.

In 2025, customers were generally satisfied with the quality of the Group’s services and there were no material complaints or disputes. The Group is in the informatization communications services industry, and is mainly engaged in project design, construction, supervision and maintenance services for the communications service industry, which does not involve product recall.

Intellectual Property Protection

The Group strictly complies with all the laws and regulations in relation to the protection of intellectual property rights, such as the PRC Civil Code, the PRC Trademark Law, the PRC Patent Law, the PRC Copyright Law and the PRC Anti-Unfair Competition Law, while continuously enhancing its awareness of intellectual property rights protection, handling and resolving infringement disputes on a timely basis. The Group continuously strengthens its trademark management, standardizes the use of registered trademarks, focuses on brand protection while promoting its brands and enhancing its own brand value, and carries out intellectual property research on the Company's emerging businesses.

The Group has formulated the Measures for the Management of R&D Projects of China Communications Services Corporation Limited, integrating intellectual property management into the entire process of R&D project management. It clarifies the ownership of intellectual property rights and confidential management requirements, and stipulates that R&D projects must set intellectual property objectives and work plans. The completion of intellectual property objectives is incorporated into the project acceptance evaluation indicators, and during the acceptance phase, the achievement of intellectual property goals and their application prospects are verified. These initiatives aim to strengthen the protection of technological innovation achievements, promote the commercialization of intellectual property, and enhance the Group's independent innovation capabilities and core technology control capabilities. The Group emphasizes the protection of intellectual property rights in the process of product research and development, and has applied corresponding patents or software copyrights.



2025

The Group obtained over **500** new authorized patents
for invention, **1,300** new software copyrights.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Information Security and Privacy Safeguards/Cybersecurity

The Group attaches great importance to the protection of information, privacy and data security of the Company, its employees and customers, and strictly complies with the laws and regulations such as the PRC Cybersecurity Law, the PRC Data Security Law, the PRC Personal Information Protection Law, and continuously improves a series of systems such as the Management Measures for Network and Information Security and the Management Measures for Data Security of the Group to regulate internal network, information and data security management. Nearly 30 companies under the Group have ISO27001 information security management system certification, more than 20 companies have GB/T 22080-2025 information security management system certification, nearly 40 companies have information security service qualifications, and the relevant employees hold qualification certificates such as CISP, CISSP, CISA and CISP-DSG.

Network and Information Security Management System

The Group's Network and Information Security Leading Group is the network and information security management body, headed by the President of the Company. Each of its provincial companies has set up its Network and Information Security Leading Group to fulfill the responsibility for network and information security. The Group and all of its provincial companies regularly hold monthly meetings of the Leading Group to discuss and make decisions on network and information security matters.

Network/Information Security and Privacy Protection Training and Dissemination

The Group strengthened the training and dissemination of network and information security and privacy protection for its employees. In 2025, a total of five training sessions on network and information security were organized by the Group for relevant management and technical personnel, including policy interpretation, awareness dissemination, skill enhancement, situation analysis and warning education, with a total of over 28,000 person-times' participation. The Group actively participated in publicity activities such as National Security Education Day and Cybersecurity Publicity Week. By adopting a combination of online and offline approaches — including special training sessions delivered by external experts, poster promotions, video campaigns, and participation in cybersecurity micro-video collection and evaluation activities, the Group effectively raised internal employees' awareness of network and information security, and privacy protection, cultivating a robust security-focused organizational culture. The Group organized internal network and data security skills competitions and actively participated in external competitions, and received the silver award in the data security category of the "Digital China Innovation Competition". Through the "competition-as-training" approach, the Group's overall security defense capabilities were further enhanced.

Building a Strong Line of Defense for Network and Information Security

The Group actively carries out regular security operations and organizes 7 x 24 hrs round-the-clock security monitoring relying on the cybersecurity operation centre, regularly analyses security situation, conducts and organizes offensive and defensive drills and social engineering drills covering the entire Group, conducts special inspections and checks on key issues, and establishes an all-rounded emergency response mechanism and process.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to strengthen information security protection, the Group continues to promote various special actions, organizes data security compliance assessments, and conducts regular inspections of new technologies and businesses. Meanwhile, it carries out assessments and inspections of its own APPs involving users' personal data to effectively protect users' personal information and avoid excessive claims to rights.



Culture and Responsibility of Privacy and Security

In 2025, no occurrence of leakage of customer privacy and information was identified within the Group. The Group enters into relevant information protection agreements in accordance with the customer needs and signs confidentiality agreements with relevant employees according to actual needs, which are strictly complied after signing. The possibility of leakage of customer privacy is also eliminated through technical means such as isolation from the Internet, data desensitization and encryption, data leakage prevention and data auditing.

The Group issued the Management Measures of Data Exposure Surface Security of China Comservice (Trial), the Emergency Response Plan for Data Security Incidents of China Comservice, which requires the strengthening of the systematic study and publicity of the PRC Data Security Law, the PRC Personal Information Protection Law and the PRC Cybersecurity Law. This aims to further strengthen data exposure surface management and data security emergency response capabilities, safeguard data security, and ensure all employees fully understand and master it in depth, clarify the bottom line, not touch the red line, and effectively regulate data and information processing activities.

Cybersecurity Capabilities

The Group actively responds to the national strategy of building China into a cyberpower. In recent years, we have strategically focused on network and information security, continuously increasing our research and development investments. The Group has established a sub-brand of "CCS Cyber Security" and set up a professional team to serve the country, customers and industry, so as to provide overall network and information security solutions and comprehensive products and services for national key information infrastructure industry clients and undertake the construction of several national major network and information security projects. Having participated in compiling the national and industrial standards, white papers and monographs for network and information security, the Group was accredited the ministerial-level "Pilot Demonstration of Cybersecurity Technology Application". Its own core products and services have been selected in the "China Cybersecurity Industry Panorama" published by "AQNIU", a think tank in the cybersecurity industry, for many times. The brand influence of "CCS Cyber Security" is gradually increasing.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Cyberspace
Surveying and
Mapping Platform**



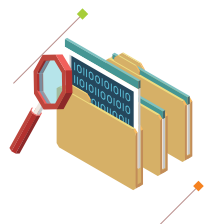
Based on the actual combat perspective of network attack and defense, a one-stop correlation analysis system of internal and external network integration mapping is constructed to realize the closed-loop governance of “internal network assets + Internet exposed assets” integration, high precision and full coverage, which helps the national key industries to identify high-risk attack surfaces, create holographic maps of cyberspace and realize wall chart operations of safe assets.

**Intelligent Security
Operation Platform**



Facing the actual needs of complex operation of national key information infrastructure operating units, it provides in-depth analysis of security threats and automatic response capability of security arrangement, realizes the closed loop of the whole process of security risk detection, monitoring, disposal and early warning, and helping national key information infrastructure operating units to improve safety operation efficiency.

**Data Security
Monitoring Platform**



We provide data security supervision services such as data asset management, data desensitization management, interface security management and access and operation audit management to help customers improve their overall data security capabilities and enhance their data security assurance capabilities.

**Cloud Cryptographic
Service Platform**



It integrates cryptographic services and situation awareness capabilities under an intensive architecture. Relying on adaptive and scalable cloud-based cryptographic resources, it provides integrated cryptographic security support for government clouds. Technically, it enables on-demand service scheduling and proactive protection, strongly supporting the full-process trustworthiness and compliance of government affairs data and services, and consolidating the security foundation for digital government. It has been deployed and applied in multiple provinces and cities.

**Training Simulation
Exercise Platform**



It realizes the integration of real network training, simulation research and offensive and defensive competitive capability, meets the needs of scenario-based and customized training simulation drills in national key information infrastructure, helping security services and offensive and defensive teams to quickly improve their combat capabilities in maintenance and operation and actual combat confrontation.

**Comservice
Crowdsource
Testing and Security
Vulnerability
Management
Platform**



By aggregating information security experts through Internet crowdsourcing, and based on an intelligent control model with in-depth integration of “artificial + automation”, we provide operators, government and enterprise customers and venture-startup teams a full set of one-stop services with cybersecurity vulnerability management as the core, realizing the visibility, control and management of the whole life cycle of vulnerabilities.



Participation in Cybersecurity Attack and Defence Drill

Guangdong Company and Hong Kong Company of the Group were invited to participate in Hong Kong Cybersecurity Attack and Defence Drill 2025. The event was hosted by the Digital Policy Office of HKSAR Government and co-organized by multiple departments including the Cyber Security and Technology Crime Bureau of the Hong Kong Police Force. Hong Kong Company was awarded a Certificate of Appreciation from the Digital Policy Office of the HKSAR Government for its mature technical capabilities.



Support for Cybersecurity Discipline Development and Talent Cultivation

Hunan Company of the Group was invited to attend the 18th Symposium on the Construction of Cyberspace Security Disciplines and Talent Cultivation in China, hosted by the Cyberspace Security Steering Committee for Higher Education of the Ministry of Education, under the guidance of the Cybersecurity Coordination Bureau of the Central Cyberspace Affairs Commission and the Department of Higher Education of the Ministry of Education. The company delivered a keynote speech at the Sub-forum on Industry-University-Research Collaborative Education.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Anti-corruption

Strengthening Integrity Construction

The Group always strictly abides by the PRC Criminal Law, the PRC Oversight Law, the Law of PRC Administrative Discipline for Public Officials, the PRC Company Law, the PRC Anti-Money Laundering Law, the PRC Anti-Unfair Competition Law, the Regulation on the Integrity of State-owned Enterprise Officials and other laws and regulations, and complies with social morality, business ethics and industry rules. The Group is committed to business integrity, opposes unfair competition and eliminates corrupt practices in business activities, including but not limited to bribery, extortion, fraud and money laundering.

The Group attaches great importance to strengthening integrity and discipline education. It strictly implements the requirements in documents such as the Notice of China Comservice on Further Strengthening Integrity Education and Discipline Education, and guides and supervises management and employees at all levels to improve their awareness of integrity and red line by holding warning education conferences, reporting typical cases, producing warning education videos on typical cases, conducting integrity propaganda, reminding in daily conversations and publicizing through new media platforms. In 2025, the Group held more than 570 warning education conferences, reported more than 6,000 typical cases through various channels, and intensified deterrence and fostered a strict atmosphere at every level. Carrying out integrity propaganda, all levels of enterprises launched discipline propaganda more than 3,900 times, continued to build a strong ideological line of defence of integrity and self-discipline. The Group conducted regular discipline education and self-compiled case materials such as “Discipline Defined by Cases, Long-lasting Alarm Bell”. The Group produced high-quality warning education videos by reconstructing real cases and arranging for involved personnel to speak in person, so as to enhance the accuracy, penetration and effectiveness of the warning education. The Group actively built an integrity culture brand, and created short videos, infographics, and other promotional materials for integrity culture. It released 10 issues of integrity reminders on the official WeChat account “China Comservice Hongyun”. The Group created a regular and long-term effect, solid cultivation of integrity culture missionary mechanism, and established integrity culture corner and columns in the digital intelligent supervision system and published more than 350 pieces of short videos, photography, calligraphy and painting works and other types of educational materials, which formed “source of fresh water” of integrity culture educational materials.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Formulating the Code of Conduct and Ethics for Employees

The Group has formulated non-compliance management regulations covering all employees, including the Code of Conduct and Ethics for Employees, the Code of Conduct and Ethics for Senior Management, the Code of Professional Conduct for Employees and the Regulations on Employee Disciplinary Actions to supervise senior management and employees to comply with them consciously. These codes and guidelines set out the Group's regular initiatives in areas, including anti-corruption, fraud, conflict of interest, anti-discrimination, anti-competition and confidentiality, which form the basis for the Group to deliver its products and services in a responsible manner. These codes and guidelines provide guiding principles for all employees of the Group to act with integrity, impartiality and honesty, and clarify the provisions for the handling of and punishment in the event of violations, including honest practice standards, network information security and confidentiality management, attendance management, meeting standards, daily office and etiquette standards.

The Code of Conduct and Ethics is available in Chinese and English and uploaded to the Company's website (www.chinaccs.com.hk) for staff reference at any time.

Improving the Supervision System

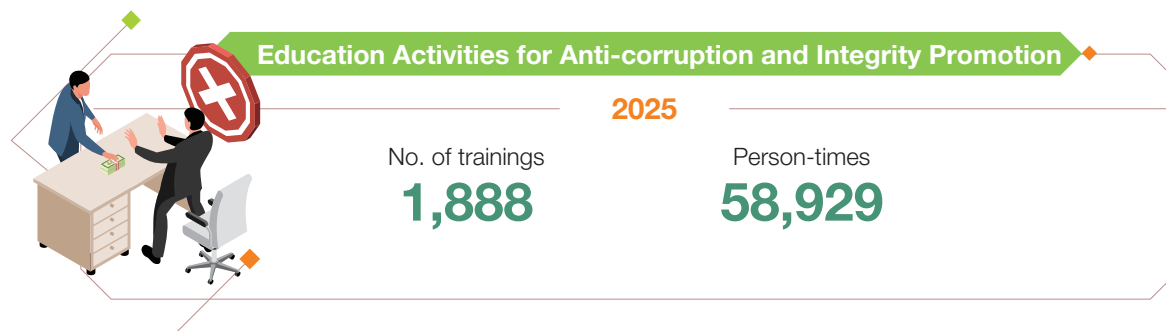
The Group continues to establish and improve the supervision system in order to strengthen the restriction and supervision to the exercises of power. Focusing on key areas and key sections, the Group carries out targeted special governance and supervision, optimizes relevant system processes, improves risk prevention and control capabilities, and resolutely prevents major risks. In 2025, the Group focused on strengthening supervision and inspection over important nodes, strictly and genuinely reinforced the conversation reminders for and daily supervision on management and personnel in key positions at all levels, and formulated the Manual of Issues Identified in Daily Supervision and Inspection (2025 Edition), supervised specialized agencies to conduct interviews for over 6,800 person-times, and conducted over 4,900 on-site supervisions and inspections at major festivals and nodes. The Group deepened the integration and coordination of various oversight mechanisms, integrated all kinds of supervision efforts from human resources, audit, risk management, business and finance, etc., and established 6 major supervision systems and 8 collaborative mechanisms such as the Evaluation Measures for the Fulfillment of Oversight Responsibilities by Departments of China Comservice Headquarters (Trial), and issued the 2025 Annual Supervision Plan List of China Comservice. With regular follow-up and inspection mechanisms in place, disciplinary inspection departments and functional lines conducted more than 10,000 supervision and inspection activities, effectively fulfilling their supervision responsibilities. The Group further advanced the sharing of supervision information and mutual utilization of supervision results. All departments collaborated to conduct special supervision on the reform of key areas, and pushed forward in depth the centralized rectification of unhealthy tendencies and corruption issues that are closely related to the general public. These efforts have further amplified and strengthened the effectiveness of integrated and coordinated supervision, and enhanced the synergy of supervision.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Whistleblowing

The Group has established a whistleblowing mechanism, and continuously strengthened the management of problem clues through complain letters and visits, and enhanced the development of integrity culture. We strictly implemented regulations such as the Working Rules for Handling Reports and Complaints by Discipline Inspection and Supervision Agencies, handling compliants and accusations according to regulations, discipline, and law, strictly implementing confidentiality requirements to effectively protect the rights of those making accusations. The complaint acceptance process is regulated. When the Group's internal employees and business partners identify corruption and bribery of our staff, they can report by real-name or anonymously through the post office box (Beijing, 100033 mailbox 33 bin), or by telephone or by visiting in person. The information of the whistleblower will be kept strictly confidential. The Group strictly implements the Working Rules for Handling Reports and Complaints by Discipline Inspection and Supervision Agencies, handles reports and complaints in accordance with regulations, disciplines and laws, strictly implements the confidentiality requirements, and effectively protect the rights of the whistleblowers.

During the year, the Group provided training to directors and employees on anti-corruption.



The Group attaches great importance to the development of an anti-corruption system, always maintains a highhanded anti-corruption stance at all times, enforces discipline and accountability seriously with "zero tolerance" for violations of laws, regulations and disciplines, and deals with them seriously in accordance with the requirements of laws and regulations to maintain the normal operation order of the Group. During the reporting period, there were no concluded litigation cases regarding corrupt practices brought against the Group or its employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Organizational
System
Construction

Leverage the role of the anti-corruption coordination team. Hold regular coordination team meetings, formulate an annual monitoring plan checklist to promote and optimize the organic integration of auditing, human resources, finance, business and other kinds of supervision, and foster synergistic oversight among all supervisory entities to create a favourable environment characterised by collective wisdom, collaborative efforts, and interconnected coordination.

Refine the evaluation methodology for departments' fulfilment of supervisory responsibilities and conduct assessments; issue formal reminders to departments ranking in the bottom tier and notify relevant company management. Issue the Evaluation Methodology for China Comservice Headquarters Departments' Fulfilment of Supervisory Responsibilities (Trial), incorporating evaluation outcomes into annual assessments. Issue 2025 Annual Supervision Plan Checklist of China Comservice to reinforce functional departments' regulatory accountability.

Work Style
Construction

Adhering to high standards, strict requirements, and pragmatic approaches, made persistent efforts to reduce burdens on grassroots units. Conducted 4 rounds of supervision and inspection on the implementation of the "Measures for Rectifying Formalism and Reducing Burdens on Grassroots Units". Promote the special rectification of unhealthy work styles and corruption issues around the masses, resolved 401 issues that the masses are "urgently concerned about, have difficulty to solve, worry about, and eagerly hope for", and enhance the sense of gain, happiness, and security of grassroots employees.

Warning Education
Enhancement

Held warning education meetings level by level over 575 times, and produced 4 special warning education videos. We deeply engaged in integrity warning education, ensuring employees respect and fear rules and maintain bottom lines, effectively building a strong mindset of integrity and self-discipline. Besides, we strengthened the development of family virtues and education, fully leveraging the role of families in consistently promoting integrity and calculating the "integrity account" to aid in fostering integrity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



SOCIAL PARTICIPATION

The Group has always fulfilled its responsibilities as a State-owned enterprise in disaster relief and emergency support, actively participated in rural revitalization and the improvement of people's livelihood, encouraged its employees to participate in social welfare activities to strive to give back to society and contribute to the building of a harmonious society.

Communications Support for Major Events



Safeguarding the 15th National Games of the People's Republic of China

The Group adopted a fully committed approach to completing all safeguarding work for the 15th National Games of the People's Republic of China ("the 15th National Games") with high standards and high quality.

1. Steadily Advancing Full-Cycle Safeguarding for the 15th National Games

Since the end of 2023, Guangdong Company of the Group has established a dedicated Smart Culture and Tourism Task Force, fully undertaking 114 projects related to the venue construction of the 15th National Games.

In May 2025, Guangdong Company established the Leading Group for the 15th National Games and the 12th National Games for Persons with Disabilities & 9th National Special Olympics Games, and formulated a comprehensive safeguarding work plan. Focusing on four key areas: communications network quality enhancement, digital technology empowerment, information service optimization, and cybersecurity enhancement, the Group advanced information communications safeguarding and venue informatization in a safe, orderly, and full-network manner, providing unobstructed, high-quality, and secure communications services and technical support for the Games.

