

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2025, the rapid evolution of new-generation information technology and artificial intelligence technology has driven thousands of industries into a phase of intelligent transformation, profoundly reshaping social production and lifestyles. Positioning itself as a “New Generation Integrated Smart Service Provider”, and fully leveraging its roles as the “Builder of Digital Infrastructure”, “Provider of Smart Products and Platforms”, “Provider of Industrial Digitalization Services”, and “Guard of Smart Operation” (collectively referred to as the “Four Roles”), the Group persisted in upholding technological innovation as its guiding principle, enhancing its core competitiveness, vigorously expanding strategic emerging businesses and accelerating the cultivation of new quality productive forces, thereby firmly driving its high-quality development and maintaining stable growth in its operating performance.

I. ACHIEVED STEADY YET IMPROVING OPERATING RESULTS AND GROWTH IN BOTH REVENUE AND PROFIT

Adhering to its overall roadmap of “value-driven, seeking steady yet progressive growth and high-quality development”, the Group actively responded to the pressure from reduced capital expenditure by customers in the traditional sector, continuously advanced the transition from old growth drivers to new ones, and achieved steady growth in total revenues and net profit¹. In the first half of the year, the Group achieved total revenues of RMB76,939 million, representing a year-on-year increase of 3.4%. Among this, service revenue² amounted to RMB74,981 million, representing a year-on-year increase of 2.9%. Gross profit reached RMB7,888 million, down by 2.8% year-on-year. The gross profit margin was 10.3%, down by 0.6 percentage point year-on-year. Net profit was RMB2,129 million, representing a year-on-year increase of 0.2%. The net profit margin was 2.8%, down by 0.1 percentage point year-on-year. Return on equity³ (ROE) was 9.3%. Basic earnings per share were RMB0.307.

1. Seizing Digital Intelligence Opportunities, All Three Major Business Segments Achieved Growth

In the first half of the year, all three major business segments of the Group maintained positive momentum. Revenue from telecommunications infrastructure (“TIS”) services amounted to RMB38,272 million, representing a year-on-year increase of 1.6%, accounting for 49.7% of total revenues. Revenue from business process outsourcing (“BPO”) services reached RMB22,383 million, representing a year-on-year increase of 1.0%, accounting for 29.1% of total revenues. By keeping pace with the wave of societal digital intelligence, grasping opportunities from the continuous proliferation of AI application scenarios and the accelerating digital transformation across thousands of industries, the Group continued to strengthen its software development and digital service capabilities, sustaining relatively fast growth of revenue from applications, content and other (“ACO”) services. In the first half of the year, ACO revenue amounted to RMB16,284 million, representing a year-on-year increase of 11.7%, with its proportion of total revenues further increased to 21.2%. ACO services has been the core driver of revenue growth for several consecutive years.

¹ Net profit refers to profit attributable to the equity shareholders of the Company.

² Service revenue = total revenues – revenue from products distribution – revenue from IT equipment supplies in system integration

³ Return on equity is on an annualized basis.

2. Leveraging Capability Advantages, Three Major Customer Markets Achieved Steady Development

- (A) Integrating into customer ecosystems, domestic telecommunications operator market demonstrated resilience.** Facing challenges from the continuous decline in capital expenditure by customers, the Group adhered to its “CAPEX + OPEX + Smart Applications”⁴ development strategy, consolidated the foundation of traditional businesses through high-quality project delivery while focusing on the transformation needs of operator customers, driving diversified development from traditional businesses into strategic emerging businesses. The Group deepened strategic collaborations in computing power network construction, green data center upgrades, smart city, and emergency management and security, building a symbiotic and win-win ecosystem. In the first half of the year, the Group strived to increase its market share among operators, supported them in developing industrial digitalization business, and effectively mitigated the pressure from declining capital expenditure by customers. Revenue from this market amounted to RMB38,203 million, representing a year-on-year decrease of 4.6%.
- (B) Keeping pace with customer needs, domestic non-operator market achieved double-digit growth.** The Group actively served key industry customers in sectors such as energy, transportation, education, finance, as well as culture and tourism, addressing their development needs in digitalization, intelligentization, green development, and security enhancement. Leveraging its advantages of “Consultant + Staff + Housekeeper”⁵ service model and its “Platform + Software + Service”⁶ capabilities, the Group continuously upgraded its integrated and full-process service capabilities that incorporate cloud, artificial intelligence, security, and platform, and developed benchmark products and solutions to actively empower industries with capabilities and intelligence. At the same time, the Group seized opportunities brought by customers’ increased construction in computing power infrastructure, driving the rapid development of infrastructure-related businesses. In the first half of the year, revenue from the domestic non-telecom operator (“domestic non-operator”) market amounted to RMB36,585 million, representing a year-on-year increase of 12.9%, providing strong support for the Group’s steady overall revenue growth.
- (C) Advancing transformation and upgrading, overseas market maintained favorable growth momentum.** The Group aligned itself with the “Belt and Road” construction efforts, actively developed high-quality regions, and continuously explored high-value projects. While enhancing the quality of traditional communications businesses, the Group expanded into new areas such as industrial digitalization and new energy services, gradually establishing a multi-tier, full-industry-chain overseas ecosystem. The Group successfully secured several large-scale EPC general contracting projects in regions such as Asia Pacific and the Middle East. In the first half of the year, revenue from the overseas market amounted to RMB2,151 million, representing a year-on-year increase of 8.7%.

