中国通信服务
CHINA COMSERVICE

China Communications Services Corporation Limited
中 國 通 信 服 務 股 份 有 限 公 司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
（於中華人民共和國註冊成立之股份有限公司）

Stock code 股份代號：552

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

築牢數智新底座 賦能數智新時代

INTERIM REPORT 中期報告 2026


New Generation
Integrated Smart Service Provider
新一代 綜合智慧服務商
AI

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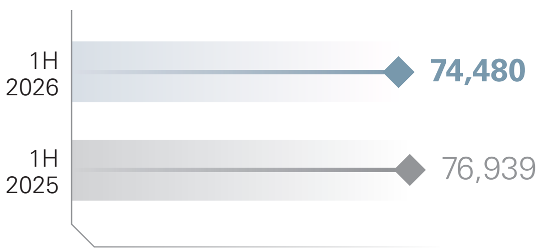
HIGHLIGHTS

- Facing a complex external environment as well as various pressures and challenges, the Group has made forward-looking plans, anticipated and adapted to changes proactively, maintaining a solid foundation.
  - Revenues were RMB74,480 million, down by 3.2% year-on-year.
  - Net profit was RMB1,970 million, down by 7.5% year-on-year (down by 3.2% on a comparable basis).
  - Gross profit margin was 10.0%, and the year-on-year decline moderated.
  - Net profit margin (on a comparable basis) remained largely stable over the same period of last year.
- The Group has deeply tapped into the huge market potential of AI+, and in the first half of the year, revenue from the field of AI+ (AIDC, AI applications) grew by 62% year-on-year, accounting for 10% of revenues.
- The Group has mapped out new tracks for the "Six Major Growth Areas+", including AIDC, AI applications, CCS Smart Maintenance, dual carbon, power distribution network and low-altitude economy. The value of new contracts signed in the "Six Major Growth Areas+" saw a year-on-year increase of 11%, accounting for approximately 34% of the total value of new contracts signed, and has become the core driver for the high-quality development of the enterprise.
- To further enhance the stability, sustainability, and predictability of cash dividends, and to demonstrate confidence in its future development, the Company has formulated a shareholder dividend return plan for the next three years. The Group will steadily increase the dividend payout ratio from 2026 to 2028, and such ratio is expected to be no less than 46% for the fiscal year ending 31 December 2028.

	Six months ended 30 June		
	2026	2025	Change
Revenues (RMB million)	**74,480**	76,939	-3.2%
Gross profit (RMB million)	**7,432**	7,888	-5.8%
Profit attributable to equity shareholders of the Company (RMB million)	**1,970**	2,129	-7.5%/-3.2%[1]
Basic earnings per share (RMB)	**0.284**	0.307	-7.5%/-3.2%[1]
Free cash flow[2] (RMB million)	**(7,706)**	(7,627)	–

Revenues
(RMB million)



Profit Attributable to Equity Shareholders of the Company
(RMB million)

1 Figures on a comparable basis exclude the impact of dividend income as a non-comparable factor.
2 Free cash flow = Profit for the year + Depreciation and amortisation – Changes in working capital – Capital expenditure

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2026, the new round of technological and industrial revolutions saw accelerated breakthroughs, with innovation in artificial intelligence (AI) technology entering an unprecedentedly active phase. This has profoundly empowered the transformation and upgrading of industries across all sectors, accelerating the formation of a new model of intelligent economy. The Group has anticipated and adapted to changes proactively, continued to deepen 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" (collectively referred to as the "4 Roles"). The Group has also mapped out new tracks for the "Six Major Growth Areas+", vigorously advanced the "AI+" initiative, comprehensively facilitated the internal application and external empowerment of artificial intelligence, and accelerated the cultivation and strengthening of new growth drivers, thereby ensuring its steady and sustainable high-quality development.