In August 2025, Guangdong Company further set up an on-site support team under the Provincial Executive Committee, rooting at the frontline of safeguarding. The team delivered efficient support at the Technology Operations Center (TOC), Main Operations Center (MOC), venue computer rooms, and competition venues, ensuring unified thinking and coordinated actions in safeguarding work to escort the smooth holding of the Games.

2. Assembling Elite Forces to Consolidate the Safeguarding Foundation for the 15th National Games

Guangdong Company of the Group cumulatively deployed over 1,000 person-times of professional personnel. With all-round professional safeguarding, it has provided solid support for the smooth hosting of the 15th National Games.



Disaster Relief

The Group actively practices its social responsibility, assists in emergency support all over the country in major natural disasters and public safety incidents without delay, actively assists in repairing communications lines and ensuring smooth communications networks.

In 2025, the Group contributed resources including a total of over 28,000 person-times and 12,000 vehicle-times, repaired more than 28,000 communications facilities and participated in disaster relief for more than 128,000 hours, while actively participating in post-disaster pandemic prevention and disinfection as well as environmental clean-up.



Heavy Rainfall

In May, Gongshan County and Fugong County in Nujiang Prefecture, Yunnan Province, were struck by rare, persistent heavy rainfall. Prolonged water saturation destabilized mountain slopes, triggering frequent landslides and mudslides. Roads were washed away and buried, while communications cables were severed in multiple locations. Yunnan Company of the Group swiftly activated its emergency communications response mechanism, dedicating full resources to disaster relief efforts.

In June, Sandu County in Qiannan Prefecture, Guizhou Province, endured consecutive extreme downpours. This triggered landslides, road collapses, and surging rivers, causing widespread communications outages across the county. Guizhou Company of the Group swiftly established a joint emergency command center, and deployed two teams to repair communications.

In July, heavy rainfall caused power outages at multiple tower base stations and communications equipment rooms in five districts/counties including Banan and Nanchuan in Chongqing, damaging numerous poles and communications optical cables. Chongqing Company of the Group swiftly mobilized resources, conducting multi-pronged rescue operations to ensure personnel transported generators, restored lines, and accelerated regional communications recovery.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Flooding Disasters

In February, a sudden landslide in Junlian County, Yibin City, Sichuan Province. Sichuan Company of the Group immediately activated its emergency response plan. The Yibin branch formed a rescue team that rushed to the disaster site to urgently repair the network, providing uninterrupted network support for rescue operations.

In August, continuous heavy rainfall triggered flash floods in Yuzhong County and other areas of Lanzhou City, Gansu Province, affecting multiple townships and causing casualties and property damage. Gansu Company of the Group promptly assembled a rescue team to rush to the scene, racing against time to repair critical communications lifelines.



Typhoons

In September, Super Typhoon Ragasa (No. 18) swept through with fierce winds and torrential rains, severely impacting multiple coastal areas in Guangdong. Guangdong Company of the Group mobilized all levels of organizations and employees to respond immediately, confronting challenges head-on. They fought tirelessly on the front lines of communications support and disaster relief, safeguarding network connectivity and protecting people's lives and property through steadfast commitment and decisive action.



Blizzard

In April, Xilingol League in Inner Mongolia was struck by an unprecedented blizzard. The Beijing Engineering Bureau of China International Telecommunication Construction, a subsidiary of the Group, formed a rapid-response team. Working continuously in sub-zero temperatures of -20°C , the team completed emergency repairs of base stations for 13 times, fully restoring communications in critical areas.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

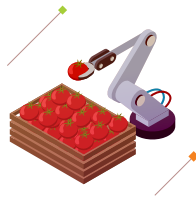
Rural Revitalisation

The Group actively fulfills its corporate social responsibility, vigorously promotes the spirit of poverty alleviation, consolidates and expands the achievements of poverty alleviation efforts, promotes effective linkage between poverty alleviation and rural revitalization, leverages its own advantages, continues to implement major assistance policies, and supports the development of poverty alleviation areas and rural revitalization.

The Group formulated and issued the Key Points for Rural Revitalization in 2025 and defined the work direction of “headquarters coordination, provincial implementation, and grassroots results”. It tightened the responsibility chain to form a vertically connected and efficiently coordinated promotion pattern. Throughout the year, the Group conducted over 40 supervision and guidance sessions, dispatched approximately 110 person-times for field visits to assistance sites, convened nearly 60 rural revitalization-themed work meetings, and organized nearly 20 specialized training sessions. These efforts continuously strengthened theoretical learning and operational capabilities.

In 2025, the Group invested a total of more than RMB6.5 million in assistance funds. Among them, the Group headquarters directly donated RMB1.2 million to Tianlin County, Guangxi (a key county for national rural revitalization assistance). Meanwhile, it introduced RMB2.35 million in external assistance funds, effectively converting capital advantages into development outcomes, and laying a solid financial foundation for consolidating and expanding the achievements of poverty alleviation and empowering comprehensive rural revitalization.

Industrial Revitalization



The Group promoted both project-led development and employment assistance. It introduced 4 assistance projects, supported 6 leading enterprises, and fostered 9 new agricultural business entities, driving the quality and efficiency improvement of characteristic industries. Through labor transfer and targeted recruitment, the Group helped 5 people secure off-site employment and recruited 12 people from formerly impoverished households.

Cultural Revitalization



The Group focused on fostering rural civility by constructing three new cultural infrastructure facilities, organizing 24 cultural revitalization activities, and donating over 1,100 books and magazines. It arranged rural revitalization personnel to visit revolutionary education bases for over 320 person-times, leveraging red culture to enrich and empower rural spiritual civilization development.

Ecological Revitalization



The Group aligned with beautiful countryside construction requirements, completing 49 housing renovations and assisting in the toilet renovation of 55 rural households, and promoting household waste and sewage treatment in 77 administrative villages to effectively improve the rural living environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Technology Empowering Rural Revitalization

1. “Childhood Harbor” Summer Daycare Program

Sichuan Company of the Group addressed the livelihood issue of educational supervision gaps for left-behind children during holidays by launching the innovative “Childhood Harbor” summer daycare initiative.

Local college student volunteers were recruited to provide two weeks of systematic care services for left-behind children. This program effectively alleviated the concerns of migrant worker families, delivering tangible care through practical measures and establishing a warm model of livelihood support in the context of rural revitalization.

2. Talent Development Initiative for “E-commerce in Rural Villages”

Sichuan Company of the Group focused on the problem of blocked sales channels for agricultural products by leveraging professional expertise to launch the “E-commerce in Rural Villages” talent development initiative. Through one-on-one training, villagers mastered online store operations and live-streaming sales techniques. The Initiative has trained over 50 participants and facilitated more than 10 agricultural live-streaming events, creating a fast track for rural products to reach broader markets.

3. Digital Villages

Zhejiang Company of the Group integrated technological and financial resources to advance cross-regional digital village initiatives. Its local subsidiaries leveraged regional characteristics to establish smart village platforms and upgrade rural utility poles and lines. Simultaneously, they collaborated with academic institutions to promote the deep integration of digital technologies with rural production, living, and ecological systems, injecting sustained momentum into rural revitalization through technological innovation.

4. Rural Sewage Treatment Project in Heping Town, Wudalianchi City

Heilongjiang Company of China International Telecommunication Construction Corporation, a branch of the Group, undertook the rural sewage treatment project, covering 678 households, the project has improved the local living environment through the construction of professional sewage pipe networks, providing a replicable practical model of “livelihood project + government-enterprise linkage” for rural environmental governance in Northeast China.



Employee Care

Adhering to employee-centric principle, the Group integrates employee care into daily governance and cultural development and actively launches the employees' sense of happiness program. It regularly carries out various cultural and sports competitions and team-building activities, builds digital communication platforms such as the "Digital Union", responds promptly to employee demands, and effectively solves urgent and difficult problems. Adhering to "sending warmth in winter and coolness in summer", and "five visits and five congratulate"* , the Group focuses on visiting and assisting model workers, retirees, and employees in difficulty during holidays, pays comprehensive attention to employees' thoughts, work, and life dynamics, continuously enhancing their sense of security, gain, achievement, belonging, and happiness.

The Group encourages employees to actively participate in and organize various types of volunteer services and activities



Staff Sports Games

Jiangsu company of the Group organized the 6th Staff Sports Games, and built an enterprise culture of "diligent work and happy life". A variety of cultural, sports and national fitness activities were carried out to relax employees' physical and mental state, strengthen their health, and make sports a normal part of work and life.

All participating athletes demonstrated the sports spirit of "Faster, Higher, Stronger" with sweat and perseverance. While striving for excellence, they enhanced communication, improved collaboration, and gathered tremendous momentum for the company's innovative development, achieved a "double harvest" of enterprise development and cultural construction.



* "five visits and five congratulations": the Group visits sick employees in hospitals, employees who have special family difficulties, bereaved employees, employees who encounter material family disputes, and employees who are in conflict with other colleagues. The Group also congratulates employees on their birthdays, weddings, giving birth, their children's admission to colleges (or the army) and their retirement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Youth Friendship Activities

Guangxi Company of the Group tailored activities to the interests of the youth, featuring an AI virtual world treasure hunt storyline with engaging activities like anime photo booths, and brain teasers. Complemented by tea gatherings and AI-drawn T-shirt workshops, the event fostered connections through collaborative problem-solving and authentic interactions, helped participants build targeted and meaningful connections.



Care for Key Employees Outside the Province

Shanghai Company of the Group organized the “Mountain and Sea Reunion: Homecoming Journey” for key employees based outside the province. 23 employees from across the nation gathered in Shanghai for a five-day visit, gaining deep insights into the company’s development and culture while experiencing the warmth and hospitality of their “home base.”



INVESTOR RELATIONS

The Company attaches great importance to maintaining close and effective communication with the capital market, and builds sound relationship with investors through proactive interaction with various channels. In 2025, the Company further strengthened and enhanced its investor relations' initiatives under the principles of high transparency, accuracy, timeliness, fairness and effectiveness.

INVESTOR RELATIONS WORK OVERVIEW

In 2025, cutting-edge digital technologies such as artificial intelligence, big data, and computing power accelerated convergent innovation, and new momentum continued to grow and strengthen, bringing new development opportunities for the Company. Guided by technological innovation, the Company continued to deeply expand into the strategic emerging industries, and accelerated its deployment in artificial intelligence. Coupled with the effective implementation of quality and efficiency enhancing measures, the Company achieved solid operating results. While striving to enhance its operating results, the Company formulated various measures to improve its market value, actively promoted and completed key tasks, including promoting high-quality development of the Company, strengthening investor relations management, improving information disclosure quality and increasing proactive disclosure, continuously advocating the Company's core value, and completing the institutional arrangement for share repurchase. Furthermore, through close communication with analysts from various securities firms, the Company facilitated two securities firms to initiate research coverage and publish their first in-depth research reports for the Company, thereby conveying the Company's value to more investors. As a result of the relevant efforts during the year, the Company effectively achieved stabilization and improvement in share price after market volatility in April, significantly increased stock trading volume and activity during the year, and further broadened the shareholder base among investors from Chinese Mainland. During the year, the Company continued to receive multiple awards related to investor relations management, fully showing the capital market's recognition of its efforts in investor relations.

CAPITAL MARKET COMMUNICATION

In 2025, the Company actively initiated multi-level and interactive communication with investors, including results briefings, non-deal roadshows, teleconferences, video conferences, and investor forums organized by brokerage firms, so as to continuously enhance the communication with the capital market. During the year, the Company's chairman, president and other management participated in the results briefings in person and had in-depth communication with investors, in order to more comprehensively understand investors' opinions and expectations. In addition to the on-site meetings, the Company also simultaneously provided various access channels such as telephone and online platform for the results briefing, enabling investors in different regions to communicate with management in real-time through online means. During the year, the Company held approximately 90 investor meetings through the above channels, and communicated with analysts and investors for approximately 390 person-times. Among these, the frequency of non-deal roadshows increased significantly. The Company organized seven non-deal roadshows in Hong Kong, Beijing, Shanghai and Shenzhen, more proactively connecting with target investors and effectively enhancing communication efficiency. Additionally, the Company participated in the group roadshow organized by its parent company, China Telecommunications Corporation in December, fully leveraging the synergies of China Telecommunications Corporation and its other listed subsidiaries to further deepen connections with the capital market.

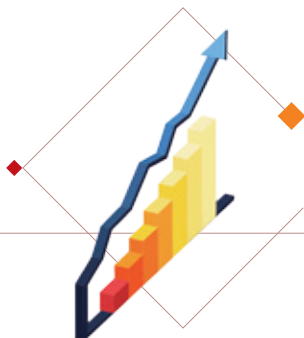
The Company strengthened its use of website and social media to release information related to the Company's latest development in order to enhance investors' understanding on the Company. During the year, we newly added information on the Company's deployment and R&D achievement in technological innovation and AI to the Company's website, updated content and cases library related to strategic emerging industries, and enriched the connotation of "1 Positioning, 4 Roles", more clearly demonstrating the Company's positioning. Meanwhile, the Company continued to publish the key messages of our results in the format of "At a Glance" infographics via WeChat, so that investors could understand the latest development and results performance of the Company more easily and clearly.

INVESTOR RELATIONS

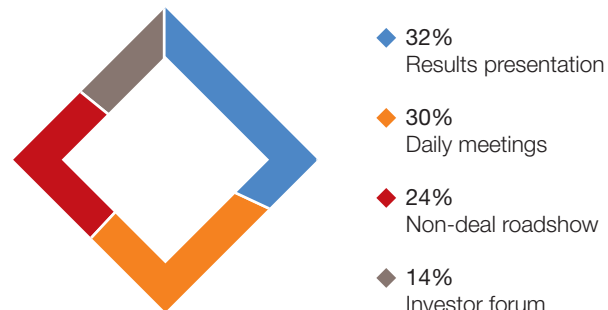
In 2025, the Company enhanced its information disclosure to deliver important messages, so as to drive value enhancement in capital market. Other than having new disclosures in the results presentation materials to elaborate on its initiatives to drive market value enhancement, the Company proactively issued the “Announcement of Continuously Enhancing the Value of Listed Company” in April, outlining its plans and measures for enhancing market value. Furthermore, it issued a voluntary announcement regarding “Proposal on General Mandate to Repurchase H Shares” in December, informing investors of the latest updates on the share repurchase. These actions demonstrated the Company’s commitment to safeguarding shareholders’ interests and continuously creating long-term value for shareholders, while effectively enhancing market confidence in the Company’s investment value.

The Company emphasizes on maintaining effective two-way communication with investors, and the investor relations team fully utilizes its role as a bridge between the capital market and the Company. In addition to conveying the Company’s investment value to the market, it also closely monitors key market concerns, and reports investors’ views, suggestions and expectations to the Company’s management in a timely manner. Such action is beneficial for the Company’s management to stay attuned to market dynamics and proactively respond to market concerns, formulate operation, management and development strategies, to facilitate the sustainable development of the Company and enhance its long-term investment value.

Results Presentation



Attendance Analysis of Investor Relations Activities in 2025



List of Investor Relations Activities of the Company in 2025

Date	Event
1/2025	Citi 2025 China Technology and Telecom Corporate Day
1/2025	UBS Greater China Conference 2025
3/2025	2024 Annual Results Announcement — Analyst Briefing — Press Conference
3/2025	Non-deal Roadshow (Hong Kong)
4/2025	Non-deal Roadshow (Shanghai)
4/2025	Zhongtai Securities Spring Listed Company Conference 2025
6/2025	Non-deal Roadshow (Shenzhen)
6/2025	Non-deal Roadshow (Beijing)
7/2025	RoadshowChina “Digital Intelligence New Economy” Online Thematic Roadshow Day
8/2025	2025 Interim Results Announcement — Analyst Briefing — Press Conference
8/2025	Non-deal Roadshow (Hong Kong)
8/2025	Citi China TMT Corporate Day 2025
11/2025	Non-deal Roadshow (Shenzhen)
11/2025	Citi 2025 China Conference
11/2025	CITICS Capital Market Conference 2026
11/2025	CICC Annual Investment Strategy Conference 2025
11/2025	Non-deal Roadshow (Beijing)

INVESTOR RELATIONS

Shareholding Structure

In 2025, the Company continued to appoint an international survey company to conduct comprehensive surveys on the shareholding structure to keep abreast with the updated shareholding information of its shareholders, types of shareholders, geographical distribution and investment styles. Meanwhile, we monitored the shareholding positions of major domestic public funds in the Company based on their quarterly disclosure information. By referencing to the above information, the Company compiled a target list of major investors and actively approached shareholders as well as potential investors, increased roadshows to reach the investors in Chinese Mainland, to broaden its investor base. Thanks to the above measures, the Company achieved notable results in expanding the investor base from Chinese Mainland. According to the public disclosure information on the website of Hong Kong Stock Exchange, as at 31 December 2025, 30.8% of the issued H share capital of the Company was held by the investors from Chinese Mainland through China Securities Depository and Clearing Corporation Limited, representing a significant increase from 16.1% at the end of 2024, reflecting the effectiveness of the Company's efforts in expanding its investor base in Chinese Mainland, leading to a more diversified shareholder mix.

Shareholding Structure¹ as of 31 December 2025

¹ For details of the material interests and short positions in shares and underlying shares of the Company, please refer to "Report of the Directors".

INFORMATION DISCLOSURE

The Company has strictly complied with the information disclosure requirements for listed companies and has considered information disclosure as the responsibility and obligation that must be discharged for the protection of investors' interest. We have made information disclosure with consistent adherence to the principles of accuracy, timeliness, openness and fairness and dedicated to improving the overall quality of the Company's information disclosure and facilitating the capital market to gain a better understanding of the Company. The Company timely disseminates important information to the capital market through various channels including announcements, circulars, press releases and investor relations website, etc.