⁴ “CAPEX + OPEX + Smart Applications”: CAPEX refers to the capital expenditure of domestic telecommunications operators, while OPEX refers to the operating expenditure of domestic telecommunications operators.

⁵ “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 achieved. “Housekeeper” means that the Group provides full life cycle management and accompanying service of the relevant businesses and creates values for customers.

⁶ “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. FOCUSING ON KEY INDUSTRIES, STRATEGIC EMERGING BUSINESSES SHOWED STRONG MOMENTUM

In the first half of the year, the widespread and full-chain adoption of new-generation information technology accelerated, with digital intelligence and green technologies empowering the transformation and upgrading of traditional industries. The Group continued to deepen its development in strategic emerging industries such as digital infrastructure, green and low-carbon, smart city, as well as emergency management and security, focusing on key industries such as government, emergency management, healthcare, education, transportation, energy, as well as culture and tourism, with strategic emerging businesses maintaining rapid growth. The value of new contracts signed from such businesses accounted for over 40% of the total new contract values, injecting new momentum into the Group's high-quality development.

1. The Field of Digital Infrastructure

The Group seized opportunities in the computing power market driven by AI technology transformation and promoted the evolution and upgrading of new information infrastructure. Leveraging its full-process, full-profession integrated general contracting capabilities spanning consulting and design, integration and construction, operation, maintenance, and management, as well as its "Technology + Scenario + Ecosystem" integrated service advantages, the Group undertook projects such as intelligent computing center construction, data center retrofits, cloud platforms, and 5G+ in multiple domestic and international regions. The Group deeply developed customers in sectors such as government, Internet, finance, and energy by providing intelligent, agile, green energy-saving, secure, and controllable integrated digital infrastructure construction and service support, contributing to the development of a national integrated computing power system and laying a digital-intelligent foundation for new quality productive forces. In the first half of the year, the value of new contracts signed in this field maintained rapid growth.

2. The Field of Green and Low-Carbon

The Group actively engaged in green and low-carbon-oriented new industries, new business formats, and new models, addressing the green operations needs of sectors such as energy and electricity, industrial manufacturing, transportation, real estate and construction, and information and communications. By strengthening the R&D of key technologies and promoting applications, the Group adopted the dual growth model of "green energy + energy-saving technologies" and developed a series of benchmark projects such as low-carbon intelligent computing centers, 5G green base stations, green and low-carbon industrial parks, and virtual power plant platforms, driving comprehensive green transformation of economic and social development. The Group also participated in formulating China's first national standard for green data center evaluation, *Assessment of Green Data Centers*, showcasing its cutting-edge technology and expertise as well as industry influence in this field.

3. The Field of Smart City

With the ongoing urban renewal initiatives, the Group seized opportunities arising from new urban infrastructure construction by leveraging its "Planning + Design + Implementation + Delivery + Operation" full-chain service capabilities and capitalizing on its specialized and localized teams at the provincial, municipal, and county levels. The Group facilitated cross-sector and cross-regional development, deeply integrated digital technologies including artificial intelligence, IoT and big data to create a new model of livable, resilient, and smart city. In the first half of the year, the value of new contracts signed in digital government, smart education, smart water conservancy, smart culture and tourism, smart healthcare, and enterprise digital transformation all achieved relatively fast growth. The Group's general contracting project, the Xinyu River Digital Twin Project, was featured on programs such as CCTV's *Xinwen Lianbo*. Besides, the Group's water conservancy information automation project on the southern edge of the Taklamakan Desert established a "space-air-ground integrated" modern smart irrigation benchmark.