I. OPERATING RESULTS FOR THE FIRST HALF OF THE YEAR

Adhering to its overall roadmap of "Value-Driven, Seeking Steady Yet Progressive Growth and High-Quality Development", the Group accelerated the transformation and upgrading of its business while steadfastly advancing cost reduction and efficiency improvements, with revenues remaining generally stable. In the first half of the year, the Group's revenues amounted to RMB74,480 million, representing a year-on-year decrease of 3.2%. Among this, revenue from **telecommunications infrastructure ("TIS") services** amounted to RMB36,602 million; revenue from **business process outsourcing ("BPO") services** amounted to RMB22,104 million; and revenue from **applications, content and other ("ACO") services** amounted to RMB15,774 million. Gross profit amounted to RMB7,432 million, representing a year-on-year decrease of 5.8%. Gross profit margin was 10.0%, with the rate of decline slowing down[1] (a year-on-year decrease of 0.3 percentage points). The Group fully leveraged its strengths in artificial intelligence technology, continued to strengthen synergistic operation, and comprehensively enhanced the level of refined management. Selling, general and administrative expenses amounted to RMB5,706 million, representing a year-on-year decrease of 7.7%. Operating profit[2] was RMB1,726 million, representing a year-on-year increase of 1.2%. Net profit[3] amounted to RMB1,970 million, representing a year-on-year decrease of 7.5%; on a comparable basis[4], net profit saw a year-on-year decrease of 3.2%. Net profit margin on a comparable basis remained stable. Basic earnings per share were RMB0.284. To further enhance the stability, sustainability, and predictability of cash dividends, and to demonstrate confidence in its future development, the Company has formulated a shareholder dividend return plan for the next three years. Provided profit distribution conditions are met, operating performance remains steady and cash flow can ensure normal operations and development, the Group will steadily increase the dividend payout ratio from 2026 to 2028, and such ratio is expected to be no less than 46%[5] for the fiscal year ending 31 December 2028.

1 Gross profit margin for the first half of 2025 was 10.3%, representing a year-on-year decline of 0.6 percentage points compared with the same period of 2024.
2 Operating profit = Gross profit – Selling, general and administrative expenses
3 Net profit refers to profit attributable to the equity shareholders of the Company.
4 Figures on a comparable basis exclude the impact of dividend income as a non-comparable factor.
5 The dividend payout ratio in 2025 was 43%.

In the first half of the year, the Group navigated a complex external environment as well as various pressures and challenges, actively capitalized on the window of opportunity presented by the transition from old to new growth drivers in the industry, and focused on deepening its presence in high-value businesses, thereby achieving stable operations as a whole. In the **domestic telecommunications operator market**, the Group seized customers' demand for the accelerated construction of new digital information infrastructure. Leveraging its end-to-end expertise in "Planning, Construction, Maintenance and Operation", the Group strengthened cooperation in the fields of AIDC construction and AI applications, effectively mitigating the impact of reduced customer investment in traditional areas. Revenue from this market stabilized and rebounded, reaching RMB38,922 million, representing a year-on-year increase of 1.9%. In the **domestic non-telecom operator ("domestic non-operator") market**, the Group focused on key industries of significant strategic importance, high economic value and close relevance to people's livelihoods. The Group accelerated the business development of new growth drivers such as CCS Smart Maintenance, low-altitude economy and power distribution network, concentrated resources on expanding high-value projects, and proactively controlled projects of low efficiency. Revenue from this market amounted to RMB33,248 million, representing a year-on-year decrease of 9.1%. In the **overseas market**, the Group navigated a complex and ever-changing international landscape by actively and prudently advancing its overseas development. The Group deepened its presence in emerging "Belt and Road" markets such as Southeast Asia and the Middle East, consolidated its fundamental communications business, accelerated business transformation and upgrading, and successfully secured overseas AIDC benchmark projects. Revenue from the overseas market amounted to RMB2,310 million, representing a year-on-year increase of 7.4%, achieving relatively rapid growth.