In 2025, in accordance with the Listing Rules, the Company published approximately 26 corporate communications such as announcements and circulars on the websites of the Hong Kong Stock Exchange and the Company. Such publications have objectively and comprehensively disclosed information regarding the Company's results, operating performance, financial information, dividend payment, share repurchase and poll results for general meetings. Main announcements and circulars included:

07/02/2025	Further Announcement on Matter Relating to Rule 13.92 of the Listing Rule
14/03/2025	Announcement Relating to the Date of Board Meeting to Approve the 2024 Annual Results
27/03/2025	Announcement of Annual Results for the Year Ended 31 December 2024
27/03/2025	Announcement Relating to the Proposed Appointment of Directors, Proposed Re-election and Election of Directors and Retirement of Director
08/04/2025	Announcement of Continuously Enhancing the Value of Listed Company
25/04/2025	2024 Annual Report
25/04/2025	Circular Relating to the Proposed Re-election and Election of Directors and Notice of the AGM
25/04/2025	Notice of Annual General Meeting
06/05/2025	Announcement Relating to the Proposed Appointment of Non-executive Director
09/05/2025	Circular Relating to the Proposed Appointment of Non-executive Director and Supplemental Notice of the AGM
09/05/2025	Supplemental Notice of Annual General Meeting
29/05/2025	Announcement Relating to the Poll Results of the 2024 Annual General Meeting, Payment of Dividend and Changes in Directors
29/05/2025	Announcement Relating to the List of Directors and their Role and Function
08/08/2025	Announcement Relating to the Date of Board Meeting to Approve the 2025 Interim Results
21/08/2025	Announcement of Interim Results for the Six Months Ended 30 June 2025
21/08/2025	Announcement Relating to the Proposed Amendments to the Articles of Association and Abolishment of the Supervisory Committee, and Proposed Amendments to the Rules of Procedure for the General Meeting and the Rules of Procedure for the Board
05/09/2025	2025 Interim Report
30/09/2025	Circular Relating to the (1) Proposed Amendments to the Articles of Association and Abolishment of the Supervisory Committee; (2) Proposed Amendments to the Rules of Procedure for the General Meeting and the Rules of Procedure for the Board; and (3) Notice of the EGM
30/09/2025	Notice of the Extraordinary General Meeting
23/10/2025	Announcement Relating to the Poll Results of the Extraordinary General Meeting Held on 23 October 2025 and Abolishment of the Supervisory Committee
23/10/2025	Articles of Association
11/12/2025	Voluntary Announcement-Proposal on General Mandate to Repurchase H Shares
23/12/2025	Circular Relating to General Mandate to Repurchase H Shares, Notice of the 2026 First Extraordinary General Meeting, Notice of the 2026 First Domestic Shareholders' Class Meeting and Notice of the 2026 First H Shareholders' Class Meeting
23/12/2025	Notice of the 2026 First Extraordinary General Meeting
23/12/2025	Notice of the 2026 First Domestic Shareholders' Class Meeting
23/12/2025	Notice of the 2026 First H Shareholders' Class Meeting

INVESTOR RELATIONS

Other than announcements and circulars, the Company’s website (www.chinaccs.com.hk) is also one of the important channels for corporate information disclosure and provides capital market, media, shareholders and potential investors with a more convenient and efficient access to the detailed information related to the Company. Other than introducing the basic information of the Company and disclosing the corporate governance, environmental and social responsibility information, the website also showcases the development of businesses and markets of the Company, while highlighting various smart services and related cases we provide for different industries, such that investors could have a more comprehensive understanding on our transformation in recent years. In addition, a range of detailed information catering for investors’ needs, including downloadable historical financial information, stock information, investment value, annual reports, presentation materials, webcasts, investor activities and frequently asked questions of the Company are systematically disclosed in the Investor Relations’ section of the website. The Company updates the content of the website in a timely manner to keep the capital market abreast of the Company’s latest development.

Continuously Enhancing Core Competencies of "1 Positioning, 4 Roles"

Persist in Upholding Technological Innovation as Its Guiding Principle

Focus on Strategic Emerging Industries

Technological Innovation

Digital Infrastructure

Green and Low-carbon

Smart City

Emergency Management and Security

Technological Innovation

China Comservice is deeply committed to implementing the national strategy of "building China into a leader in science and technology", unwaveringly pursuing technological innovation, and dedicated to leveraging new technologies to enhance the technological quality and capabilities of our products and services, thereby creating new value for our customers. In the "100 Most Competitive Software and IT Service Enterprises" ranking organized by the China Federation of Electronics and Information Industry, the Company has consistently held 4th place for four consecutive years since 2021. In 2025, it further advanced to 3rd place, ranking the first among state-owned enterprises. This achievement fully demonstrates its outstanding accomplishments in technological innovation.

R&D Investment

Intellectual Property Rights

AI+ Application Cases

AI+ Application Cases

China Comservice comprehensively implements the "AI+" initiative by leveraging its resource advantages to deploy businesses in AI across three key dimensions of integrated innovation, scenario application, and ecosystem collaboration, and strengthening its core differentiated core competencies of full-stack AI service capabilities and AI product convergent innovation capability. Capitalizing on its AI delivery team of over 1,000 professionals, the Group provides its customers with tailored services, including intelligent consulting, infrastructure construction and operation, data governance, and R&D of scenario-based applications, establishing benchmark "AI+" application projects such as AI Intelligent Cabin, Data Center Energy-saving Monitor, Space-Air-Ground Integrated Monitoring Platform, Digital Intelligence AI Customer Service, and Digital Employees.

AI+ Intelligent Cabin	AI+ Digital Employees	AI+ Data Center Energy-saving Monitor	AI+ Space-Air-Ground Integrated Monitoring Platform
AI+ Intelligent Cabin	AI+ Digital Employees	AI+ Data Center Energy-saving Monitor	AI+ Space-Air-Ground Integrated Monitoring Platform

Key Cases

Shenzhen-Hong Kong Sea, AI Intelligent Customer Service Platform, Energy-Saving Smart Platform

INVESTOR RELATIONS

In 2025, in order to present the Company's latest developments and business highlights more clearly, the Company updated the design of investor relations website, adding a new section to showcase the Company's latest developments in the field of technological innovation and AI, including R&D investment, intellectual property rights and key cases. The Company also updated the development of the four major sectors of strategic emerging industries, including "Digital Infrastructure", "Green and Low-carbon", "Smart City", and "Emergency Management and Security", showcasing the key cases in graphics and text, while simultaneously enriching the connotation of the Company's positioning of "1 Positioning, 4 Roles", to enable investors to have a more comprehensive understanding of the Company's latest business development and positioning.

In addition, annual report plays a significant role in information disclosure. The Company can disclose comprehensive information through the annual report, such as its operating philosophy, strategies and market positioning, operating performance, development trends, corporate governance and environmental and social responsibility, as well as other key information, so that investors are able to have more adequate and comprehensive understanding of the Company. Therefore, the Company puts great emphasis on the preparation of annual report.

In 2025, the Company published its 2024 annual report with the design theme of "Move Forward with Innovation, Sustain Longevity with Quality". The cover design highlights the new fields that the Company is pioneering with three-dimensional cubes. By strengthening technological innovation, accelerating business deployment and solidly advancing high-quality development, the Company ensures steady and sustainable development. The 2024 annual report of the Company won a number of international awards, including one gold award for "Printing & Production" and two gold awards for "Overall Presentation" in the "International ARC Awards".

The Company's 2024 Annual Report Design

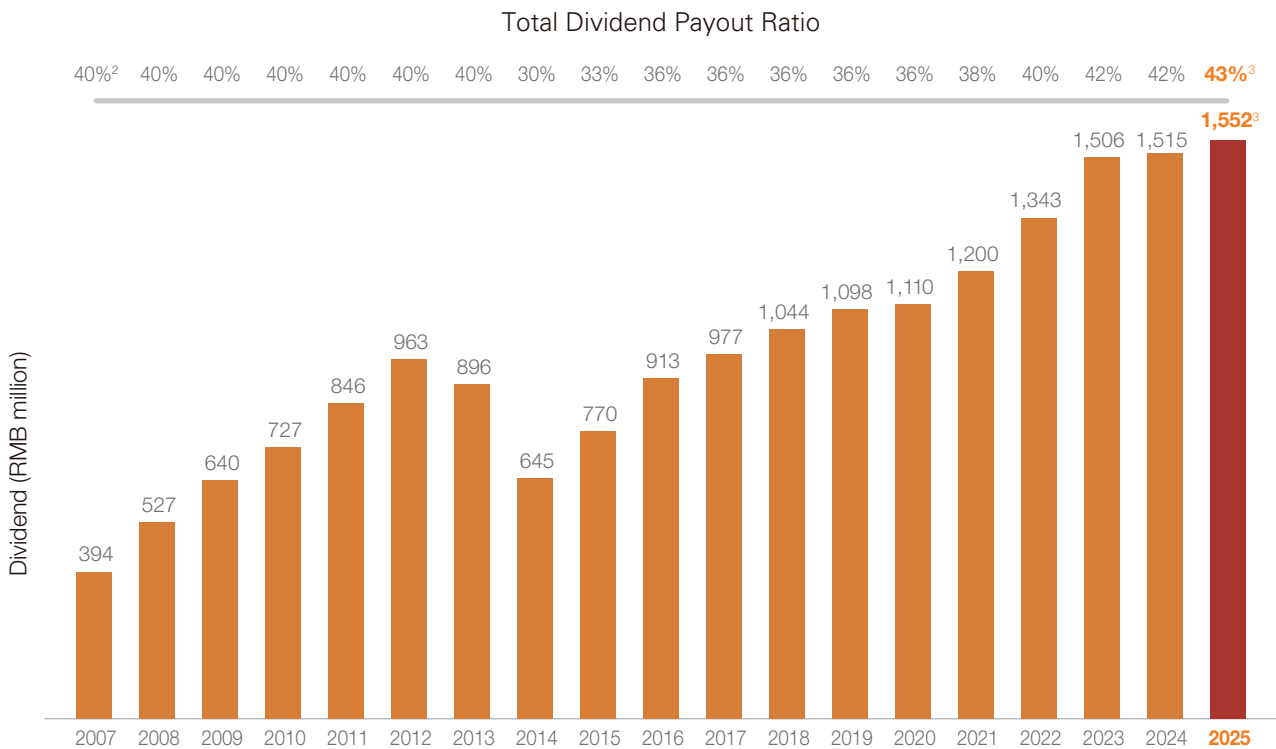


INVESTOR RELATIONS

DIVIDEND

The Company has always valued the interests and returns to shareholders since its listing in 2006. The Company determines the dividend for the year after considering factors such as the Company’s results performance, financial position, cash flow, long-term development and business needs and other investment opportunities, as well as capital market expectation. In 2025, the Board has proposed a final dividend of RMB0.2241 per share³, representing a dividend payout ratio of 43%.

Dividend Distribution of the Company Since its Listing



² The 2007 dividend payout ratio is calculated after deducting the net profit contributed by the business in 13 provinces before 31 August 2007 (being the completion date of the acquisitions) when such business was acquired by the Company.

³ Subject to the approval at the 2025 annual general meeting to be held on 28 May 2026.

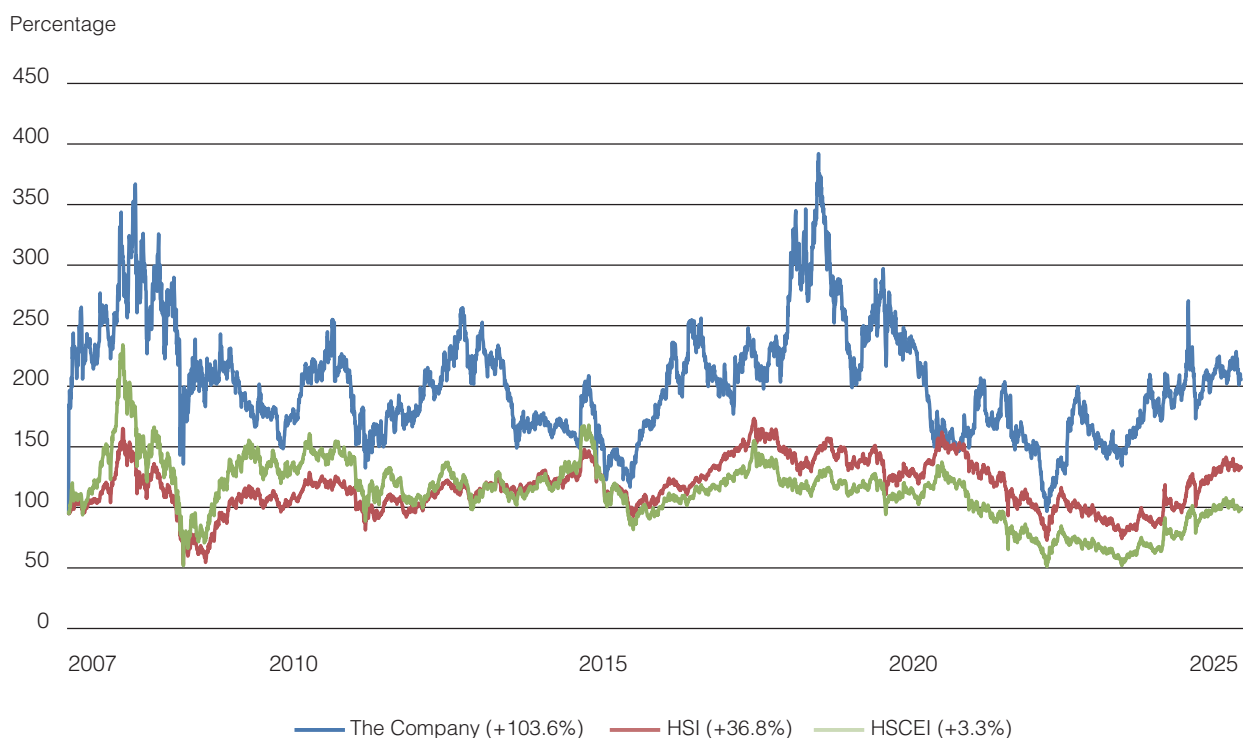
SHARE PRICE PERFORMANCE

The H shares issued by the Company were listed on the Hong Kong Stock Exchange on 8 December 2006 at an offer price of HK\$2.2 per share. Since its listing, the Company has firmly captured industry and technology development trend, elevated competitiveness continuously through the implementation of forward-looking development strategies, enhancing efforts on technological innovation and promoting transformation, facilitated sustainable development by grasping market opportunities of informatization, digitalization and intelligentization. At the same time, the Company has adhered to the principle of sound corporate governance and implemented practical and effective investor relations initiatives, supporting the stock price performance of the Company.

Share Price Performance of the Company Since its Listing

(Performance relative to indices)

From 8 December 2006 to 31 December 2025



In 2025, impacted by factors such as Sino-US trade relations, US tariff and interest rate cut policies, and the development of artificial intelligence, the Hong Kong stock market experienced a volatile yet upward trend, recording an annual increase of 5,570 points, representing a gain of 27.8%. At the beginning of 2025, breakthrough developments in AI by Chinese Mainland enterprises sparked significant market attention on AI sector, making technology stocks the market focus and driving the stock market upward. Although the tariff policies announced by the US in April triggered global stock market volatility, the Hong Kong stock market delivered robust performance during the year, supported by positive factors such as the US Federal Reserve's interest rate cut policy and the continued momentum of AI developments. In 2025, the Company seized the opportunities presented by artificial intelligence and the digital economy, actively positioning itself in strategic emerging industries while continuously enhancing quality and efficiency. These efforts enabled the Company to withstand challenges arising from changes in the external environment and achieve stable operating performance. Following the market fluctuations in April, the Company's share price gradually stabilized and trended upward.

INVESTOR RELATIONS

	2025			2024	Adjusted Closing*
	Highest	Lowest	Closing	Closing	
Price per H share of the Company (HK\$)	6.15	3.78	4.48	4.56	4.32

* Adjusted closing is share price after adjusting for dividend payment

Share Price Performance of the Company in 2025

(Performance relative to indices)

From 1 January 2025 to 31 December 2025



As at 31 December 2025, the total number of shares of the Company was 6,926,018,400 shares, including 4,534,598,160 domestic shares and 2,391,420,240 H shares, both at nominal value of RMB1.00 each. All the H shares of the Company are listed on the Hong Kong Stock Exchange, representing approximately 34.5% of the total number of shares of the Company. Based on the closing price of HK\$4.48 as of 31 December 2025, the Company's total market capitalization was about HK\$31.0 billion.

RECOGNITIONS AND HONOURS IN THE CAPITAL MARKET

The Company has always garnered significant attention and recognition from the capital market. In 2025, it has been admitted in a number of major stock indices in Hong Kong, including the “Hang Seng Composite Index”, “Hang Seng China State-holding Enterprises Index”, “Hang Seng Composite Industry Index – Information Technology”, “Hang Seng Stock Connect Hong Kong Index”, “Hang Seng SCHK SOEs High Dividend Yield Index”, “Hang Seng China Central SOEs Index”, “Hang Seng SCHK Central SOEs Value Index” and others. During the year, the Company was included in two newly launched technology-themed indices, namely the “HKEX Tech 100 Index” launched by Hong Kong Exchanges and Clearing Limited and the “Hang Seng SCHK Electronics Theme Index” launched by Hang Seng Indexes Company Limited. In addition, due to outstanding performance in ESG aspects, the Company continued to be a constituent of “Hang Seng Corporate Sustainability Benchmark Index”, “Hang Seng SCHK China Central SOEs ESG Leaders Index” and other ESG related indices.

Thanks to its stable results performance and effective communication with the market, the Company has been recognized by a number of major brokerage firms with favorable ratings. In 2025, two Chinese Mainland brokerage firms issued their first in-depth research reports on the Company, assigning investment ratings of “Strong Recommendation” and “Buy”, respectively. During the year, a total of twelve international and Chinese Mainland brokerage firms published research reports for the Company on a regular basis, effectively enhancing its market influence.

The Company has been dedicated to improving its management and operation, and was recognized by many domestic and international organizations and institutions. In 2025, authoritative institutions such as *Extel* (formerly *Institutional Investor*), and *Corporate Governance Asia*, offered recognitions and awards to the Company in respect of its corporate management, ESG and investor relations. Among which, the Company received the “Most Honored Company”, “Best IR Program”, “Best ESG”, “Best Company Board” and other awards in the “2025 Asia Pacific (ex-Japan/ANZ) Executive Team” rankings by *Extel*; the “Sustainable Asia Award” and “Best Investor Relations Company” in the “15th Asian Excellence Award” held by *Corporate Governance Asia*, a corporate governance magazine in Asia. The Company was honored with the award of “Excellence in IR Management of Listed Company” in the 15th China Securities “Golden Bauhinia Awards”; the “Excellence in Capital Market Communication Award” and “Excellence in Value Creation Award” in the “9th China Excellence IR Awards”; the “IR Dedicated Company” award in the “11th IR Awards 2025” held by Hong Kong Investor Relations Association. Meanwhile, the Company was ranked the 1,402nd in the “2025 Forbes Global 2000”, representing an improvement from its position of 1,429th in 2024.



INVESTOR RELATIONS

OTHER INFORMATION FOR SHAREHOLDERS

Shareholder Services

Any matters relating to shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the Registrar:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone: (852) 2862 8628
Facsimile: (852) 2529 6087

Corporate Communications

All corporate communications are available in both English and Chinese on the Company's website (www.chinaccs.com.hk) and the HKExnews website of Hong Kong Stock Exchange.

If shareholders would like to obtain the relevant printed copies, please send an email to chinaccs@computershare.com.hk, stating your name, address and request for printed copies of the corporate communications, or submit your request to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholder Enquiries

Office hours: Monday to Friday, 9:00-18:00
Telephone: (852) 3699 0000

Investor Enquiries

For enquiries from institutional investors and securities analysts, please contact:

Investor Relations Department, China Communications Services Corporation Limited
Room 2801 & 09–10, 28/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
Telephone: (852) 3699 0000
Email: ir@chinaccs.com.hk

INDEPENDENT AUDITOR'S REPORT



**To the Shareholders of
China Communications Services Corporation Limited**

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China Communications Services Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 183 to 262, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (continued)**Revenue recognition of construction services**

Refer to Note 4 to the consolidated financial statements and the accounting policies in Note 2(q).