4. The Field of Emergency Management and Security

The Group supported the building of modern emergency management systems and safeguarded customers' network and information security, reinforcing the foundation of social security development. In the field of emergency management, leveraging its advantages in cutting-edge digital technologies and utilizing AI-powered large models, the Group empowered industry applications and assisted customers in key sectors such as mining, chemical, water conservancy, and firefighting in realizing intelligent transformation of emergency management to enhance capabilities in disaster prevention, mitigation and relief, as well as emergency command and communications under extreme conditions. In the field of network and information security, the Group developed multiple proprietary and controllable network and information security products. Leveraging its integrated "informatization + security" capabilities, the Group consistently undertook major national cybersecurity projects, providing customers with integrated security services encompassing cybersecurity planning and design, implementation, integration, delivery, and operation and maintenance, effectively enhancing customers' cybersecurity level.

III. STRENGTHENING TECHNOLOGY INNOVATION-DRIVEN DEVELOPMENT, ACCELERATING THE CULTIVATION OF NEW QUALITY PRODUCTIVE FORCES

In the first half of the year, industrial transformation driven by the rapid development of artificial intelligence and the strong momentum of the digital economy brought new achievements in innovation-led high-quality development. Targeting frontier sectors, the Group strengthened technological innovation, consolidated R&D resources, built differentiated core competitiveness, and deepened industrial collaboration, thereby fostering a deep integration between technological and industrial innovation to better cultivate new quality productive forces.

1. Upholding Technological Innovation as a Driving Force, Building a Technology-oriented Enterprise

The Group remained committed to pursuing self-reliant technological innovation, focusing on core sectors to increase R&D investments, and developed a technological innovation product portfolio of nearly 100 products utilizing emerging technologies such as artificial intelligence, security, and low-carbon. The Group developed proprietary core products and comprehensive solutions such as the Digital Government Integrated Platform, Smart Building Comprehensive Management System, Smart Grain Storage Platform, and Photovoltaic Storage Cloud Green Energy Comprehensive Management Platform. The Group accumulated more than 4,100 authorized patents and over 10,900 software copyrights, participated in the formulation of 48 national-level standards. The Group led the establishment of research institutions such as the provincial-level network and information security key laboratories, and received 20 national association and provincial- and ministerial-level science and technology awards, demonstrating recognition from both government and industry for its technological innovation capabilities.

2. Deploying Businesses in AI, Building Core Competitiveness

The Group comprehensively implemented the "AI+" initiative by leveraging its resource advantages to deploy businesses in AI across three key dimensions of integrated innovation, scenario specialization, and ecosystem collaboration, and strengthening its two major differentiated core competitiveness of full-stack AI service capabilities and AI product convergent innovation capability. Capitalizing on its AI delivery team of over 1,400 professionals, the Group provided its customers with tailored services, including intelligent computing 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. In the first half of the year, the value of new contracts signed in the field of artificial intelligence exceeded RMB1.3 billion, serving more than 200 customers.

3. Promoting the Reform of Technological Innovation System, Unleashing New Development Momentum

The Group persistently deepened reforms in its technological innovation system to eliminate bottlenecks hindering the development of new quality productive forces. Adhering to a market-orientated approach, the Group continuously optimized its promotion mechanism for synergistic R&D operation and mechanism for results commercialization, improving the utilization efficiency of R&D resources. By intensifying efforts in developing cutting-edge technology fields that address urgent customer needs and possess substantial market potential, the Group consistently developed industry-leading flagship products, established product upgrade and iteration mechanisms, and strengthened full lifecycle management of technological innovation products. Furthermore, the Group refined mechanisms for cultivating, attracting, and selecting technological innovation experts, implementing multi-dimensional incentive approaches to stimulate vitality for innovative development.

IV. FULFILLING ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES, MAINTAINING SOUND CORPORATE GOVERNANCE

The Group remained committed to fulfilling its mission of “Building Smart Society, Boosting Digital Economy, Serving a Good Life”, upheld the principles of innovation, coordination, green development, openness, and sharing, persisted in maintaining compliant operations and green development, and actively contributed to society. The Group’s sound corporate integrity earned recognition from the capital market, and it has been included in the “Hang Seng Corporate Sustainability Benchmark Index” for several consecutive years.