II. MAPPING OUT NEW TRACKS FOR THE "SIX MAJOR GROWTH AREAS+" TO CULTIVATE NEW GROWTH DRIVERS FOR HIGH-QUALITY DEVELOPMENT

Based on its industry and market insights, the Group has kept pace with external environment changes and evolving customer demand. Leveraging its inherent resource advantages and the strategic positioning of "1 Positioning, 4 Roles", the Group has identified key growth areas for the 15th Five-Year Plan period and continued to deepen its transformation and development. The Group has deeply tapped into the huge market potential of AI+, and in the first half of the year, revenue from the field of AI+ (AIDC, AI applications) grew by 62% year-on-year, accounting for 10% of revenues. Meanwhile, the Group has deployed in other new tracks such as CCS Smart Maintenance, computing-electricity coordination (dual carbon, power distribution network), and low-altitude economy, to accelerate the implementation of new businesses and fully unleash growth momentum. In the first half of the year, the value of new contracts signed in the "Six Major Growth Areas+" segment saw a year-on-year increase of 11%, accounting for approximately 34% of the total value of new contracts signed, and has become the core driver for the high-quality development of the enterprise.

1. The Field of AIDC

The Group has strengthened its integrated service capabilities in "Planning, Construction, Maintenance and Operation". Focusing on the full lifecycle of AIDC, the Group has integrated its strengths in IDC general contracting, green and energy conservation, and high-speed networking to achieve rapid construction and large-scale delivery. This has effectively supported the deployment of national-level intelligent computing hubs and the construction of a nationwide integrated computing power network, with its customer base comprehensively covering the eight national computing hubs. By establishing a full-stack service model featuring "EPCO[6] general contracting + green liquid cooling + intelligent computing power maintenance + computing-electricity coordination", the Group has innovatively front-loaded the operation & maintenance (O) system into the entire process of design, procurement and construction. This approach has provided customers with green, secure and efficient comprehensive digital infrastructure construction and service support, earning industry recognition and winning multiple awards at the 17th China Data Center Summit[7]. In the first half of the year, the value of new contracts signed in this field saw a year-on-year increase of 33%.

2. The Field of AI Applications

As new generation artificial intelligence technologies rapidly evolve, they are driving the restructuring of the entire industry chain from energy to applications. The Group has continuously enhanced its digital and intelligent service capabilities and developed standardized products focusing on vertical industry scenarios where it holds a competitive edge, such as emergency management, sports, low-carbon and energy conservation, and grain storage. Leveraging its nationwide localized delivery network, the Group has established a differentiated competitive edge in industry digitalization and engineering implementation, building a cross-industry, multi-tiered and widely-covered customer ecosystem to translate the immense market potential of AI into tangible productive capacity. In the first half of the year, the value of new contracts signed in this field saw a robust year-on-year increase of 109%.

3. The Field of CCS Smart Maintenance

Focusing on key business scenarios, the Group has established mature solutions for typical scenarios, and built a standardized and replicable capability framework to continuously enhance customer loyalty. Targeting the six major technology domains of "CT, IT, DT, OT, AT, and QT"[8], the Group has established benchmark cases in data center operation & maintenance, power distribution operation & maintenance, new energy photovoltaic operation & maintenance, smart transportation operation & maintenance, smart city big data platform and operation services, and building energy conservation operations. By strengthening enablement and promotion across key industries, the Group has successfully secured multiple projects with a contract value exceeding RMB100 million each, effectively boosting the brand power of "CCS Smart Maintenance". In the first half of the year, the value of new contracts signed in this field saw a year-on-year increase of 13%.

6 EPCO stands for the Engineering (E), Procurement (P), Construction (C) and Operation & maintenance (O) integrated service model, which front-loads operation & maintenance as a crucial mechanism spanning the entire project lifecycle.

7 The 17th China Data Center Summit was hosted by the CCUA Data Center Association. Thanks to its outstanding expertise and service capabilities in the data center sector, the Group was honored with multiple awards, including "Top 30 Data Center Engineering Enterprises 2025" and "Top 15 Data Center Operation & Maintenance Enterprises 2025".

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

4. The Field of Dual Carbon

The Group has leveraged its technical capabilities in integrated source-grid-load-storage, AI energy saving and full lifecycle carbon asset management, deepened its presence in three core scenarios, including computing-electricity coordination, the construction and operation & maintenance of new energy projects, and AI-powered energy and carbon management services, to consolidate its new energy business in wind, photovoltaic, storage and charging projects, seize opportunities in the energy and carbon management market for public institutions, deploy innovative tracks such as zero-carbon industrial parks and virtual power plants. The Group has also developed a series of core products such as the source-grid-load-storage integrated management platform and the AI-powered energy and carbon management platform. These efforts have generated robust economic benefits while delivering substantial ecological and social benefits, thereby injecting strong momentum into the comprehensive green transition of economic and social development.