The Key Audit Matter**How the matter was addressed in our audit**

The Group's revenue derived from construction services amounted to RMB61,015 million in 2025, which accounted for 40.7% of the Group's total revenue during the year. Such revenue is provided to a large number of customers in different industries.

The Group generally recognises revenue over a period of time according to the progress towards completion agreed with the customers based on the output method.

We identified the revenue recognition of construction services as a key audit matter because of its significance to the consolidated financial statements.

Our audit procedures in relation to revenue recognition of construction services included the following:

- assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition of construction services;
- inspecting construction service contracts with customers, on a sample basis, to understand the major terms agreed with respective customers to assess the appropriateness of the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standard;
- comparing, on a sample basis, revenue recorded during the financial reporting period with certificates of the progress towards completion, project settlement statements or other relevant underlying documents which contained evidence of progress towards completion agreed with the customers, and assessing if the related revenue was properly recognised based on the progress towards completion; and
- assessing, on a sample basis, whether specific revenue transactions recorded before and after the end of reporting date had been recognised in the appropriate financial period by inspecting certificates of the progress towards completion, project settlement statements or other relevant underlying documents which contained evidence of progress towards completion agreed with the customers.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (continued)**Expected credit losses of accounts receivables and contract assets**

Refer to Note 28, 29, 43(a) and 44 to the consolidated financial statements and the accounting policies in Note 2(l).

The Key Audit Matter**How the matter was addressed in our audit**

As at 31 December 2025 the gross carrying amounts of accounts receivables and contract assets amounted to RMB24,382 million and RMB41,641 million, respectively, with loss allowances for expected credit losses ("ECL") amounted to RMB2,694 million and RMB562 million, respectively.

Management measures the ECL allowances at an amount equal to lifetime ECLs of accounts receivables and contract assets. Management assesses the ECL of accounts receivables and contract assets individually for debtors with significant risks. The ECLs for the remaining accounts receivables and contract assets are assessed collectively using a provision matrix.

When measuring ECL, management considers credit losses incurred in the past and adjusts it by taking into consideration of the present conditions and forward-looking information. In assessing forward-looking information, management considers factors including economic policies, macroeconomic indicators, industry risks and changes in customers' conditions. Such assessment involves a significant degree of management judgement.

Our audit procedures to assess the ECL allowances of accounts receivables and contract assets included the following:

- assessing the design and implementation of key internal control relating to management assessment of ECL of accounts receivables and contract assets;
- evaluating the Group's accounting policies and methods for estimating the ECL allowances with reference to the requirements of the applicable accounting standard;
- assessing the appropriateness of management's estimation of loss allowances for ECL of accounts receivables and contract assets of individual debtors with significant risks by inspecting, on a sample basis, documents for supporting management's assessment of the respective financial position and creditworthiness of the customers, historical payment and settlement records, and forecasted future economic conditions;
- obtaining an understanding of the key data and assumptions of the ECL model adopted by management on debtors assessed collectively, including the basis of segmentation of accounts receivables based on credit risk characteristics, historical default data used in management's estimation of loss rate and forward-looking information;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (continued)**Expected credit losses of accounts receivables and contract assets (continued)**

Refer to Note 28, 29, 43(a) and 44 to the consolidated financial statements and the accounting policies in Note 2(l).

The Key Audit Matter**How the matter was addressed in our audit**

We identified the assessment for the ECL allowance of accounts receivables and contract assets as a key audit matter because the balances of accounts receivables and contract assets are material to the Group's consolidated financial statements and determining the level of the loss allowance for ECL requires the exercise of management judgement.

- assessing the appropriateness of management's estimation of ECL allowances of accounts receivables and contract assets on debtors assessed collectively by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;
- assessing, with the assistance of our internal valuation specialists, the basis adopted by management in determining the adjustment for forward-looking information;
- assessing, on a sample basis, whether items in the accounts receivables and contract assets ageing report were categorised in the appropriate ageing bands; and
- re-performing the calculation of the ECL allowances as at 31 December 2025, on a sample basis, based on the Group's loss allowance policies.

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. We obtained all of the other information prior to the date of this auditor's report apart from full set of finalised annual report. This remaining information is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

INDEPENDENT AUDITOR'S REPORT

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chu Man Wai (practising certificate number: P04995).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Revenues	4	150,092,609	150,000,103
Cost of revenues	5	(133,135,975)	(132,403,882)
Gross profit		16,956,634	17,596,221
Other income	6	1,711,669	1,712,204
Selling, general and administrative expenses		(14,412,158)	(15,054,014)
Other expenses	7	(174,031)	(187,212)
Finance costs	8	(86,836)	(105,515)
Share of profits of associates and joint ventures	22	125,917	149,149
Profit before tax	9	4,121,195	4,110,833
Income tax	10	(371,457)	(357,436)
Profit for the year		3,749,738	3,753,397
Attributable to:			
Equity shareholders of the Company		3,610,019	3,606,861
Non-controlling interests		139,719	146,536
		3,749,738	3,753,397
Basic/diluted earnings per share (RMB)	11	0.521	0.521

The notes on pages 190 to 262 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 15(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Profit for the year		3,749,738	3,753,397
Other comprehensive income for the year (after tax)	12		
Item that will not be reclassified to profit or loss (after tax):			
Equity instruments at fair value through other comprehensive income:			
Net movements in the fair value reserve		309,187	775,411
Remeasurements of defined benefit plans		22	(150)
Item that may be subsequently reclassified to profit or loss (after tax):			
Exchange differences on translation of financial statements of subsidiaries outside of Mainland China		(2,398)	(18,023)
		306,811	757,238
Total comprehensive income for the year		4,056,549	4,510,635
Attributable to:			
Equity shareholders of the Company		3,916,883	4,364,828
Non-controlling interests		139,666	145,807
		4,056,549	4,510,635

The notes on pages 190 to 262 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment, net	16	5,952,308	5,910,252
Right-of-use assets	17	1,877,917	2,020,473
Investment properties	18	1,699,929	1,730,368
Construction in progress	19	776,983	1,074,572
Goodwill	20	103,005	103,005
Intangible assets	21	769,774	794,529
Interests in associates and joint ventures	22	1,318,293	1,377,552
Financial assets at fair value through profit or loss	31	435,105	385,070
Equity instruments at fair value through other comprehensive income	23	4,795,324	4,500,818
Deferred tax assets	24	999,062	1,037,039
Deposits at financial institutions with original maturity more than one year	25	15,435,885	12,170,901
Other non-current assets	26	714,330	840,012
Total non-current assets		34,877,915	31,944,591
Current assets			
Inventories	27	1,181,544	1,183,231
Accounts and bills receivables, net	28	22,428,627	25,296,205
Contract assets, net	29	41,078,390	37,767,809
Current portion of deposits at financial institutions with original maturity more than one year	25	1,126,583	3,603,728
Prepayments and other current assets	30	18,795,796	14,486,725
Short-term bank deposits and restricted cash	32	2,851,711	2,697,251
Cash and cash equivalents	33	14,341,265	19,638,036
Total current assets		101,803,916	104,672,985
Total assets		136,681,831	136,617,576
Current liabilities			
Interest-bearing borrowings	34	699,358	706,249
Accounts and bills payables	35	63,142,294	65,894,889
Current portion of lease liabilities	36	505,329	454,967
Contract liabilities	37	9,660,358	9,190,050
Accrued expenses and other payables	38	11,348,007	11,420,957
Income tax payable		245,678	287,567
Total current liabilities		85,601,024	87,954,679
Net current assets		16,202,892	16,718,306
Total assets less current liabilities		51,080,807	48,662,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2025

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities	36	756,726	868,286
Other non-current liabilities	39	212,512	242,025
Deferred tax liabilities	24	1,023,602	939,434
Total non-current liabilities		1,992,840	2,049,745
Total liabilities		87,593,864	90,004,424
Equity			
Share capital	40	6,926,018	6,926,018
Reserves		40,912,682	38,509,853
Equity attributable to equity shareholders of the Company		47,838,700	45,435,871
Non-controlling interests		1,249,267	1,177,281
Total equity		49,087,967	46,613,152
Total liabilities and equity		136,681,831	136,617,576

The consolidated financial statements on pages 183 to 262 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Cui Zhanwei
Executive Director and President

Shen Aqiang
Executive Director,
Executive Vice President and Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Equity attributable to equity shareholders of the Company												
Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory			Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				surplus reserve RMB'000	Specific reserve RMB'000	Fair value reserve RMB'000						
Balance as at 1 January 2025	6,926,018	4,529,310	1,926,511	2,243,247	483,532	2,780,663	(44,447)	(68,550)	26,659,587	45,435,871	1,177,281	46,613,152
Changes in equity for the year ended 31 December 2025												
Profit for the year	-	-	-	-	-	-	-	-	3,610,019	3,610,019	139,719	3,749,738
Other comprehensive income for the year	-	-	-	-	-	309,187	(2,345)	22	-	306,864	(53)	306,811
Total comprehensive income for the year	-	-	-	-	-	309,187	(2,345)	22	3,610,019	3,916,883	139,666	4,056,549
Dividend declared	15(b)	-	-	-	-	-	-	-	(1,514,720)	(1,514,720)	-	(1,514,720)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(67,059)	(67,059)
Appropriation		-	-	18,596	-	-	-	-	(18,596)	-	-	-
Appropriation of specific reserve		-	-	-	28,581	-	-	-	(28,581)	-	-	-
Others		-	666	-	-	(81,651)	-	-	81,651	666	(621)	45
Balance as at 31 December 2025	6,926,018	4,529,310	1,927,177	2,261,843	512,113	3,008,199	(46,792)	(68,528)	28,789,360	47,838,700	1,249,267	49,087,967
Balance as at 1 January 2024	6,926,018	4,529,310	1,926,511	2,037,271	441,524	2,002,308	(26,354)	(68,400)	24,808,571	42,576,759	1,090,942	43,667,701
Changes in equity for the year ended 31 December 2024												
Profit for the year	-	-	-	-	-	-	-	-	3,606,861	3,606,861	146,536	3,753,397
Other comprehensive income for the year	-	-	-	-	-	776,210	(18,093)	(150)	-	757,967	(729)	757,238
Total comprehensive income for the year	-	-	-	-	-	776,210	(18,093)	(150)	3,606,861	4,364,828	145,807	4,510,635
Dividend declared	15(b)	-	-	-	-	-	-	-	(1,505,716)	(1,505,716)	-	(1,505,716)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(59,468)	(59,468)
Appropriation		-	-	205,976	-	-	-	-	(205,976)	-	-	-
Appropriation of specific reserve		-	-	-	42,008	-	-	-	(42,008)	-	-	-
Others		-	-	-	-	2,145	-	-	(2,145)	-	-	-
Balance as at 31 December 2024	6,926,018	4,529,310	1,926,511	2,243,247	483,532	2,780,663	(44,447)	(68,550)	26,659,587	45,435,871	1,177,281	46,613,152

The notes on pages 190 to 262 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Operating activities		
Profit before tax	4,121,195	4,110,833
Adjustments for:		
Depreciation and amortisation	1,630,324	1,675,378
Impairment losses on accounts receivables, other receivables, contract assets and others, net	142,913	514,792
Impairment loss on right-of-use assets	–	4
Impairment losses on investment	2,185	–
Write-down of inventories, net	30,143	11,839
Interest income	(519,724)	(665,373)
Finance costs	86,836	105,515
Share of profits of associates and joint ventures	(125,917)	(149,149)
Dividend income	(309,543)	(192,751)
Investment income and fair value gains of financial instruments at fair value through profit or loss	(36,997)	(25,091)
Gain on disposal of an associate and other investments	(26,202)	(49)
Gain on disposal of property, plant and equipment, intangible assets, construction in progress and termination of lease, net	(32,259)	(5,714)
Foreign exchange loss/(gain), net	6,967	(8,449)
Write-back of non-payable liabilities	(74,750)	(64,612)
Operating profit before changes in working capital	4,895,171	5,307,173
Increase in inventories	(112,659)	(135,669)
Decrease/(increase) in accounts and bills receivables	533,211	(2,801,114)
Increase in contract assets	(3,347,186)	(9,394,874)
(Increase)/decrease in prepayments and other current assets	(644,403)	42,917
(Decrease)/increase in accounts and bills payables	(464,229)	13,607,063
Increase/(decrease) in contract liabilities	324,547	(337,240)
Decrease in accrued expenses and other payables	(131,823)	(113,220)
Net cash inflow from operations	1,052,629	6,175,036
Interest paid	(97,103)	(105,781)
Interest received	448,622	623,160
Income tax paid	(466,432)	(471,425)
Net cash generated from operating activities	937,716	6,220,990

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Investing activities			
Payments for purchase of property, plant and equipment, construction in progress and intangible assets		(758,418)	(1,160,888)
Proceeds from disposal of property, plant and equipment, construction in progress and intangible assets		25,093	25,231
Dividends received		413,776	283,135
Proceeds from disposal of equity instruments		116,998	38,645
Payments for acquisition of equity investments		(16,177)	(14,540)
Proceeds from disposal of associates and joint ventures		87,915	–
Payments for acquisition of associates and joint ventures		(1,985)	(8,354)
Payments for acquisition of structured deposits and term deposits at financial institutions		(7,323,307)	(9,600,300)
Proceeds from structured deposits and term deposits at financial institutions		3,334,739	3,271,722
Net cash used in investing activities		(4,121,366)	(7,165,349)
Financing activities			
Proceeds from bank and other loans		472,723	403,904
Repayments of bank and other loans		(462,402)	(538,656)
Repayments of lease liabilities		(522,502)	(634,472)
Dividends paid		(1,602,184)	(1,572,562)
Other cash flows generated from financing activities		589	–
Net cash used in financing activities		(2,113,776)	(2,341,786)
Net decrease in cash and cash equivalents		(5,297,426)	(3,286,145)
Cash and cash equivalents at the beginning of year		19,638,036	22,914,865
Effect of foreign exchange rate changes		655	9,316
Cash and cash equivalents at the end of year	33	14,341,265	19,638,036

The notes on pages 190 to 262 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. Principal Activities and Organisation

(a) Principal activities

China Communications Services Corporation Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) is a leading service provider in the People’s Republic of China (the “PRC”) that provides integrated comprehensive smart solutions in the field of digital intelligence. The Group offers telecommunications infrastructure services, including design, construction and project supervision and management; business process outsourcing services, including management of infrastructure for information technology, general facilities management, supply chain and products distribution; and applications, content and other services, including system integration, software development and system support, and value-added services.

(b) Organisation

The Company was established in the PRC on 30 August 2006 as a joint stock limited company under the Company Law of the PRC as part of the restructuring of China Telecommunications Corporation (“CTC”), a state-owned enterprise under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council. The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 8 December 2006.

The address of the Company’s registered office is Block No.1, Compound No.1, Fenghuangzui Street, Fengtai District, Beijing, PRC 100073. At 31 December 2025, the directors of the Company consider the immediate and ultimate holding company of the Group to be CTC.

2. Material Accounting Policies

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). A summary of the material accounting policies adopted by the Group is set out below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

(b) Basis of preparation of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and its interests in associates and joint ventures.

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)

(b) Basis of preparation of consolidated financial statements (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases* ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(c) Basis of consolidation****(i) Business combinations involving enterprises under common control**

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to capital reserve. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(ii) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties before the business combination.

The acquirer, at the acquisition date, allocates the consideration of the business combination by recognising the acquiree's identifiable asset, liabilities and contingent liabilities at their fair value at that date. The excess of the consideration over the fair value of the net identifiable assets acquired is recorded as goodwill (see note 2(d)).

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010).

(iii) Subsidiaries and non-controlling interests

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- a. has power over the investee;
- b. is exposed, or has rights, to variable returns from its involvement with the investee; and
- c. has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)

(c) Basis of consolidation (continued)

(iii) Subsidiaries and non-controlling interests (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction- by-transaction basis.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9"), or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(c) Basis of consolidation (continued)****(iv) Investments in associates and joint ventures**

Associates are entities in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating decisions.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates or joint ventures are accounted for in the consolidated financial statements under the equity method. Under the equity method, the investments are initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investees' identifiable net assets over the cost of the investment (if any, after reassessment) which is recognised in the consolidated statement of profit or loss. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's profit or loss and other comprehensive income. The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)

(d) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase after reassessment.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination involving entities not under common control is allocated to each cash-generating unit, or group of cash generating units, which is expected to benefit from the synergies of the combination and is tested annually for impairment, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment (see note 2(j)).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the Group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the Group of cash-generating units) retained.

(e) Investment properties

Investment properties are buildings which are owned to earn rental income and/or for capital appreciation.

Investment properties are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(j)). Depreciation is calculated to write off the cost less estimated residual value if applicable and is charged to profit or loss on a straight-line basis over the estimated useful lives ranging from 20 years to 30 years.

When an item of property, plant and equipment is transferred to investment property evidenced by end of owner-occupation or when an investment property commencement of owner-occupation and reclassified as property, plant and equipment, its costs at the date of reclassification becomes its cost for accounting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(f) Property, plant and equipment**

Property, plant and equipment are initially recorded at cost, less subsequent accumulated depreciation and impairment losses (see note 2(j)). The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to working condition and location for its intended use and the cost of borrowed funds used during the periods of construction. Expenditure incurred after the asset has been put into operation, including cost of replacing part of such an item, is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and the cost can be measured reliably. All other expenditure is expensed as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is provided to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	5–30 years
Building improvements	5–8 years
Motor vehicles	6–10 years
Furniture, fixtures and other equipment	3–10 years

The useful life of an asset and its residual value, if any, and depreciation method are reviewed annually.

(g) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(j)). Cost comprises direct costs of construction, capitalisation of interest charge and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest charges, during the period of construction.

Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the asset for its intended use are completed. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(h) Intangible assets (other than goodwill)**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b. the intention to complete the intangible asset and use or sell it;
- c. the ability to use or sell the intangible asset;
- d. how the intangible asset will generate probable future economic benefits;
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(t)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(j)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss from the date they are available for use on a straight-line basis over the assets' estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Computer software and others	2–10 years
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Both the period and method of amortisation are reviewed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(i) Leases**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)

(i) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

For the lessor, the Group derecognises assets held under a finance lease in balance sheet and present them as a receivable at the present value of the lease payments. Lease income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(j) Impairment of long-lived assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following long-lived assets may be impaired, except in the case of goodwill:

- property, plant and equipment;
- right-of-use assets;
- investment properties;
- construction in progress;
- goodwill; and
- Intangible assets with finite useful lives.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then, to reduce the carrying amount of the other assets in the unit (or group of cash-generating units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable or zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(j) Impairment of long-lived assets (continued)****– Reversals of impairment losses**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversals occurs.