The Group actively implemented the national “Dual Carbon” strategy, steadily executing its green and low-carbon development plans and related action plans. By establishing reward and punishment mechanism for energy-saving and emission reduction assessment, the Group reduced total energy consumption and proactively addressed climate change risks. By intensifying efforts in the development of energy-saving technologies and new business expansion, the Group provided high-quality green services to customers across industries, building a green ecosystem and promoting green and low-carbon production methods and lifestyles across society. The Group undertook a smart management and maintenance system project for the afforestation of the North and South Mountains in Lhasa, Tibet, which safeguarded the ecosystem of snow-plateau region, extended the green ecosystem industry chain, and demonstrated how technology transforms “lucid waters and lush mountains into invaluable assets”.

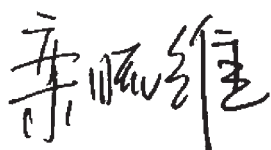
The Group consistently adhered to a people-centered approach, completing the relevant tasks in construction and communications support for emergency disaster relief, major event, and rural revitalization. During major disasters such as heavy rain in Yunnan, Guizhou, Chongqing, Hubei, Hunan, and Guangxi, as well as the 6.8-magnitude earthquake in Tingri County, Tibet and Typhoon “Butterfly”, the Group fully supported the repair of damaged communications facilities and participated in comprehensive post-disaster recovery and reconstruction, serving as a robust pillar for emergency rescue and livelihood protection. For major national events such as the “9th Asian Winter Games Harbin” and the “15th National Games”, the Group delivered high-quality informatization construction and communications services. By thoroughly implementing the rural revitalization strategy and leveraging its integrated smart service capabilities, the Group undertook projects including rural living environment improvement, high-standard farmland transformation, agricultural product industry databases, and smart tourism across multiple regions, earning widespread acclaim from local communities.

The Group placed paramount importance on healthy and sustainable corporate development. By continuously enhancing corporate governance capabilities and strengthening risk management and internal control systems, the Group turned its institutional advantages into governance efficacy and strengthened the momentum and security protection for corporate development. The corporate governance practices of the Group received multiple accolades from the capital market. In the “2025 Asia (ex-Japan/ANZ) Executive Team” rankings organized by *Extel* (formerly known as *Institutional Investor*), the Group received accolades including “Most Honored Company”, “Best CFO”, “Best IR Program”, “Best ESG”, and “Best Company Board”. In the “15th Asian Excellence Award” hosted by *Corporate Governance Asia*, a corporate governance magazine in Asia, the Group received accolades including “Sustainable Asia Award”, “Asia’s Best CFO”, and “Best Investor Relations Company”. Furthermore, in “Asia’s Best Companies 2025” poll organized by *FinanceAsia*, a financial magazine in Asia, the Group received “Most Committed to DEI – China (mainland) Bronze” award.

V. OUTLOOK

At present, cutting-edge digital technologies such as artificial intelligence, big data, and computing power are accelerating convergent innovation, promoting the optimization and combination of production factors. New momentum is growing continuously, becoming an important driver for high-quality development. Facing strategic opportunities and challenges, the Group remains committed to its positioning as a “New Generation Integrated Smart Service Provider” and consistently enhances its core competencies of its “Four Roles”, while adhering to a customer-centric approach, strengthening the leadership of technological innovation, fully embracing AI, further deepening reform comprehensively, and developing new quality productive forces tailored to local conditions. By vigorously advancing its “AI+” initiatives, the Group empowers internal corporate governance while enhancing external service capabilities, building a distinctive technology-oriented enterprise centered on artificial intelligence that drives comprehensive smart services. With digital technology empowering transformation and upgrading of traditional businesses, the Group continuously improves its full-chain integrated delivery capabilities and reinforces differentiated competitive advantages, promoting industrial advancement towards higher-end, more intelligent, and greener development. The Group actively expands into emerging markets with a focus on sectors such as intelligent computing centers, smart operations and maintenance, and new energy, consistently innovating business models to develop industry-leading products with scale and efficiency, while establishing core customer relationships and ecosystems to strengthen new development momentum. At the same time, the Group will balance high-quality development with high-level security, improve its corporate governance system and strictly safeguard the bottom line for safe development, striving to achieve “Effective Improvement in Quality and Reasonable Growth in Quantity” and leveraging digital power to usher in a new chapter in Chinese modernization.

Finally, on behalf of the Board of Directors, I would like to express my sincere gratitude to 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. I would also like to extend my heartfelt appreciation to Mr. Siu Wai Keung, Francis, the former Independent Non-executive Director, for his outstanding contributions to the Group’s development during his tenure. At the same time, I warmly welcome Mr. Cheng Jianjun, Mr. Chen Li, and Ms. Chiu Mun Wai to join our Board.



Luan Xiaowei

Executive Director and Chairman

Beijing, PRC
21 August 2025