5. The Field of Power Distribution Network

The Group has actively participated in the construction of the national new-type power system, focusing on key business scenarios such as high-voltage power distribution networks of 110kV and above, urban-rural distribution networks, microgrids, and direct green power connections. The Group has built end-to-end general contracting service capabilities for computing-electricity coordination, strengthened market enablement and resource integration for computing power parks and new energy investors, and collaborated closely with its AIDC business and dual carbon business for market development. The Group has delivered EPC general contracting project with a contract value exceeding RMB100 million, developed replicable project implementation models, and provided solid support for regional grid upgrades and coordinated development of computing and electricity.

6. The Field of Low-Altitude Economy

The Group has deeply cultivated key industry customers such as transportation, government and emergency management sectors, fully leveraging its consulting-led approach to drive an integrated business model combining "consulting & design + equipment procurement + implementation & delivery". The Group has iterated and optimized self-developed products such as the drone detection platform and the "Lingkong" low-altitude emergency response practical application platform to meet customers' business needs in low-altitude supervision, low-altitude security, "one-platform unified flight management", emergency rescue, training and capacity enablement, and drone pilot services. In the first half of the year, the growth rate of value of new contracts signed in this field reached 66%.

III. EMPOWERING REFORM AND INNOVATION WITH ARTIFICIAL INTELLIGENCE TO COMPREHENSIVELY BOOST CORPORATE CORE COMPETITIVENESS

Keeping pace with the development trends in artificial intelligence, the Group is committed to leveraging technological innovation as a key lever to comprehensively and deeply advance its "AI+" initiative. By focusing on its core businesses, strengthening its core capabilities and building a strong team, the Group is laying a new digital and intelligent foundation for the enterprise.

1. Strengthening Technological Innovation Capabilities to Integrate into the AI+ Ecosystem

The Group has placed technological innovation as its core, focusing on the digital and intelligent needs in the field of the "Six Major Growth Areas+", and facilitating the integration and synergistic management of R&D resources. The Group has initially established a three-tiered scientific research and innovation framework featuring "national-level key initiatives + core technology breakthroughs + localized innovation". Through continuous refinement of its promotion and commercialization mechanism for R&D outcomes, the benefits of technological innovation have become increasingly evident. In the first half of the year, the value of new contracts signed for the Group's "Smart Series" core technological innovation products saw a year-on-year increase of 37%. The Group undertook three national-level and over ten provincial-level scientific research projects, and several of its independently developed AI+ products were showcased at the 28th China Beijing International High-Tech Expo[9], with its technological innovation capabilities recognized at both national and industry levels.

2. Deepening Internal Digital and Intelligent Reform to Enhance the Effectiveness of AI+ Governance

The Group has accelerated its digital and intelligent transformation by deeply integrating artificial intelligence technology into every aspect of production and operations, thereby providing digital momentum for the modernization of its corporate governance system and capabilities. The Group has built a unified digital employee platform and explored the AI-driven redesign of management and business processes to enhance corporate governance effectiveness and drive intelligent upgrades. Focusing on high-frequency, high-pain-point and high-value scenarios in production and operations, the Group has advanced the promotion and implementation of its "Wise Series" applications. In the first half of the year, the "Wise Operation" system was fully launched, bringing all ongoing construction and integration projects under comprehensive management. By leveraging AI to ensure personnel compliance, enable early risk warning and measure value creation, the system has effectively driven reforms in the delivery system and strengthened corporate core competitiveness.