(l) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(I) Financial instruments (continued)**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets***Classification and subsequent measurement of financial assets***

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* ("IFRS 3") applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(l) Financial instruments (continued)**

Financial assets (continued)

*Classification and subsequent measurement of financial assets (continued)**(iii) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses (“ECL”) model on financial assets (including accounts and bills receivables, financial assets included in prepayments and other current assets, long-term receivables, short-term bank deposits and restricted cash, cash and cash equivalents), lease receivables and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivables, lease receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant risk, and collectively using a provision matrix with appropriate groupings based on shared credit risk characteristics and type of customers, such as receivables from telecommunications operators and non-telecom operators. Telecommunications operators include China Telecommunications Corporation and its subsidiaries (excluding the Group) (“CTC Group”), China Mobile Communications Group Co., Ltd. and its subsidiaries (“CM Group”), China Unicom Group and its subsidiaries, China Radio and Television Network Group Co., Ltd. and its subsidiaries (“China Broadnet Group”), and China Tower Corporation Limited, non-telecom operators refer to all of the other customers.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(I) Financial instruments (continued)**

Financial assets (continued)

*Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)**(i) Significant increase in credit risk (continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in the financial instrument's external (if available);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(l) Financial instruments (continued)**

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)**(iv) Write-off policy**

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on accounts receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts and bills receivables, contract assets, lease receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(I) Financial instruments (continued)***Financial liabilities and equity**Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost using the effective interest method.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

(ii) Financial liabilities at amortised cost

Financial liabilities including interest-bearing borrowings, accounts and bills payables, financial liabilities included in accrued expenses and other payables are subsequently measured at amortised cost, using the effective interest method.

(iii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(m) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of original maturity at acquisition.

(n) Employee benefits**(i) Short-term employee benefits and contributions to defined contribution retirement plans**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

(ii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

(iii) Share appreciation rights scheme

Liabilities for the Group's share appreciation rights are recognised as employee benefit expense over the relevant service period based on the estimated number of rights that are expected to vest. The liabilities are presented as employee benefit obligations and remeasured to fair value at each reporting date, with any measurement changes recognised in profit or loss as employee benefit expense. In estimating the fair value, market conditions and non-vesting conditions are taken into account. Where share appreciation rights are forfeited due to a failure by the employee to satisfy the service conditions, the liability is derecognised and expenses previously recognised are reversed.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial recognition for a business combination, the tax effect is included in the accounting for the business combination.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(o) Income tax (continued)**

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities which, intend either to realise the current tax assets and settle the current tax liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied. i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a piece of goods or service (or a bundle of goods or services) that is distinct or a series of a piece of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

As such, revenues from contracts with customers of major telecommunications support services, including construction (included in the revenue from telecommunications infrastructure services described in note 4), management of infrastructure for information technology (included in the revenue from business process outsourcing services described in note 4) are generally recognised over time during which the services are provided to customers.

Otherwise, revenue is recognised at a point in time when the customer obtains control of a piece of distinct goods or services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(q) Revenue from contracts with customers (continued)**

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9 (see note 2(l)). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on relative stand-alone selling price basis.

The stand-alone selling price of a piece of distinct goods or a distinct service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue recognised over time: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is mainly measured based on the output method, which is to recognise revenue on the basis of direct measurement of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Warranties

If a customer has the option to purchase a warranty separately, the Group accounts for the warranty as a separate performance obligation and allocates a portion of the transaction price to that performance obligation.

If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specification (i.e. service-type warranties).

For service-type warranties, the promised service is a performance obligation. In that case, the Group allocates a portion of the transaction price to the warranty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(q) Revenue from contracts with customers (continued)****Existence of significant financing component**

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contract where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or service before that goods or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that goods or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(r) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the useful life of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(s) Translation of foreign currencies**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and the presentation currency of the Group is Renminbi ("RMB"). Foreign currency transactions during the year are translated at the applicable rates of exchange quoted by the People's Bank of China prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the applicable rates ruling at the end of the reporting period. Foreign currency differences, other than those capitalised as construction in progress (see note 2(g)), are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Assets and liabilities of foreign operations are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Upon the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

(t) Borrowing costs

Borrowing costs that directly attributable to the acquisition, construction or production of qualifying assets, which are asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and development activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provide regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

2. Material Accounting Policies (continued)**(u) Segment reporting (continued)**

The Group principally has one operating segment and hence no segment information is provided (see note 46).

(v) Dividends or profit distributions

Dividends or profit distributions are recognised as a liability in the period in which they are declared.

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

3. Changes in Accounting Policies

In the current year, 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 year:

- Amendments to IAS 21, The effects of changes in foreign exchange rates: Lack of exchangeability

The application of the above amendments to IFRS Accounting Standards in the current year has had no material effect on the consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Revenues

Revenues are derived from the provision of integrated comprehensive smart solutions.

The Group's revenues by business nature can be summarised as follows:

	2025 RMB'000	2024 RMB'000
Revenue from telecommunications infrastructure services	74,391,260	75,172,237
Revenue from business process outsourcing services	44,061,421	43,459,018
Revenue from applications, content and other services	31,639,928	31,368,848
	150,092,609	150,000,103

The Group's major customers are telecommunications operators mainly including CTC Group and CM Group. Revenues from the provision of integrated telecommunications support services to CTC Group and CM Group for the year ended 31 December 2025 amounted to RMB56,667 million and RMB12,273 million, respectively (2024: RMB59,134 million and RMB13,041 million, respectively) being 37.8% and 8.2% of the Group's total revenues, respectively (2024: 39.4% and 8.7%, respectively). The revenues derived from areas outside Mainland China for the year ended 31 December 2025 amounted to RMB4,268 million (2024: RMB4,228 million).

The Group generally accounts for major telecommunications support services, including construction, management of infrastructure for information technology, logistics and warehousing in supply chain, as performance obligations satisfied over time, when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, or the Group's performance creates or enhances an asset that the customer controls as the Group performs, revenue is recognised for these services by measuring the progress towards complete satisfaction of each performance obligation mainly using the output method. For other goods or services, the revenue recognition method is determined based on the specific contract terms.

As of 31 December 2025, the total transaction price of RMB141,778 million (31 December 2024: RMB124,459 million) allocated to the Group's remaining performance obligations under existing contracts is expected to be recognised as revenue in 2026 and subsequent periods (31 December 2024: 2025 and subsequent periods) in accordance with the terms of the contract and the provision of services. These amounts disclosed above do not include contracts with an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

5. Cost of Revenues

	2025 RMB'000	2024 RMB'000
Subcontracting charges	81,316,294	80,405,717
Materials costs	26,415,523	25,579,237
Direct personnel costs	7,710,598	8,208,384
Direct costs of products distribution	2,748,968	2,815,082
Expense relating to short-term leases and leases of low-value assets	1,305,452	1,244,655
Depreciation and amortisation	1,007,405	1,025,761
Others	12,631,735	13,125,046
	133,135,975	132,403,882

6. Other Income

	2025 RMB'000	2024 RMB'000
Interest income	519,724	665,373
Management fee income	395,423	394,394
Input tax credits	4,078	31,865
Government grants	231,755	192,701
Dividend income from equity instruments at FVTOCI	309,543	192,751
Write-back of non-payable liabilities	74,750	64,612
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	40,612	20,909
Net foreign exchange gain	–	8,449
Others	135,784	141,150
	1,711,669	1,712,204

7. Other Expenses

	2025 RMB'000	2024 RMB'000
Bank charges	71,394	107,913
Penalty charge and compensation	38,698	40,075
Loss on disposal of property, plant and equipment, intangible assets	8,353	15,196
Donations	3,462	3,700
Net foreign exchange loss	6,967	–
Others	45,157	20,328
	174,031	187,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

8. Finance Costs

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	39,388	55,911
Interest on lease liabilities	47,448	49,604
	86,836	105,515

For the year ended 31 December 2025, no borrowing costs were capitalised in relation to construction in progress (2024: Nil).

9. Profit Before Tax

Profit before tax has been arrived at after charging the following items:

	2025 RMB'000	2024 RMB'000
(a) Staff costs:		
Salaries, wages and other benefits	15,595,245	16,243,716
Contributions to defined contribution retirement schemes	2,268,204	2,321,759
	17,863,449	18,565,475
(b) Other items:		
Depreciation		
– Property, plant and equipment (note 16)	782,488	779,272
– Right-of-use assets (note 17)	553,335	608,218
– Investment properties (note 18)	88,068	93,447
Amortisation		
– Intangible assets (note 21)	206,433	194,441
Auditors' remuneration	30,311	25,823
Write-down of inventories, net	30,143	11,839
Impairment losses recognised and reversed on accounts receivables, other receivables, contract assets and others, net	145,098	514,792

The selling expenses, general and administrative expenses, research and development costs and others of the Group are RMB2,737 million, RMB5,634 million, RMB5,467 million and RMB574 million (2024: RMB2,661 million, RMB5,806 million, RMB5,568 million and RMB1,019 million), respectively for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

10. Income Tax

(a) Income tax in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax	324,495	371,135
Deferred tax (note 24)	46,962	(13,699)
Total income tax	371,457	357,436

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before tax	4,121,195	4,110,833
Expected income tax expense at a statutory tax rate of 25% (2024: 25%)	1,030,299	1,027,708
Differential/preferential tax rates on subsidiaries' income (notes (i)(ii))	(155,617)	(152,832)
Non-deductible expenses	128,451	200,385
Non-taxable income	(111,634)	(87,078)
Tax losses and other temporary differences not recognised	122,438	117,219
Utilisation of previously unrecognised tax losses	(12,871)	(16,562)
Adjustments in respect of current income tax of previous years	22,103	14,108
Additional deduction of research and development expenses (note (iii))	(651,712)	(745,512)
Income tax	371,457	357,436

Notes:

- (i) The provision for income tax of the Group is calculated based on a statutory tax rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2025 (2024: 25%), except for certain domestic subsidiaries of the Group, which are taxed at preferential rates (refer to note (ii) below), where applicable; and for certain overseas subsidiaries of the Group, which are taxed at their respective statutory rates.
- (ii) According to the PRC enterprise income tax law and its relevant regulations, certain subsidiaries that are qualified as High and New Technology Enterprise, enterprises under the Western Region Development Program, and Small and Micro enterprises as defined under the tax law are entitled to a preferential income tax rate of 15%, 15% and 20% (2024: 15%, 15% and 20%).
- (iii) According to the PRC enterprise income tax law and its relevant regulations, certain research and development expenses of group's PRC subsidiaries are qualified for an additional deduction of 100% for tax reporting purposes (2024: 100% for tax reporting purposes).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

11. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2025 of RMB3,610,019 thousand (2024: RMB3,606,861 thousand) and number of shares in issue during the year ended 31 December 2025 of 6,926,018 thousand shares (2024: 6,926,018 thousand shares).

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during both years.

12. Other Comprehensive Income

	2025 RMB'000	2024 RMB'000
Changes in fair value of equity instruments at fair value through other comprehensive income recognised during the year	411,587	1,034,873
Net deferred tax charged to other comprehensive income	(102,400)	(259,462)
Remeasurements of defined benefit plans	22	(150)
Exchange differences on translation of financial statements	(2,398)	(18,023)
Other comprehensive income for the year	306,811	757,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13. Directors' and Supervisors' Emoluments

The names of the directors and the supervisors of the Company and their remuneration for the year ended 31 December 2025 are as follows:

	Fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonus RMB'000 (note)	Pension scheme contributions RMB'000	Expenses related to share appreciation rights RMB'000	2025 Total RMB'000
Executive Directors						
Luan Xiaowei	-	-	-	-	-	-
Cui Zhanwei	-	42	1,181	144	-	1,367
Shen Aqiang	-	42	946	151	-	1,139
	-	84	2,127	295	-	2,506
Non-Executive Directors						
Cheng Jianjun (appointed on 29 May 2025)	-	-	-	-	-	-
Tang Yongbo	-	-	-	-	-	-
Liu Aihua	-	-	-	-	-	-
Chen Li (appointed on 29 May 2025)	-	-	-	-	-	-
	-	-	-	-	-	-
Independent Non-Executive Directors						
Lv Tingjie	200	-	-	-	-	200
Wang Qi	170	-	-	-	-	170
Wang Chungue	170	-	-	-	-	170
Chiu Mun Wai (appointed on 29 May 2025)	172	-	-	-	-	172
Siu Wai Keung, Francis (resigned on 29 May 2025)	138	-	-	-	-	138
	850	-	-	-	-	850
Supervisors						
Huang Xudan (resigned on 23 November 2025)	-	-	-	-	-	-
Cai Manli (resigned on 23 November 2025)	142	-	-	-	-	142
Liu Lian (resigned on 23 November 2025)	-	186	627	76	-	889
	142	186	627	76	-	1,031
Total directors' and supervisors' emoluments						4,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13. Directors' and Supervisors' Emoluments (continued)

The names of the directors and the supervisors of the Company and their remuneration for the year ended 31 December 2024 are as follows:

	Fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Discretionary bonus RMB'000 (note)	Pension scheme contributions RMB'000	Expenses related to share appreciation rights RMB'000	2024 Total RMB'000
Executive Directors						
Luan Xiaowei (appointed on 30 January 2024)	-	-	-	-	-	-
Liu Guiqing (resigned on 30 January 2024)	-	-	-	-	-	-
Cui Zhanwei (appointed on 10 December 2024)	-	61	82	43	-	186
Yan Dong (resigned on 10 December 2024)	-	154	679	116	(46)	903
Shen Aqiang (appointed on 20 June 2024)	-	117	160	100	-	377
Zhang Xu (resigned on 31 May 2024)	-	76	490	63	(46)	583
	-	408	1,411	322	(92)	2,049
Non-Executive Directors						
Gao Tongqing	-	-	-	-	-	-
Tang Yongbo	-	-	-	-	-	-
Liu Aihua (appointed on 30 January 2024)	-	-	-	-	-	-
Huang Zhen (resigned on 30 January 2024)	-	-	-	-	-	-
	-	-	-	-	-	-
Independent Non-Executive Directors						
Siu Wai Keung, Francis	330	-	-	-	-	330
Lv Tingjie	200	-	-	-	-	200
Wang Qi	170	-	-	-	-	170
Wang Chungue	170	-	-	-	-	170
	870	-	-	-	-	870
Supervisors						
Huang Xudan (appointed on 30 January 2024)	-	-	-	-	-	-
Cai Manli	170	-	-	-	-	170
Liu Lian	-	115	445	72	(17)	615
	170	115	445	72	(17)	785
Total directors' and supervisors' emoluments						3,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

13. Directors' and Supervisors' Emoluments (continued)

Note:

The discretionary bonus is determined based on the individual performance of the directors and supervisors and the Group's overall operating results.

The emoluments of certain executive director or supervisor, and non-executive directors were not borne by the Group and they received remunerations from the parent company and/or from other shareholders. The directors of the Company are of the opinion that the services provided to the Group only occupy an insignificant amount of their time and therefore it is concluded that those directors or supervisors are not remunerated for such services.

The emoluments of executive directors were for their services rendered in connection with the management of the affairs of the Group.

The independent non-executive directors' emoluments shown above were in connection with their services rendered as directors of the Company.

The emoluments of supervisors were in connection with their services rendered as a supervisor of the Company or as an employee of the Group.

14. Individuals with Highest Emoluments

The five highest paid employees of the Group are as follows:

	2025	2024
Directors and supervisors	1	–
Non-director and non-supervisor employees	4	5
	5	5

The remuneration paid to the above highest paid employees are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other benefits in kind	1,862	2,255
Discretionary bonuses	4,955	4,810
Pension scheme contributions	638	551
	7,455	7,616

The number of these highest paid employees whose remuneration fell within the following bands:

	2025	2024
HKD equivalent		
1,000,001 to 1,500,000	2	2
1,500,001 to 2,000,000	2	2
2,000,001 to 2,500,000	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

15. Dividends

(a) Dividends attributable to the year

	2025 RMB'000	2024 RMB'000
Final dividend proposed after the end of reporting period of RMB0.2241 per share (2024: RMB0.2187 per share)	1,552,121	1,514,720

The final dividend proposed after the end of reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.2187 per share (2024: RMB0.2174 per share)	1,514,720	1,505,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16. Property, Plant and Equipment, Net

	Buildings RMB'000	Building improvements RMB'000	Motor vehicles RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
Cost					
As at 1 January 2025	6,168,568	1,091,299	1,497,986	4,725,023	13,482,876
Transfer to investment properties (note 18)	(29,013)	-	-	-	(29,013)
Transfer from investment properties (note 18)	12,758	-	-	-	12,758
Transfer from construction in progress (note 19)	40,239	17,759	1,048	504,145	563,191
Additions	9,979	39,413	98,573	154,409	302,374
Disposals	(12,702)	(5,097)	(142,660)	(223,944)	(384,403)
As at 31 December 2025	6,189,829	1,143,374	1,454,947	5,159,633	13,947,783
Accumulated depreciation and impairment losses					
As at 1 January 2025	2,428,916	915,737	1,005,704	3,222,267	7,572,624
Transfer to investment properties (note 18)	(3,978)	-	-	-	(3,978)
Transfer from investment properties (note 18)	4,667	-	-	-	4,667
Depreciation charge	201,295	66,115	115,174	399,904	782,488
Depreciation written back on disposals	(7,275)	(5,097)	(135,232)	(212,300)	(359,904)
Impairment loss	-	-	(89)	(333)	(422)
As at 31 December 2025	2,623,625	976,755	985,557	3,409,538	7,995,475
Net carrying value					
As at 31 December 2025	3,566,204	166,619	469,390	1,750,095	5,952,308
As at 1 January 2025	3,739,652	175,562	492,282	1,502,756	5,910,252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

16. Property, Plant and Equipment, Net (continued)

	Buildings RMB'000	Building improvements RMB'000	Motor vehicles RMB'000	Furniture, fixtures and other equipment RMB'000	Total RMB'000
Cost					
As at 1 January 2024	6,085,519	1,008,446	1,523,640	4,639,695	13,257,300
Transfer to investment properties (note 18)	(123,705)	–	–	–	(123,705)
Transfer from investment properties (note 18)	17,478	–	–	–	17,478
Transfer from construction in progress (note 19)	82,325	50,753	66	47,662	180,806
Additions	119,871	37,376	118,002	269,440	544,689
Disposals	(12,920)	(5,276)	(143,722)	(231,774)	(393,692)
As at 31 December 2024	6,168,568	1,091,299	1,497,986	4,725,023	13,482,876
Accumulated depreciation and impairment losses					
As at 1 January 2024	2,223,189	856,309	1,026,299	3,069,243	7,175,040
Transfer to investment properties (note 18)	(16,571)	–	–	–	(16,571)
Transfer from investment properties (note 18)	1,030	–	–	–	1,030
Depreciation charge	231,168	64,704	114,102	369,298	779,272
Depreciation written back on disposals	(9,900)	(5,276)	(134,590)	(214,686)	(364,452)
Impairment loss	–	–	(107)	(1,588)	(1,695)
As at 31 December 2024	2,428,916	915,737	1,005,704	3,222,267	7,572,624
Net carrying value					
As at 31 December 2024	3,739,652	175,562	492,282	1,502,756	5,910,252
As at 1 January 2024	3,862,330	152,137	497,341	1,570,452	6,082,260

All the Group's buildings are located in the PRC.

Up to the date of issuance of these consolidated financial statements, the Group was still in the process of applying for or changing the registration of the title certificates of certain of its properties with an aggregate carrying value of approximately RMB56 million as at 31 December 2025 (2024: RMB64 million) to its name. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the above mentioned properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

17. Right-of-use Assets

	Leasehold lands RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Total RMB'000
As at 31 December 2025					
Net carrying value	790,538	1,026,983	2,249	58,147	1,877,917
As at 31 December 2024					
Net carrying value	830,487	1,098,712	2,403	88,871	2,020,473
For the year ended 31 December 2025					
Depreciation charge	26,187	478,458	3,562	45,128	553,335
Impairment loss	-	-	-	-	-
For the year ended 31 December 2024					
Depreciation charge	25,955	512,603	6,847	62,813	608,218
Impairment loss	-	4	-	-	4
				2025	2024
				RMB'000	RMB'000
Expense relating to short-term leases				1,383,873	1,418,550
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets				131,518	55,262
Total cash outflow for leases				2,072,143	2,148,260
Additions to right-of-use assets				590,924	487,976

The Group leases leasehold lands, buildings, motor vehicles and other equipment for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of the terms under the contract and determines the period for which the contract is enforceable.

The Group entered into short-term leases mainly for buildings, motor vehicles and other equipment. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

As at 31 December 2025, the Group entered into new leases for buildings, motor vehicles and other equipment that had not yet commenced, the total future undiscounted cash flows over the non-cancellable period amounted to RMB132 million (2024: RMB90 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18. Investment Properties

	2025 RMB'000	2024 RMB'000
Cost		
As at 1 January	2,834,819	2,706,189
Additions	32,715	32,899
Transfer from property, plant and equipment (note 16)	29,013	123,705
Transfer from right-of-use assets	9,125	–
Transfer to property, plant and equipment (note 16)	(12,758)	(17,478)
Disposals	(183)	(10,496)
As at 31 December	2,892,731	2,834,819
Accumulated depreciation		
As at 1 January	1,104,451	1,005,959
Transfer from property, plant and equipment (note 16)	3,978	16,571
Transfer from right-of-use assets	976	–
Transfer to property, plant and equipment (note 16)	(4,667)	(1,030)
Depreciation charge	88,068	93,447
Written back on disposals	(4)	(10,496)
As at 31 December	1,192,802	1,104,451
Net carrying value		
As at 31 December	1,699,929	1,730,368
As at 1 January	1,730,368	1,700,230
Fair value (as at 31 December) (note)	6,877,797	6,557,665

All the Group's investment properties are located in the PRC.

Note:

The fair value of the Group's investment properties was determined based on management's estimation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

18. Investment Properties (continued)

The Group leases out its properties under operating leases. The leases typically run for period of one year to ten years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals. At the end of the reporting period, the total future minimum lease payments receivable under non-cancellable period were as follows:

	2025 RMB'000	2024 RMB'000
Within one year	141,530	140,126
In the second year	125,915	117,645
In the third year	90,849	118,461
In the fourth year	68,080	82,795
In the fifth year	61,307	68,069
After five years	148,518	127,540
As at 31 December	636,199	654,636

During the year ended 31 December 2025, RMB256 million (2024: RMB244 million) had been recognised as rental income in the consolidated statement of profit or loss and RMB30 million (2024: RMB19 million) in respect of direct operating costs relating to investment properties had been recognised as costs in the consolidated statement of profit or loss.

Up to the date of issuance of these consolidated financial statements, the Group was still in the process of applying for or changing the registration of the title certificates of certain of its properties with an aggregate carrying value of approximately RMB31 million as at 31 December 2025 (2024: RMB52 million) to its name. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the above-mentioned properties.

19. Construction in Progress

	2025 RMB'000	2024 RMB'000
Cost		
As at 1 January	1,074,572	883,465
Additions	330,102	423,162
Disposals	(22,864)	(6,191)
Transfer to intangible assets (note 21)	(41,636)	(45,058)
Transfer to property, plant and equipment (note 16)	(563,191)	(180,806)
As at 31 December	776,983	1,074,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

20. Goodwill

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cost and carrying amount	103,005	103,005
	2025 RMB'000	2024 RMB'000
Impairment testing for group of cash-generating units containing goodwill CITCC	103,005	103,005

The recoverable amount of group of cash-generating units relates to goodwill arising from the acquisition of CITCC which was determined based on value in use calculation. The calculation uses cash flow projection based on financial budget approved by management covering a five-year period and pre-tax discount rate adopted is 11.77% (2024: 12.35%). The financial budgets and discount rate had been assessed by the Group as at 31 December 2025, taking into consideration a higher degree of estimation uncertainties in the current year due to uncertainty of volatility in the financial markets.

Cash flows beyond the five years period are extrapolated using zero growth rate.

Key assumptions used for the value in use calculations are the gross margin and revenue growth rate. Management determined the budgeted gross margin based on the gross margin achieved in the period immediately before the budget period and its expectation of the trend of major telecommunication operators' capital expenditure. Revenue growth was budgeted based on the actual revenue achieved in the period immediately before the budget period. Management believes any reasonably possible change in the key assumptions would not cause the Group of cash-generating units' carrying amount to exceed its recoverable amount.

21 Intangible Assets

	2025 RMB'000	2024 RMB'000
Cost		
As at 1 January	2,292,683	2,096,481
Additions	141,514	202,595
Transfer from construction in progress (note 19)	41,636	45,058
Disposals	(63,866)	(51,451)
As at 31 December	2,411,967	2,292,683
Accumulated amortisation		
As at 1 January	1,498,154	1,350,651
Amortisation charge	206,433	194,441
Written back on disposals	(62,394)	(46,938)
As at 31 December	1,642,193	1,498,154
Net carrying value		
As at 31 December	769,774	794,529
As at 1 January	794,529	745,830

Intangible assets mainly represent computer software.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

22. Interests in Associates and Joint Ventures

	31 December 2025 RMB'000	31 December 2024 RMB'000
Share of associates	1,256,788	1,277,844
Share of joint ventures	61,505	99,708
	1,318,293	1,377,552

The Group's associates and joint ventures are established and operated in the PRC. The Group's interests in associates and joint ventures are individually and in aggregate not material to the Group's financial condition or results of operation for the year.

Aggregate financial information of the Group's associates and joint ventures that are not individually material is disclosed below:

	2025 RMB'000	2024 RMB'000
The Group's share of profit of associates	120,750	137,732
The Group's share of total comprehensive income of associates	120,750	137,732
The Group's share of profit of joint ventures	5,167	11,417
The Group's share of total comprehensive income of joint ventures	5,167	11,417

23. Equity Instruments at Fair Value Through Other Comprehensive Income

The equity instruments mainly represent ordinary shares of entities listed in stock exchanges of Mainland China. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potentials in the long run.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

24. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000
Impairment losses, primarily for receivables and inventories	518,895	501,803	–	–
Tax losses	61,052	52,909	–	–
Changes in fair values of FVTPL and FVTOCI	–	–	(1,032,557)	(948,905)
Accrued expenses	450,705	507,707	–	–
Right-of-use assets and lease liabilities	220,673	229,735	(206,411)	(210,473)
Others	–	–	(36,897)	(35,171)
	1,251,325	1,292,154	(1,275,865)	(1,194,549)
Offsetting	(252,263)	(255,115)	252,263	255,115
Deferred tax assets/(liabilities)	999,062	1,037,039	(1,023,602)	(939,434)

Movements in deferred tax assets and liabilities are as follows:

	As at 1 January 2025 RMB'000	Recognised in profit or loss RMB'000 (note 10(a))	Recognised in other comprehensive income RMB'000 (note 12)	Others RMB'000	As at 31 December 2025 RMB'000
	Impairment losses, primarily for receivables and inventories	501,803	17,092	–	–
Tax losses	52,909	8,143	–	–	61,052
Changes in fair value of FVTPL and FVTOCI	(948,905)	(8,469)	(75,183)	–	(1,032,557)
Accrued expenses	507,707	(57,002)	–	–	450,705
Right-of-use assets and lease liabilities	19,262	(5,000)	–	–	14,262
Others	(35,171)	(1,726)	–	–	(36,897)
	97,605	(46,962)	(75,183)	–	(24,540)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

24. Deferred Tax Assets and Liabilities (continued)

	As at 1 January 2024 RMB'000	Recognised in profit or loss RMB'000 (note 10(a))	Recognised in other comprehensive income RMB'000 (note 12)	Others RMB'000	As at 31 December 2024 RMB'000
Impairment losses, primarily for receivables and inventories	437,434	64,369	–	–	501,803
Tax losses	50,867	2,042	–	–	52,909
Changes in fair value of FVTPL and FVTOCI	(682,261)	(7,182)	(259,462)	–	(948,905)
Accrued expenses	553,707	(46,000)	–	–	507,707
Right-of-use assets and lease liabilities	13,861	5,401	–	–	19,262
Others	(30,240)	(4,931)	–	–	(35,171)
	343,368	13,699	(259,462)	–	97,605

Note:

As at 31 December 2025, the Group had not recognised deferred tax assets in respect of tax losses of RMB2,072 million (2024: RMB1,856 million) as it is not probable that future taxable profits, against which the losses can be utilised, will be available. According to the PRC enterprise income tax law and its relevant regulations, the tax losses of certain subsidiaries that are qualified as High and New Technology Enterprise can be carried forward for ten years from the year they are incurred. As for other subsidiaries, the tax losses can be carried forward for five years from the year they are incurred.

25. Deposits at Financial Institutions with Original Maturity More Than One Year

	31 December 2025 RMB'000	31 December 2024 RMB'000
Total deposits at financial institutions with original maturity more than one year	16,562,468	15,774,629
Less: Current portion	1,126,583	3,603,728
	15,435,885	12,170,901

26. Other Non-current Assets

	31 December 2025 RMB'000	31 December 2024 RMB'000
Long-term receivables	393,400	521,668
Others	320,930	318,344
	714,330	840,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

27. Inventories

	31 December 2025 RMB'000	31 December 2024 RMB'000
Goods for resale	593,361	598,665
Construction materials	409,417	381,616
Others	178,766	202,950
	1,181,544	1,183,231

28. Accounts and Bills Receivables, Net

	31 December 2025 RMB'000	31 December 2024 RMB'000
Bills receivables	740,688	1,410,736
Accounts receivables	24,381,687	26,509,784
	25,122,375	27,920,520
Less: allowance for credit losses	(2,693,748)	(2,624,315)
	22,428,627	25,296,205

(a) The amounts due from CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (see note 45) are unsecured, interest-free and are expected to be recovered within one year.

(b) The ageing analysis of accounts and bills receivables (net of allowance for credit losses) based on credit terms is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	18,833,729	21,423,491
After 1 year but less than 2 years	2,459,480	2,900,914
After 2 years but less than 3 years	861,243	718,462
After 3 years but less than 4 years	181,144	161,188
After 4 years but less than 5 years	43,743	43,676
Over 5 years	49,288	48,474
	22,428,627	25,296,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

28. Accounts and Bills Receivables, Net (continued)**(c) Credit losses of accounts and bills receivables**

Credit losses in respect of accounts and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the credit loss is written off against accounts and bills receivables directly (see note 2(l)).

Details of impairment assessment of accounts receivables are set out in note 43(a).

29. Contract Assets, Net

	31 December 2025 RMB'000	31 December 2024 RMB'000
Telecommunications infrastructure services	34,809,759	32,552,493
Business process outsourcing services	1,635,318	1,469,655
Applications, content and other services	5,195,785	4,271,528
	41,640,862	38,293,676
Less: allowance for credit losses	(562,472)	(525,867)
	41,078,390	37,767,809

The contract assets relate to the rights of the Group to considerations receivable for work completed and not billed because the rights are conditional upon the Group's future performance in achieving specified milestones on construction, design and other service contracts. The contract assets are transferred to accounts receivables when the rights become unconditional. The Group typically transfers the contract assets to accounts receivables within one year when the specific milestones are met.

30. Prepayments and Other Current Assets

	31 December 2025 RMB'000	31 December 2024 RMB'000
Prepayments in connection with construction work and equipment purchases	6,380,487	6,040,123
Other receivables	6,438,876	6,051,545
Structured deposits	3,302,655	–
Input VAT deductible	980,951	957,175
Long-term receivables due within 1 year	496,993	534,822
Others	1,195,834	903,060
	18,795,796	14,486,725

Included in other receivables are mainly deposits. The amounts due from CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (see note 45) are unsecured, interest free and are expected to be recovered within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

31. Financial Assets at Fair Value Through Profit or Loss

	31 December 2025 RMB'000	31 December 2024 RMB'000
Equity instruments	435,105	385,070
Analysed for reporting purpose as:		
Current assets	–	–
Non-current assets	435,105	385,070
	435,105	385,070

32. Short-term Bank Deposits and Restricted Cash

Short-term bank deposits and restricted cash represent cash in bank pledged as deposits for bills payables and cash held in dedicated bank accounts for certain construction projects, and deposits with original maturity over three months and within one year. Short-term bank deposits and restricted cash carry interest at prevailing market interest rates.

33. Cash and Cash Equivalents

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash at bank and in hand	8,290,746	15,634,788
Cash at China Telecom Group Finance Co., Ltd. ("China Telecom Finance")	6,050,519	4,003,248
Cash and cash equivalents	14,341,265	19,638,036

Bank balances carry interest at prevailing market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

34. Interest-bearing Borrowings

The Group's short-term interest-bearing borrowings comprise:

	31 December 2025 RMB'000	31 December 2024 RMB'000
RMB denominated		
Borrowings from banks – unsecured	97,626	82,050
USD denominated		
Borrowings from banks – unsecured	–	178,991
Other denominated		
Borrowings from banks – unsecured	596,519	437,046
Interest payables on short-term loans	5,213	8,162
	699,358	706,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

34. Interest-bearing Borrowings (continued)

The Group's short-term borrowings bearing interest rate per annum are as follows:

	31 December 2025	31 December 2024
RMB denominated		
Borrowings from banks		
– unsecured	2.45%–2.50%	3.40%–3.70%
USD denominated		
Borrowings from banks		
– unsecured (floating interest rate)	Secured Overnight Financing Rate ("SOFR") +0.90%–1.08%. p.a	Secured Overnight Financing Rate ("SOFR") +0.90%–1.08%. p.a
Other denominated		
Borrowings from banks		
– unsecured	3.83%–7.16%	6.91%–7.12%
– unsecured (floating interest rate)	Hong Kong Interbank Offered Rate ("HIBOR") +0.90%–0.95%	Hong Kong Interbank Offered Rate ("HIBOR") +0.95% AND Saudi Arabia Interbank Offered Rate("SAIBOR") + 1.50%

The Group's borrowings were repayable as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	699,358	706,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

35. Accounts and Bills Payables

Accounts and bills payables comprise:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Accounts payables	57,622,659	59,837,140
Bills payables	5,519,635	6,057,749
	63,142,294	65,894,889

The ageing analysis of accounts and bills payables based on the invoice date is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	60,568,007	63,309,727
After 1 year but less than 2 years	1,447,741	1,319,642
After 2 years but less than 3 years	425,937	492,037
After 3 years	700,609	773,483
	63,142,294	65,894,889

The amounts due to CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (see note 45) are unsecured, interest-free and are expected to be settled within one year.

36. Lease Liabilities

	31 December 2025 RMB'000	31 December 2024 RMB'000
Lease liabilities payable:		
Within 1 year	505,329	454,967
After 1 year but within 2 years	303,641	305,874
After 2 years but within 5 years	406,713	400,074
After 5 years	46,372	162,338
	1,262,055	1,323,253
Less: Amount due for settlement within 12 months shown under current liabilities	505,329	454,967
Amount due for settlement after 12 months shown under non-current liabilities	756,726	868,286

The weighted average lessee's incremental borrowing rate applied to lease liabilities is 3.6% (2024: 3.6%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

37. Contract Liabilities

	31 December 2025 RMB'000	31 December 2024 RMB'000
Telecommunications infrastructure services	6,851,358	6,700,059
Other services	2,809,000	2,489,991
	9,660,358	9,190,050

When the Group receives advanced payments from customers before the performance obligation is satisfied, the amounts will give rise to contract liabilities, until the performance obligation is satisfied.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	Telecommunications infrastructure	
	services RMB'000	Other services RMB'000
For the year ended 31 December 2025		
Revenue recognised that was included in the contract liability balance at the beginning of the year	5,923,409	2,330,136
For the year ended 31 December 2024		
Revenue recognised that was included in the contract liability balance at the beginning of the year	6,538,482	2,458,926

38. Accrued Expenses and Other Payables

	31 December 2025 RMB'000	31 December 2024 RMB'000
Deposits received from subcontractors	2,312,634	2,559,838
Wages and welfare payables	1,535,314	1,648,393
Output VAT payables	1,474,307	1,335,552
Other taxes payables	849,706	897,915
Amounts due to CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group (note i)	707,457	563,047
Advance lease payments received	30,892	35,740
Dividend payables	1,177	4,761
Payables for construction and purchase of property, plant and equipment	2,756	2,756
Others (note (ii))	4,433,764	4,372,955
	11,348,007	11,420,957

Notes:

- (i) The amounts due to CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group (see note 45) are unsecured, interest-free and are expected to be settled within one year.
- (ii) The amounts mainly include payables to suppliers for purchases on behalf of CTC Group and others.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

39. Other Non-current Liabilities

Other non-current liabilities mainly represent the deferred income arising from government grants and termination benefits.

40. Share Capital

	2025 RMB'000	2024 RMB'000
Registered, issued and fully paid:		
4,534,598,160 (31 December 2024: 4,534,598,160) domestic shares of RMB1.00 each	4,534,598	4,534,598
2,391,420,240 (31 December 2024: 2,391,420,240) H shares of RMB1.00 each	2,391,420	2,391,420
	6,926,018	6,926,018
	2025 Thousand shares	2024 Thousand shares
At 1 January and 31 December	6,926,018	6,926,018

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally in all material respects.

(a) Capital management

The Group's primary objectives of managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by strengthening their leading position as an integrated service provider to the telecommunications industry and achieving economies of scale in the market.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings, and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital using a gearing ratio which is defined as total debts divided by the sum of total debts and equity attributable to equity shareholders of the Company. For this purpose, the Group defines total debts as the sum of short-term interest-bearing borrowings and long-term interest-bearing borrowings. The Group aims to maintain the gearing ratio at a reasonable level. The Group's ratio as at 31 December 2025 was 1.4% (2024: 1.5%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends to be paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce the gearing ratio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

41. Retirement Benefit Obligations

In accordance with the labour regulations of the PRC, the Group participates in various defined contribution retirement schemes organised by the municipal and provincial governments for its employees. The Group is required to make contributions to the retirement schemes at rates ranging from 8% to 20% (2024: 8% to 20%) of the salaries, bonuses and certain allowances of the employees.

The Group has no other material obligations for the payment of pension benefits associated with these schemes beyond the annual contributions described above.

The Group operates a MPF scheme for the employees in Hong Kong. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment if the eligibility criteria are met.