3. Optimizing the Talent System to Strengthen the Foundation for AI+ Development

By deeply implementing its "Strengthening the Enterprise through Talent" initiative, the Group has continuously enhanced employees' core competencies and built a high-caliber workforce to support the implementation of the "1 Positioning, 4 Roles" strategy. The Group has stepped up efforts to recruit leading technology talent, implemented end-to-end talent management for expert, and established a series of groundbreaking incentive and support mechanisms to continuously strengthen its ability to attract and retain talent. Furthermore, the Group has built a modern and elite delivery team that is technically proficient, skilled in management and adept at business operations, while cultivating versatile project managers capable of coordinating end-to-end delivery to drive the transformation and upgrading of the delivery team. By systematically strengthening talent transformation and enablement, establishing a tiered AI talent pipeline, and focusing efforts on upgrading its AI practical training base, the Group has fostered a positive culture where all employees learn and apply AI, thereby fully unleashing their innovative potential and laying a solid talent foundation for high-quality corporate development.

[9] The 28th China Beijing International High-Tech Expo was hosted by the Beijing Municipal People's Government. Two AI+ products independently developed by the Group were showcased at the event.

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

Guided by its corporate mission of "Building a Smart Society, Boosting the Digital Economy, Serving a Good Life", the Group is deeply committed to advancing green and low-carbon operations, actively fulfilling its social responsibilities, and upholding high standards of corporate governance to foster comprehensive economic, social and environmental development. The Group has been a constituent of the "Hang Seng Corporate Sustainability Benchmark Index" for several consecutive years.

Upholding its "Dual Carbon" commitment, the Group has effectively advanced the implementation of its green and low-carbon development plans and related action programs, strengthened the management of climate risks and energy consumption, and integrated the concept of green development into every aspect of its production and operations. Furthermore, the Group has enhanced its green products and services offerings, and accelerated the deep integration of green technological innovation and industrial innovation. By undertaking demonstration projects such as green data centers and zero-carbon buildings, and developing comprehensive energy and carbon management solutions for diverse industry scenarios, the Group has accelerated the formation of green production and lifestyles.

The Group has attached great importance to giving back to society and actively taken part in support for major events and emergency rescue as well as disaster relief efforts. The Group successfully completed the communications support mission for the launch of the Shenzhou-23 crewed spacecraft, and provided end-to-end information technology support for major national events such as the 6th Asian Beach Games and the 2026 World AI Conference & High-Level Meeting on Global AI Governance. In response to major disasters—including torrential rains, floods, severe thunderstorms and strong winds in areas such as Guangxi, Hubei, Jiangxi, Guizhou, Xinjiang and Liaoning, as well as the 6.3-magnitude earthquake in Haixi Prefecture, Qinghai Province—the Group promptly deployed personnel to affected areas and worked around the clock to restore the "communications lifeline", safeguarding people's lives and property.

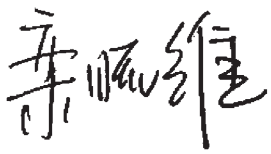
The Group has continuously optimized corporate governance, strengthened penetrative risk management and control, facilitated sound and compliant operations, and continuously improved the quality and transparency of information disclosure to fully showcase its investment value. Its strong corporate governance performance has earned multiple accolades from the capital markets. The Group ranked 1,554th on the "2026 Forbes Global 2000" list. In the "2026 Asia (ex-Japan/ANZ) Executive Team" rankings organized by *Extel* (formerly *Institutional Investor*), the Group was voted as the "Most Honored Company", "Best CEO", "Best CFO", "Best IR Program", "Best ESG" and "Best Company Board". At the "16th Asian Excellence Award" organized by *Corporate Governance Asia*, the Group was honored with the "Sustainable Asia Award", "Asia's Best CEO", "Asia's Best CFO" and "Best Investor Relations Company". In the "Asia's Best Companies 2026" organized by *FinanceAsia*, the Group received the "Best Mid-Cap Company in China" – Silver Award.

V. OUTLOOK

At present, artificial intelligence serves as a new engine for economic growth and a catalyst for the transition from old to new growth drivers. Digital and intelligent technologies are deeply integrated into all areas of economic and social development, and the scale of core industries in the intelligent economy has already exceeded RMB1 trillion, marking a period of strategic opportunity for the industry. During the 15th Five-Year Plan period, China is steadily advancing the planning and construction of the "Six Networks"[10] and facilitating high-quality urban renewal, thereby providing a vast market for businesses in the "Six Major Growth Areas+". Meanwhile, the growing impact of external changes, mounting pressure from industry transformation and escalating market competition are posing headwinds for corporate development.