42. Commitments and Contingent Liabilities**(a) Capital commitments**

As at 31 December 2025, the Group had capital commitments for acquisition and construction of property, plant and equipment and other non-current assets as follows:

	2025	2024
	RMB'000	RMB'000
Contracted for but not provided	12,906	54,189

(b) Contingent liabilities

As at 31 December 2025, the Group had no material contingent liabilities and no financial guarantees issued (31 December 2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43. Financial Risk Management and Fair Values

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk and impairment assessment

The Group's credit risk is primarily attributable to accounts receivables and contract assets arising from contracts with customers and other receivables. Management has a credit policy in place and the exposure to credit risks is monitored on an ongoing basis. Normally, the Group does not obtain collateral from customers.

The Group's major customers are CTC Group and CM Group. The Group has a certain concentration of credit risk as the Group's major customers accounted for 48% of the total accounts and bills receivables as at 31 December 2025 (2024: 53%). The Group has no significant credit risk with any of these customers since they are large state-owned companies in the telecommunications industry.

The credit risk on bank deposits is limited because the counterparties are financial institutions with high credit rankings, mainly the four large state-owned banks in the PRC, China Telecom Finance and other reputable commercial banks.

The amounts of cash and cash equivalents, short-term bank deposits and restricted cash, accounts and bills receivables, contract assets, other receivables and long-term receivables in the consolidated statement of financial position after deducting impairment allowance represent the Group's maximum exposure to the credit risk in relation to financial assets and contract assets.

The Group recognises a loss allowance for ECL on financial assets and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Assessment is performed based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions as at the reporting date, as well as the forecasted future economic conditions.

Accounts receivables and contract assets arising from contracts with customers

The Group applied the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivables and contract assets. To measure the ECL, accounts receivables and contract assets have been grouped together based on their shared credit risk characteristics.

The contract assets relate to unbilled revenues due to the same group of customers reported as accounts receivables and have substantially the same risk characteristics as the accounts receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for the accounts receivables are a reasonable approximation of the loss rates for the contract assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43. Financial Risk Management and Fair Values (continued)

(a) Credit risk and impairment assessment (continued)

Accounts receivables and contract assets arising from contracts with customers (continued)

The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on a provision matrix within lifetime ECL. Debtors with significant risk with gross carrying amounts of RMB993 million as at 31 December 2025 were assessed individually (31 December 2024: RMB1,030 million), the loss allowance provision was RMB914 million (31 December 2024: RMB958 million).

	2025			2024		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance provision RMB'000	Expected loss rate	Gross carrying amount RMB'000	Loss allowance provision RMB'000
Telecommunications operators						
Within 1 year	0.2%	10,913,702	(21,827)	0.2%	12,873,403	(25,747)
After 1 year but within 2 years	5.1%	1,333,468	(68,007)	5.1%	1,639,953	(83,638)
After 2 years but within 3 years	15.4%	529,925	(81,608)	15.4%	456,156	(70,248)
After 3 years but within 4 years	38.6%	178,982	(69,087)	38.6%	166,876	(64,414)
After 4 years but within 5 years	66.5%	71,764	(47,723)	66.5%	89,935	(59,807)
Over 5 years	100.0%	194,943	(194,943)	100.0%	178,899	(178,899)
		13,222,784	(483,195)		15,405,222	(482,753)
Non-telecom operators						
Within 1 year	0.8%	7,237,911	(57,903)	0.8%	7,207,464	(57,661)
After 1 year but within 2 years	20.5%	1,497,554	(306,999)	20.5%	1,687,923	(346,024)
After 2 years but within 3 years	45.5%	749,820	(341,168)	45.5%	602,339	(274,064)
After 3 years but within 4 years	72.9%	260,327	(189,778)	72.9%	216,302	(157,684)
After 4 years but within 5 years	84.8%	129,330	(109,672)	84.8%	82,607	(70,051)
Over 5 years	100.0%	290,732	(290,732)	100.0%	277,790	(277,790)
		10,165,674	(1,296,252)		10,074,425	(1,183,274)

Expected loss rates were assessed based on actual loss experienced over the past 1 to 5 years. These rates had been adjusted to reflect differences between economic conditions during the period over which the historic data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables balances.

The Group adjusted the macro factors and weights in ECL model by taking into account the changes of the macro environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43. Financial Risk Management and Fair Values (continued)

(a) Credit risk and impairment assessment (continued)

Accounts receivables and contract assets arising from contracts with customers (continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivables under the simplified approach.

	2025 RMB'000	2024 RMB'000
As at 1 January	2,624,284	2,312,882
Changes due to financial assets recognised during the year		
– Impairment loss recognised	392,549	613,029
– Impairment loss reversed	(298,833)	(285,787)
– Uncollectible amounts written off	(24,339)	(15,840)
As at 31 December	2,693,661	2,624,284

The Group writes off an accounts receivables when there is information indicating that the specific debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy process.

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	2025 RMB'000	2024 RMB'000
As at 1 January	525,867	312,493
Changes due to financial assets recognised during the year		
– Impairment loss recognised	119,316	265,059
– Impairment loss reversed	(74,696)	(51,670)
– Uncollectible amounts written off	(8,015)	(15)
As at 31 December	562,472	525,867

(b) Interest rate risk

The Group is exposed to fair value interest rate risk primarily from its short-term and long-term borrowings carrying interests at fixed rates. The Group manages its exposure to fair value interest rate risk by maintaining high proportion of fixed rate borrowings with maturity within one year. Details of the interest rates of interest-bearing borrowings are disclosed in note 34.

The Group is also exposed to cash flow interest rate risk in relation to short-term and long-term borrowings carrying interests at variable rates. The Group manages its exposure to interest rate risk by closely monitoring the change in the market interest rates.

The management of the Group considers the fluctuation in interest rates on short-term and long-term borrowings carrying interests at variable rates is insignificant. Therefore, no sensitivity analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43. Financial Risk Management and Fair Values (continued)

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and lease liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on interest rates at the end of the reporting period) and the earliest date the Group would be required to repay:

	31 December 2025					
	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but within 5 years RMB'000	More than 5 years RMB'000
Short-term interest-bearing borrowings (note 34)	699,358	707,627	707,627	-	-	-
Accounts and bills payables (note 35)	63,142,294	63,142,294	63,142,294	-	-	-
Lease liabilities (note 36)	1,262,055	1,375,314	570,660	327,217	429,465	47,972
Accrued expenses and other payables	7,184,589	7,184,589	7,184,589	-	-	-
	72,288,296	72,409,824	71,605,170	327,217	429,465	47,972

	31 December 2024					
	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but within 5 years RMB'000	More than 5 years RMB'000
Short-term interest-bearing borrowings (note 34)	706,249	711,131	711,131	-	-	-
Accounts and bills payables (note 35)	65,894,889	65,894,889	65,894,889	-	-	-
Lease liabilities (note 36)	1,323,253	1,441,863	508,222	338,963	429,253	165,425
Accrued expenses and other payables	7,477,132	7,477,132	7,477,132	-	-	-
	75,401,523	75,525,014	74,591,373	338,963	429,253	165,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43. Financial Risk Management and Fair Values (continued)

(d) Currency risk

Foreign currency exchange rate risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. As at 31 December 2025, the Group's foreign currency risk exposure mainly relates to bank deposits and borrowings denominated primarily in USD, the aggregate net assets are RMB379 million. To manage the impact of currency exchange rate fluctuations, the Group continually assesses its exposure to foreign currency risks, and a portion of those risks is hedged by using derivative financial instruments, when management considers it necessary. The Group does not expect the appreciation or depreciation of the RMB against foreign currency will materially affect the Group's financial position and result of operations. Therefore, no sensitivity analysis is presented.

(e) Price risk

The Group is exposed to equity price changes arising from equity investments at FVTPL and designated as at FVTOCI.

The Group's listed investments are listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and National Equities Exchange and Quotations. Listed investments held in the investment portfolio have been chosen based on their longer term growth potentials and are monitored regularly for performance against expectations.

At 31 December 2025, it is estimated that an increase/(decrease) of 5% (2024: 5%) in the relevant share price (for listed investments) as applicable, with all other variables held constant, would have increased/(decreased) the Group's other components of consolidated equity as follows:

	2025		2024	
	Increase/ (decrease) in equity price	Effect on other components of equity RMB'000	Increase/ (decrease) in equity price	Effect on other components of equity RMB'000
Changes in the relevant equity price risk variable:				
Increase	5%	185,615	5%	169,570
Decrease	(5%)	(185,615)	(5%)	(169,570)

The above sensitivity analysis indicates the instantaneous change in the Group's other components of consolidated equity that would result, assuming that the changes in the share price had occurred at the end of the reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43. Financial Risk Management and Fair Values (continued)

(f) Fair value

(i) Financial instruments carried at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of each reporting period.

	2025			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income	4,794,271	–	1,053	4,795,324
Financial assets at fair value through profit or loss (note (i))	–	–	3,737,760	3,737,760
	2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income	4,499,765	–	1,053	4,500,818
Financial assets at fair value through profit or loss (note (i))	–	–	385,070	385,070

Notes:

- (i) The invested entities in Level 3 were private companies. At the end of 31 December 2025, the Group appointed an external valuer to determine the fair value of the invested entity in Level 3 based on discounted cash flows. The future cash flows had been estimated based on long-term revenue growth rates, taking into management's experience and knowledge of market conditions.

The Group's structured deposits are principal-guaranteed products with floating returns, which are linked to benchmarks such as gold prices and exchange rates. As the relevant benchmarks are not directly observable from market data for verification at the measurement date, they are measured as Level 3 fair value. The Company adopts the expected rate of return of these products as the best estimate of their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

43. Financial Risk Management and Fair Values (continued)

(f) Fair value (continued)

(ii) Reconciliation of level 3 fair value measurement

	Equity instruments at fair value through other comprehensive income RMB'000	Structured deposits RMB'000	Equity instruments at fair value through profit or loss RMB'000
As at 1 January 2025	1,053	–	385,070
Purchases	–	3,300,000	16,162
Total gains			
– in profit or loss	–	2,655	33,873
– in other comprehensive income	–	–	–
As at 31 December 2025	1,053	3,302,655	435,105

	Equity instruments at fair value through other comprehensive income RMB'000	Structured deposits RMB'000	Equity instruments at fair value through profit or loss RMB'000
As at 1 January 2024	12,511	–	342,301
Purchases	–	–	14,540
Disposals/settlements	(11,458)	–	(500)
Total gains			
– in profit or loss	–	–	28,729
– in other comprehensive income	–	–	–
As at 31 December 2024	1,053	–	385,070

(iii) Fair values of financial instruments carried at other than fair value

The fair values of financial assets and financial liabilities recorded at amortised cost are not materially different from their carrying amounts, which are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

44. Significant Accounting Estimates and Judgements

In addition to those disclosed in note 20, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provision of ECL for accounts receivables and contract assets

Accounts receivables and contract assets with significant risk are assessed for ECL individually. In addition, the Group uses a provision matrix to calculate ECL for the accounts receivables and contract assets by groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical loss rates, taking into consideration reasonable and supportable forward-looking information that is available without undue costs or efforts. At every reporting date, the historical loss rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. The Group has considered the uncertainty under different macroeconomics scenarios and the risk of increased credit default rates appropriately. The information about the ECL and the Group's accounts receivables and contract assets are disclosed in notes 43(a), 28 and 29 respectively.

45. Related Parties

The Group has undertaken significant transactions and maintained relationships with members of CTC Group, the material related party transactions are as below:

(a) Transactions with CTC Group

Because of the relationship between the Group and CTC Group, the terms of these transactions were negotiated between the Group with CTC Group.

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

	2025 RMB'000	2024 RMB'000
Engineering related services revenue (note (i))	21,000,087	23,185,139
IT application services revenue (note (ii))	7,945,795	7,975,944
Provision of ancillary telecommunications services revenue (note (iii))	19,721,571	19,396,021
Provision of operation support services revenue (note (iv))	4,955,224	4,910,827
Supplies procurement services revenue (note (v))	2,871,348	3,475,218
Property leasing services revenue (note (vi))	172,629	190,465
Management fee income (note (vii))	395,423	394,394
Property leasing services charges (note (viii))	129,051	136,087
IT application services charges (note (ix))	1,723,737	940,361
Operation support services charges (note (x))	604,943	755,122
Supplies procurement services charges (note (xi))	4,038,682	3,510,253
Interest expenses (note (xii))	26,452	28,086
Net deposits placed with China Telecom Finance (note (xiii))	1,854,371	(365,224)
Interest income of deposits placed with China Telecom Finance (note (xiv))	133,951	151,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)

(a) Transactions with CTC Group (continued)

Notes:

- (i) The amount represents telecommunications infrastructure services such as design, construction and project management provided to CTC Group.
- (ii) The amount represents the telecommunications network support services, software and hardware development and other IT related services provided to CTC Group.
- (iii) The amount represents ancillary telecommunications services such as maintenance of network facilities (including optical ducts and cables, exchange buildings and base stations), operation of distribution channels, fixed line and wireless value-added service, internet contents and information services provided to CTC Group.
- (iv) The amount represents the facilities management, advertising, conferencing services and certain repair and leasing of equipment services provided to CTC Group.
- (v) The amount represents supplies procurement service such as warehousing, transportation and installation and other related services provided to CTC Group.
- (vi) The amount represents rentals from operating leases in respect of business premises leased to CTC Group.
- (vii) The amount represents management fee in respect of headquarters management function services ("Centralised Services") provided to CTC Group.
- (viii) The amount represents rentals from short-term leases in respect of business premises paid and payable to CTC Group.
- (ix) The amount represents the charge paid and payable to CTC Group for basic telecommunications service, value-added service and information application service.
- (x) The amount represents the charge paid and payable to CTC Group for logistics, labor resources, cultural, educational, hygiene and other supporting services.
- (xi) The amount represents the charge paid and payable to CTC Group for supplies procurement services, warehousing, transportation and installation services.
- (xii) The amount represents the interest paid and payable to CTC Group in respect of the loans and lease liabilities from CTC Group.
- (xiii) The amount represents net deposit under deposit services provided by China Telecom Finance.
- (xiv) The amount represents the interest income from deposit services provided by China Telecom Finance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)

(a) Transactions with CTC Group (continued)

Amounts due from/to CTC Group included in respective balances are summarised as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash and cash equivalents	6,050,519	4,003,248
Short-term bank deposits and restricted cash	9,777	10,065
Accounts and bills receivables, net	10,009,512	11,921,985
Contract assets, net	15,750,417	15,169,839
Current portion of deposits at financial institutions with original maturity more than one year	1,126,583	232,036
Prepayments and other current assets	2,543,158	2,310,214
Deposits at financial institutions with original maturity more than one year	2,483,538	3,484,891
Other non-current assets	119,166	349,900
Total amounts due from CTC Group	38,092,670	37,482,178
Accounts and bills payables	1,504,169	1,315,148
Contract liabilities	1,000,434	668,971
Accrued expenses and other payables	535,975	451,355
Current portion of lease liabilities	227,378	173,789
Lease liabilities	479,884	530,101
Total amounts due to CTC Group	3,747,840	3,139,364

As at 31 December 2025, the Group had recognised credit losses of RMB390 million (2024: RMB413 million) in respect of amounts due from CTC Group.

For the year ended 31 December 2025, additional amount of RMB260 million of right-of-use assets had been recognised under new lease contracts entered into with CTC Group (2024: RMB228 million).

The directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business and the terms are reasonable so far as the shareholders of the Company are concerned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)**(a) Transactions with CTC Group (continued)**

The terms of the principal agreements agreed with CTC impacting the results of operations of the Group are summarised as follows:

- (1) The Group has entered into agreements with CTC pursuant to which the Group provides CTC Group with construction, design and project supervision and management for telecommunications infrastructure projects. In addition, the Group has entered into information technology service agreements with CTC pursuant to which the Group provides CTC Group with telecommunications network support services, software and hardware development and other IT related services. The amounts charged for these services are determined by reference to market rates as reflected in prices obtained through tender processes.
- (2) The Group has entered into facilities leasing agreements with CTC pursuant to which the Group leases certain premises and other facilities to CTC Group, and vice versa. The rental charges are negotiated based on market rates.
- (3) The Group has entered into operation support services agreements for facilities management, advertising, conferencing, logistics, cultural, educational, hygiene and other community services with CTC. In addition, the Group has entered into ancillary services agreements with CTC. The ancillary services provided to CTC Group include repairs and maintenance of telecommunications equipment and facilities and provision of certain customer services. Pursuant to these agreements, the Group charges CTC Group, and vice versa, for these services in accordance with the following terms:
 - market price. In determining the market price, the Group primarily considers the following factors: (i) cost of services; (ii) prices of the same or similar type of services provided to CTC Group by other service providers in the market; (iii) prices of the same or similar type of services provided to CTC Group and independent third parties previously by the Group.
 - in the absence of market price or where the market price cannot be determined, the price shall be agreed between both parties, which shall be the aggregate amount of reasonable costs, the relevant taxes in sales and reasonable profits. “Reasonable costs” means the costs confirmed by both parties after negotiations, and “reasonable profit” means a profit ratio confirmed by both parties during the course of normal commercial negotiation, taking into account factors such as historical price, transaction size, average profit ratio within the relevant industry, supply and demand, labor costs, local commodity prices and economic development levels.
- (4) The Group has entered into agreement with CTC pursuant to which the Group takes up the role of providing headquarter management functions to manage assets of the telecommunications support businesses of provinces, municipalities and autonomous regions (“Centralised Services”). The aggregate administrative costs incurred by the Group for the provision of the Centralised Services are apportioned pro rata between the Group and CTC Group according to the net asset ratio of each of the relevant parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)**(a) Transactions with CTC Group (continued)**

- (5) The Group has entered into Supplies Procurement Services Framework agreement for procurement of telecommunication and non-telecommunication supplies, provision of agency services of supplies procurement, sales of telecommunication supplies and management of biddings, verification of technical specifications, warehousing transportation and installation services. Pursuant to the agreement, the Group charges CTC Group for these services in accordance with the following terms:
- maximum 1% of the contract value for procurement services on imported telecommunication supplies;
 - maximum 3% of the contract value for procurement services on domestic telecommunication and non-telecommunication supplies and materials;
 - market price. In determining the market price, the Group primarily considers the following factors: (i) cost of services; (ii) prices of the same or similar type of services provided to CTC Group or the Group by other service providers in the market; (iii) prices of the same or similar type of services provided to CTC Group and independent third parties by the Group, or prices of the same or similar type of services provided to the Group by CTC Group and independent third parties;
 - in the absence of market price or where the market price cannot be determined, the price shall be agreed between both parties, which shall be the aggregate amount of reasonable costs, the taxes on sales and reasonable profits. “Reasonable costs” means the costs confirmed by both parties after negotiations, and “reasonable profit” means a profit ratio confirmed by both parties during the course of normal commercial negotiation, taking into account factors such as historical price, transaction size, average profit ratio within the relevant industry, supply and demand, labor costs, local commodity prices and economic development levels.