2026 marks the 20th anniversary of the Group's listing and the inaugural year of the 15th Five-Year Plan period. Seizing opportunities and rising to challenges, the Group will continue to deepen the new connotation of its "1 Positioning, 4 Roles" strategy, focus on the new tracks in the "Six Major Growth Areas+", and cultivate and strengthen new quality productive forces. To this end, the Group will bolster its AIDC integrated general contracting delivery capabilities, enhance its comprehensive data element service capabilities, deeply refine AI product development and application promotion, and accelerate the build-out of full-stack AI service capabilities, thereby empowering customers to achieve an integrated intelligent, green and secure transformation and upgrading. Furthermore, the Group will comprehensively deepen reforms, elevate its corporate governance capabilities, establish new relations of production tailored to new quality productive forces, strengthen leading enterprises in design, construction and other sectors, while advancing specialized and synergistic operations across its supply chain and property management segments. Leveraging the "Five Major Projects"—transformation and development, reform and renewal, technological innovation, strengthening the enterprise through talent, and safety enhancement—the Group will drive its continued progress toward new opportunities, excellence and sound performance.

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-standing care and support for the Group's development, as well as to our employees for their hard work and dedication. I would also like to extend my heartfelt appreciation to Mr. Tang Yongbo, the former Non-executive Director, for his outstanding contributions to the Group's development during his tenure. At the same time, I warmly welcome Mr. Miao Shouye to join the Board of Directors.



Luan Xiaowei
Executive Director and Chairman

Beijing, PRC
26 August 2026

[10] The "Six Networks" refer to water networks, new-type power grids, computing power networks, next-generation communications networks, urban underground pipeline networks, and logistics networks.

FINANCIAL REVIEW

REVENUES

In the first half of 2026, adhering to its overall roadmap of "Value-Driven, Seeking Steady Yet Progressive Growth and High-Quality Development", the Group deepened the connotation of its strategic positioning as a "New Generation Integrated Smart Service Provider", and fully 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". The Group mapped out new tracks for the "Six Major Growth Areas+", vigorously advanced the "AI+" initiative, comprehensively facilitated the internal application and external empowerment of artificial intelligence, and accelerated the cultivation and strengthening of new growth drivers, thereby keeping revenue scale broadly stable. The revenues amounted to RMB74,480 million, representing a decrease of 3.2% compared to RMB76,939 million in the first half of 2025, and among which, service revenue[11] amounted to RMB73,127 million, representing a decrease of 2.5% compared to RMB74,981 million in the first half of 2025.

Revenue by Business

In the first half of 2026, revenue from telecommunications infrastructure ("TIS") services was RMB36,602 million, representing a year-on-year decrease of 4.4%. Revenue from business process outsourcing ("BPO") services was RMB22,104 million, representing a year-on-year decrease of 1.2%. Revenue from applications, content and other ("ACO") services was RMB15,774 million, representing a year-on-year decrease of 3.1%.

With the deepened implementation of the "AI+" initiative, the pace of digital information infrastructure construction has accelerated, driving competition in the digital construction area to evolve towards a higher level and greater refinement. The Group enhanced its integrated comprehensive smart service capabilities, seized the opportunities arising from construction of computing power and intelligent computing centers, thereby mitigating the impact on its telecommunications infrastructure businesses as a result of reduced customer investments. By further integrating its resources, advancing specialized operations, and capitalizing on the incremental demand in the operation and maintenance market driven by AI development, the Group vigorously expanded the CCS Smart Maintenance business. As a result, the Group achieved favourable growth in its BPO businesses, which possess attributes such as strong customer loyalty and short cash conversion cycles. Excluding the product distribution business, which was proactively controlled by the Group, revenue from the BPO service recorded steady growth. The Group fully leveraged digital technology as a productive force, capitalizing on its integrated service strengths as well as its system integration and software development capabilities to effectively meet customers' digital needs, and drove the development in its system integration and software development businesses. Although certain businesses were affected by phased adjustments of customers' investment and delivery schedules, the overall development of the applications, content and other businesses remained steady.

Revenue by Market

In the first half of 2026, the Group's revenue from the domestic telecommunications operator market amounted to RMB38,922 million, representing a year-on-year increase of 1.9%. Revenue from the domestic non-operator market amounted to RMB33,248 million, representing a year-on-year decrease of 9.1%. Revenue from the overseas market amounted to RMB2,310 million, representing a year-on-year increase of 7.4%.

[11] Service revenue = revenues – revenue from products distribution – revenue from IT equipment supplies in system integration

In the domestic telecommunications operator market, the Group seized customers' demand for the accelerated construction of new digital information infrastructure. Leveraging its end-to-end expertise in "Planning, Construction, Maintenance and Operation", the Group strengthened cooperation in the fields of AIDC construction and AI applications, effectively mitigating the impact of reduced customer investment in traditional areas. Revenue from this market stabilized and rebounded. In the domestic non-telecom operator market, the Group focused on key industries of significant strategic importance, high economic value and close relevance to people's livelihoods. The Group accelerated the business development of new growth drivers such as CCS Smart Maintenance, low-altitude economy and power distribution network, concentrated resources on expanding high-value projects, and proactively controlled projects of low efficiency. In the overseas market, the Group navigated a complex and ever-changing international landscape by actively and prudently advancing its overseas development. The Group deepened its presence in emerging "Belt and Road" markets such as Southeast Asia and the Middle East, consolidated its fundamental communications business, accelerated business transformation and upgrading, and successfully delivered overseas AIDC benchmark projects, thereby achieving relatively rapid revenue growth in overseas market.

COST OF REVENUES

In the first half of 2026, the cost of revenues of the Group amounted to RMB67,048 million, representing a year-on-year decrease of 2.9%. Among which, direct personnel costs amounted to RMB3,287 million, representing a decrease of 11.3% from RMB3,707 million in the first half of 2025. The Group has always kept a reasonable control over its total headcount and continued to optimize the employee structure, while maintaining remuneration per capita largely stable. Subcontracting charges amounted to RMB41,178 million, representing a decrease of 4.1% from RMB42,932 million in the first half of 2025. The Group continuously strengthened management of subcontracting, strived to improve its self-sufficient delivery rate, and promoted the application of AI and digital tools to strengthen penetrative management of projects, resulting in a decline in subcontracting charges as a percentage of revenues. Materials costs amounted to RMB14,497 million, representing an increase of 8.7% from RMB13,341 million in the first half of 2025. The Group will enhance materials cost control by improving its internal procurement system and further implementing centralized procurement.

GROSS PROFIT

In the first half of 2026, the Group recorded gross profit of RMB7,432 million, representing a decrease of 5.8% over RMB7,888 million in the first half of 2025. The Group's gross profit margin in the first half of 2026 was 10.0%, representing a decrease of 0.3 percentage points from 10.3% in the first half of 2025, indicating a moderated decline rate (gross profit margin in the first half of 2025 declined by 0.6 percentage points compared with the same period of 2024). While catering for the scale of its development, the Group will focus more on improving quality and efficiency, guide its subsidiaries through appraisal to select and develop high-gross-profit projects to increase the proportion of high-value businesses and continuously optimize business structure. Meanwhile, the Group will continue to leverage AI and digital tools to strengthen project management and cost control. With the Group's deepening deployment in areas of digital economy, new infrastructure construction and industrial digitalization, the gross profit margin is expected to remain stable and improve over the medium to long term.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In the first half of 2026, the selling, general and administrative expenses of the Group were RMB5,706 million, representing a decrease of 7.7% from RMB6,182 million in the first half of 2025. The Group steadily advanced cost reduction and efficiency improvement, while allocating R&D resources precisely to cultivate related capabilities in AI and digital infrastructure to ensure that R&D delivers results.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

In the first half of 2026, profit attributable to equity shareholders of the Company was RMB1,970 million, representing a decrease of 7.5% from RMB2,129 million in the first half of 2025, and a year-on-year decrease of 3.2% on a comparable basis[12].