The Group and China Telecom Finance entered into the Financial Services Framework Agreement, pursuant to which China Telecom Finance has agreed to provide financial services to the Group, including deposit services, loan services and other financial services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)

(b) Transactions with associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties

The Group has entered into transactions with associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties can exercise significant influence. The transactions entered into by the Group and above related parties are as follows:

	2025 RMB'000	2024 RMB'000
Engineering related service revenue (note (i))	4,059,359	4,250,521
IT application service revenue (note (ii))	344,954	234,814
Provision of ancillary telecommunications service revenue (note (iii))	1,990,780	1,850,052
Provision of operation support service revenue (note (iv))	169,829	135,461
Supplies procurement service revenue (note (v))	221,244	204,053
Property leasing service revenue (note (vi))	5,722	5,598
Property leasing service charges (note (vii))	770	1,612
IT application service charges (note (viii))	1,955,023	1,406,822
Operation support service charges (note (ix))	2,955,524	3,090,542
Supplies procurement service charges (note (x))	508,705	358,539
Interest expenses (note (xi))	9	9

Notes:

- (i) The amount represents telecommunications infrastructure services such as design, construction and project management provided to associates and joint ventures of the Group, associates and joint ventures of CTC Group.
- (ii) The amount represents the telecommunications network support services, software and hardware development and other IT related services provided to associates and joint ventures of the Group, associates and joint venture of CTC Group, and other related parties.
- (iii) The amount represents ancillary telecommunications services such as maintenance of network facilities (including optical ducts and cables, exchange buildings and base stations); operation of distribution channels; fixed line and wireless value-added services; internet contents and information services provided to associates and joint ventures of the Group, associates and joint ventures of CTC Group.
- (iv) The amount represents facilities management, advertising, conferencing services and certain repair and leasing of equipment services provided to associates and joint ventures of the Group, associates and joint ventures of CTC Group.
- (v) The amount represents supplies procurement services such as warehousing, transportation and installation and other related services provided to associates and joint ventures of the Group, associates and joint venture of CTC Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)

(b) Transactions with associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (continued)

Notes: (continued)

- (vi) The amount represents receivables from operating leases in respect of business premises entered into with associates and joint ventures of the Group, associates and joint ventures of CTC Group.
- (vii) The amount represents rentals from short-term lease in respect of business premises paid and payable to associate and joint ventures of the Group, associates and joint ventures of CTC Group.
- (viii) The amount represents charges paid and payable to associates and joint ventures of the Group, associates and joint venture of CTC Group, and other related parties for basic telecommunications services, value-added services and information application services.
- (ix) The amount represents charges paid and payable to associates and joint ventures of the Group, associates and joint venture of CTC Group for logistics, labour resources, cultural, educational, hygiene and other supporting services.
- (x) The amount represents the charge paid and payable to associates and joint ventures of the Group, associates and joint venture of CTC Group, and other related parties for supplies procurement services, warehousing, transportation and installation services.
- (xi) The amount represents interest paid and payable to associates and joint ventures of CTC Group in respect of lease liabilities from associates and joint ventures of CTC Group.

Amounts due from/to associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties included in respective account balances are summarised as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Accounts and bills receivables, net	601,132	644,618
Contract assets, net	847,560	664,640
Prepayments and other current assets	1,077,657	1,286,523
Total	2,526,349	2,595,781
Accounts and bills payables	2,782,324	3,091,262
Contract liabilities	288,571	219,777
Lease liabilities	81	210
Current portion of lease liabilities	91	79
Accrued expenses and other payables	171,482	111,692
Total	3,242,549	3,423,020

The directors of the Company are of the opinion that the above transactions undertaken with related parties were conducted on normal commercial terms in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)**(c) Transactions with other government-related entities in the PRC**

The Company is a state-controlled enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC through government authorities, agencies, affiliations and other organisations (collectively referred to as “government-related entities”).

Apart from transactions with parent company and its affiliates (note 45(a)), the Group has collectively, but not individually significant transactions with other government-related entities, which include but are 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
- Leasing of assets
- Depositing and borrowing money
- 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 rendered and products sold based on government-regulated tariff rates, where applicable, or based on commercial negotiations. The Group has also established its 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 meaningful disclosure of related party transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

45. Related Parties (continued)**(d) Transactions with key management personnel**

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors as disclosed in note 13 and certain of the highest paid employees as disclosed in note 14, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	6,674	7,685
Share appreciation rights	–	(887)
Retirement benefits	3,412	3,339
Discretionary bonuses	19,817	20,516
	29,903	30,653

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions with CTC Group disclosed in note 45(a) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

46. Segment Reporting

The Group principally has one operating segment, which is the provision of integrated comprehensive smart solutions in the field of informatisation and digitalisation. Therefore, no additional segment information has been presented. Additional information about major customers and geographical areas of the Group has been disclosed in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

47. Subsidiaries

The following list contains only the particulars of subsidiaries at 31 December 2025 which principally affected the results of operations, assets or liabilities of the Group.

Name of company	Type of legal entity	Place of incorporation/ establishment	Proportion of ownership interest and voting rights held by the Company		Issued and paid up capital	Principal activities
			31 December 2025 Directly %	31 December 2024 Directly %		
Guangdong Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB2,688 million	Provision of integrated telecommunications support services through its subsidiaries in Guangdong Province
Zhejiang Communications Services Holdings Group Company Limited	Limited Liability Company	The PRC	100	100	RMB1,498 million	Provision of integrated telecommunications support services through its subsidiaries in Zhejiang Province
Shanghai Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB1,376 million	Provision of integrated telecommunications support services through its subsidiaries in Shanghai Municipality
Fujian Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB281 million	Provision of integrated telecommunications support services through its subsidiaries in Fujian Province
Hubei Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB317 million	Provision of integrated telecommunications support services through its subsidiaries in Hubei Province
Jiangsu Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB578 million	Provision of integrated telecommunications support services through its subsidiaries in Jiangsu Province
Anhui Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB420 million	Provision of integrated telecommunications support services through its subsidiaries in Anhui Province
Jiangxi Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB200 million	Provision of integrated telecommunications support services through its subsidiaries in Jiangxi Province
Hunan Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB886 million	Provision of integrated telecommunications support services through its subsidiaries in Hunan Province
Guangxi Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB322 million	Provision of integrated telecommunications support services through its subsidiaries in Guangxi Zhuang Autonomous Region
Chongqing Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB209 million	Provision of integrated telecommunications support services through its subsidiaries in Chongqing Municipality
Sichuan Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB798 million	Provision of integrated telecommunications support services through its subsidiaries in Sichuan Province
Guizhou Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB131 million	Provision of integrated telecommunications support services through its subsidiaries in Guizhou Province
Yunnan Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB238 million	Provision of integrated telecommunications support services through its subsidiaries in Yunnan Province

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

47. Subsidiaries (continued)

Name of company	Type of legal entity	Place of incorporation/ establishment	Proportion of ownership interest and voting rights held by the Company		Issued and paid up capital	Principal activities
			31 December 2025 Directly %	31 December 2024 Directly %		
Shaanxi Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB145 million	Provision of integrated telecommunications support services through its subsidiaries in Shaanxi Province
Gansu Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB129 million	Provision of integrated telecommunications support services through its subsidiaries in Gansu Province
Qinghai Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB68 million	Provision of integrated telecommunications support services through its subsidiaries in Qinghai Province
Xinjiang Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB195 million	Provision of integrated telecommunications support services through its subsidiaries in Xinjiang Uygur Autonomous Region
China International Telecommunication Construction Corporation	Limited Liability Company	The PRC	100	100	RMB550 million	Provision of integrated telecommunications support services through its subsidiaries in Northern China Provinces
China Communications Services International Limited	Limited Liability Company	Hong Kong	100	100	HKD846.87 million	Provision of integrated telecommunications support services through its subsidiaries in Hong Kong
Zhongshutong Information Co., Ltd.	Limited Liability Company	The PRC	60.38	60.38	RMB120 million	Provision of integrated telecommunications support services
China Comservice Software Tech. Co., Ltd	Limited Liability Company	The PRC	60	60	USD25 million	Provision of integrated telecommunications support services
Ningxia Hui Autonomous Region Communications Industrial Services Company Limited	Limited Liability Company	The PRC	100	100	RMB106 million	Provision of integrated telecommunications support services through its subsidiaries in Ningxia Hui Autonomous Region
Shandong Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB200 million	Provision of integrated telecommunications support services in Shandong Province
Sino-British Submarine System Co., Ltd.	Limited Liability Company	The PRC	100	100	RMB327 million	Provision of submarine cable installation and other related services
Hainan Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB141 million	Provision of integrated telecommunications support services through its subsidiaries in Hainan Province
China Comservice Supply Chain Company Limited	Limited Liability Company	The PRC	73.99	73.99	RMB1,256 million	Provision of integrated telecommunications support services
Inner Mongolia Autonomous Region Communications Services Company Limited	Limited Liability Company	The PRC	100	100	RMB30 million	Provision of integrated telecommunications support services in Inner Mongolia Autonomous Region
Comservice Capital Holding Company Limited	Limited Liability Company	The PRC	100	100	RMB500 million	Management of Group capital
China Comservice Smart Property Development Co., Ltd.	Limited Liability Company	The PRC	100	100	RMB50 million	Provision of property services
Comservice Intelligent Technology Co., Ltd.	Limited Liability Company	The PRC	100	100	-	Provision of integrated telecommunications support services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

48. Statement of Financial Position and Reserves of the Company

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets		
Property, plant and equipment, net	1,255,751	1,262,711
Investment properties	1,530,537	1,631,572
Construction in progress	3,613	6,447
Intangible assets	51,888	51,595
Investments in subsidiaries	15,475,834	14,695,834
Interests in associates and joint ventures	929,769	899,640
Deposits at financial institutions with original maturity more than one year	14,432,762	11,142,511
Total non-current assets	33,680,154	29,690,310
Current assets		
Inventories	307	307
Accounts and bills receivables, net	11,896	43,564
Current portion of deposits at financial institutions with original maturity more than one year	1,060,083	3,281,692
Prepayments and other current assets	3,665,873	2,223,458
Short-term bank deposits and restricted cash	2,611	24,432
Cash and cash equivalents	10,132,434	12,044,756
Total current assets	14,873,204	17,618,209
Total assets	48,553,358	47,308,519
Current liabilities		
Contract liabilities	481	481
Accrued expenses and other payables	29,998,290	27,422,175
Income tax payable	-	2,512
Total current liabilities	29,998,771	27,425,168
Net current assets (note (i))	(15,125,567)	(9,806,959)
Total assets less current liabilities	18,554,587	19,883,351
Total liabilities	29,998,771	27,425,168
Equity		
Share capital	6,926,018	6,926,018
Reserves	11,628,569	12,957,333
Total equity	18,554,587	19,883,351
Total liabilities and equity	48,553,358	47,308,519

Note:

- (i) The current assets of the Company were less than the current liabilities as at 31 December 2025. The current liabilities of RMB29,953 million were debts arising from amounts due to the subsidiaries of the Group, the Company will be able to decide the repayment plans at its own discretion to enable the Company to meet the liabilities as they fall due and carry on the business without a significant curtailment of operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

48. Statement of Financial Position and Reserves of the Company (continued)

The movements of equity of the Company are as follows:

	Share capital RMB'000 (note 40)	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	6,926,018	4,529,310	1,966,293	2,037,271	3,870,414	19,329,306
Profit for the year	–	–	–	–	2,059,761	2,059,761
Distribution of dividends (note 15(b))	–	–	–	–	(1,505,716)	(1,505,716)
Appropriation	–	–	–	205,976	(205,976)	–
At 31 December 2024	6,926,018	4,529,310	1,966,293	2,243,247	4,218,483	19,883,351
Profit for the year	–	–	–	–	185,956	185,956
Distribution of dividends (note 15(b))	–	–	–	–	(1,514,720)	(1,514,720)
Appropriation	–	–	–	18,596	(18,596)	–
At 31 December 2025	6,926,018	4,529,310	1,966,293	2,261,843	2,871,123	18,554,587

According to the Company's Articles of Association, the amount of retained earnings available for distribution to equity shareholders of the Company is the lower of the amount determined in accordance with the PRC Accounting Rules and Regulations and the amount determined in accordance with IFRS Accounting Standards after the appropriation made to statutory surplus reserve as detailed in notes to the consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

49. Possible Impact of Amendments to Standards and New Standards Issued But Not Yet Effective for the Annual Accounting Year Ended 31 December 2025

Up to the date of issue of these consolidated financial statements, the IASB has issued the following amendments to standards and new standards which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
<i>Classification and Measurement of Financial Instruments</i> – Amendments to IFRS 9 and IFRS 7	1 January 2026
<i>Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7</i>	1 January 2026
<i>Annual improvements to IFRS Accounting Standards – Volume 11</i>	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> – Amendments to IFRS 10 and IAS 28	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

50. Reconciliation of Liabilities Arising from Financing Activities

The table below includes changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	As at 1 January 2025 RMB'000	Accruals RMB'000	Financing cash flows RMB'000	Foreign exchange translation RMB'000	Lease modified RMB'000	As at 31 December 2025 RMB'000
Interest-bearing borrowings, net (note 34)	706,249	-	10,321	(17,212)	-	699,358
Dividends payable	21,760	1,581,779	(1,602,184)	6,821	-	8,176
Lease liabilities (note 36)	1,323,253	636,832	(522,502)	-	(175,528)	1,262,055
	2,051,262	2,218,611	(2,114,365)	(10,391)	(175,528)	1,969,589

	As at 1 January 2024 RMB'000	Accruals RMB'000	Financing cash flows RMB'000	Foreign exchange translation RMB'000	Lease modified RMB'000	As at 31 December 2024 RMB'000
Interest-bearing borrowings, net (note 34)	861,056	-	(134,752)	(20,055)	-	706,249
Dividends payable	25,166	1,565,185	(1,572,562)	3,971	-	21,760
Lease liabilities (note 36)	1,516,630	587,272	(634,472)	-	(146,177)	1,323,253
	2,402,852	2,152,457	(2,341,786)	(16,084)	(146,177)	2,051,262

FINANCIAL SUMMARY

(Amounts in thousands, except per share data)

	For the year ended 31 December				
	2025 RMB	2024 RMB	2023 RMB	2022 RMB (Restated)	2021 RMB (Restated)
Results					
Revenue from telecommunications infrastructure services	74,391,260	75,172,237	76,136,756	72,906,517	71,889,248
Revenue from business process outsourcing services	44,061,421	43,459,018	43,550,614	43,073,150	40,623,948
Revenue from applications, content and other services	31,639,928	31,368,848	28,927,306	24,767,902	21,479,245
Total Revenues	150,092,609	150,000,103	148,614,676	140,747,569	133,992,441
Depreciation and amortisation	(1,007,405)	(1,025,761)	(1,017,154)	(961,218)	(908,525)
Direct personnel costs	(7,710,598)	(8,208,384)	(8,644,005)	(8,558,400)	(8,805,077)
Materials costs	(26,415,523)	(25,579,237)	(24,670,341)	(21,657,339)	(19,166,225)
Direct costs of products distribution	(2,748,968)	(2,815,082)	(3,517,360)	(4,065,197)	(4,614,143)
Subcontracting charges	(81,316,294)	(80,405,717)	(80,233,245)	(76,546,469)	(71,239,853)
Lease charges and others	(13,937,187)	(14,369,701)	(13,275,321)	(12,977,295)	(14,473,844)
Cost of revenues	(133,135,975)	(132,403,882)	(131,357,426)	(124,765,918)	(119,207,667)
Gross profit	16,956,634	17,596,221	17,257,250	15,981,651	14,784,774
Other income	1,711,669	1,712,204	1,932,223	1,954,316	1,946,411
Selling, general and administrative expenses	(14,412,158)	(15,054,014)	(14,913,046)	(13,959,926)	(12,952,506)
Other expenses	(174,031)	(187,212)	(169,549)	(140,958)	(214,032)
Finance costs	(86,836)	(105,515)	(113,734)	(91,046)	(78,624)
Share of profits of associates and joint ventures	125,917	149,149	116,338	92,747	91,923
Profit before tax	4,121,195	4,110,833	4,109,482	3,836,784	3,577,946
Income tax	(371,457)	(357,436)	(377,805)	(356,097)	(392,673)
Profit for the year	3,749,738	3,753,397	3,731,677	3,480,687	3,185,273
Attributable to:					
Equity shareholders of the Company	3,610,019	3,606,861	3,584,391	3,359,555	3,156,946
Non-controlling interests	139,719	146,536	147,286	121,132	28,327
Profit for the year	3,749,738	3,753,397	3,731,677	3,480,687	3,185,273
Basic/diluted earnings per share (RMB)	0.521	0.521	0.518	0.485	0.456

FINANCIAL SUMMARY (continued)

(Amounts in thousands, except per share data)

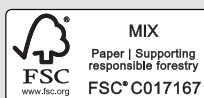
	At 31 December				
	2025	2024	2023	2022	2021
	RMB	RMB	RMB	RMB	RMB
				(Restated)	(Restated)
Financial position					
Property, plant and equipment, net	5,952,308	5,910,252	6,082,260	6,269,961	6,213,472
Right-of-use assets	1,877,917	2,020,473	2,245,135	2,402,559	2,422,952
Equity instruments at fair value through other comprehensive income	4,795,324	4,500,818	3,473,580	3,336,403	3,672,472
Deposits at financial institutions with original maturity more than one year	15,435,885	12,170,901	5,888,447	7,651,866	2,563,841
Other non-current assets	6,816,481	7,342,147	7,147,332	6,404,580	5,881,290
Inventories	1,181,544	1,183,231	1,196,945	1,367,311	1,492,011
Accounts and bills receivable, net	22,428,627	25,296,205	23,921,258	20,310,265	18,254,550
Contract assets, net	41,078,390	37,767,809	28,584,146	25,268,821	21,534,745
Current portion of deposits at financial institutions with original maturity more than one year	1,126,583	3,603,728	3,498,709	221,188	—
Prepayments and other current assets	18,795,796	14,486,725	13,668,864	12,717,632	11,102,020
Financial assets at fair value through profit or loss	—	—	10,429	61,556	3,364,554
Cash and cash equivalents	14,341,265	19,638,036	22,914,865	22,087,661	21,172,860
Short-term bank deposits and restricted cash	2,851,711	2,697,251	3,157,780	2,168,795	2,357,234
Total assets	136,681,831	136,617,576	121,789,750	110,268,598	100,032,001
Interest-bearing borrowings	699,358	706,249	807,499	752,001	723,024
Accounts and bills payable	63,142,294	65,894,889	53,426,398	44,611,295	36,319,980
Current portion of lease liabilities	505,329	454,967	487,758	513,223	490,859
Contract liabilities	9,660,358	9,190,050	9,527,291	10,867,975	11,449,171
Accrued expenses and other payables	11,348,007	11,420,957	11,642,004	9,500,858	9,093,109
Income tax payable	245,678	287,567	354,095	351,105	239,624
Non-current liabilities	1,992,840	2,049,745	1,877,004	2,048,216	2,106,296
Total liabilities	87,593,864	90,004,424	78,122,049	68,644,673	60,422,063
Equity attributable to equity shareholders of the Company	47,838,700	45,435,871	42,576,759	40,360,637	38,407,032
Non-controlling interests	1,249,267	1,177,281	1,090,942	1,263,288	1,202,906
Total equity	49,087,967	46,613,152	43,667,701	41,623,925	39,609,938
Total liabilities and equity	136,681,831	136,617,576	121,789,750	110,268,598	100,032,001



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