CASH FLOW

In the first half of 2026, the Group recorded a net cash outflow of RMB6,813 million, as compared to a net cash outflow of RMB8,073 million in the first half of 2025. The decrease in net cash outflow was mainly attributable to a reduction in net cash outflow from investment activities. The Group will continue to strengthen working capital management to maintain a healthy cash flow level.

ASSETS AND LIABILITIES

The Group maintained its solid financial position. As of 30 June 2026, the Group's total assets was RMB139,214 million, representing an increase of RMB2,532 million from RMB136,682 million as of 31 December 2025. Total liabilities was RMB90,083 million, representing an increase of RMB2,489 million from RMB87,594 million as of 31 December 2025. The liabilities-to-assets ratio was 64.7%, which slightly increased compared with that as of 31 December 2025.

[12] Figures on a comparable basis exclude the impact of dividend income as a non-comparable factor.

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

KPMG

Review report to the board of directors of
China Communications Services Corporation Limited
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 14 to 42 which comprises the consolidated statement of financial position of China Communications Services Corporation Limited (the "Company") and its subsidiaries (together, the "Group") as of 30 June 2026 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim financial reporting as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the International Auditing and Assurance Standards Board. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenues	5	**74,480,006**	76,939,251
Cost of revenues	6	**(67,047,943)**	(69,051,641)
Gross profit		**7,432,063**	7,887,610
Other income	7	**652,278**	839,173
Selling, general and administrative expenses		**(5,706,184)**	(6,181,999)
Other expenses		**(74,928)**	(104,888)
Finance costs	8	**(41,366)**	(43,911)
Share of profits of associates and joint ventures		**44,712**	44,741
Profit before tax	9	**2,306,575**	2,440,726
Income tax	10	**(266,173)**	(234,123)
Profit for the period		**2,040,402**	2,206,603
Attributable to:			
Equity shareholders of the Company		**1,969,890**	2,128,715
Non-controlling interests		**70,512**	77,888
		2,040,402	2,206,603
Basic/diluted earnings per share (RMB)	11	**0.284**	0.307

The notes on pages 20 to 42 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Note	Six months ended 30 June	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Profit for the period		**2,040,402**	2,206,603
Other comprehensive income for the period (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		**(374,782)**	394,782
Item that may be subsequently reclassified to profit or loss (after tax):			
Exchange differences on translation of financial statements of subsidiaries outside Chinese Mainland		**(30,793)**	16,089
		(405,575)	410,871
Total comprehensive income for the period		**1,634,827**	2,617,474
Attributable to:			
Equity shareholders of the Company		**1,564,619**	2,539,573
Non-controlling interests		**70,208**	77,901
		1,634,827	2,617,474

The notes on pages 20 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment, net		5,643,126	5,952,308
Right-of-use assets		1,743,497	1,877,917
Investment properties		1,772,395	1,699,929
Construction in progress		678,506	776,983
Goodwill		103,005	103,005
Intangible assets		706,051	769,774
Interests in associates and joint ventures		1,386,749	1,318,293
Financial assets at fair value through profit or loss		432,972	435,105
Equity instruments at fair value through other comprehensive income		4,297,042	4,795,324
Deferred tax assets		1,032,721	999,062
Deposits at financial institutions with original maturity more than one year		10,395,533	15,435,885
Other non-current assets	14	775,251	714,330
Total non-current assets		28,966,848	34,877,915
Current assets			
Inventories		2,022,427	1,181,544
Accounts and bills receivables, net	15	25,424,704	22,428,627
Contract assets, net	16	47,232,831	41,078,390
Current portion of deposits at financial institutions with original maturity more than one year		5,067,422	1,126,583
Prepayments and other current assets		20,554,524	18,795,796
Short-term bank deposits and restricted cash		2,410,434	2,851,711
Cash and cash equivalents	17	7,534,901	14,341,265
Total current assets		110,247,243	101,803,916
Total assets		139,214,091	136,681,831
Current liabilities			
Interest-bearing borrowings	18	686,116	699,358
Accounts and bills payables	19	66,650,542	63,142,294
Current portion of lease liabilities		470,418	505,329
Contract liabilities	20	6,785,878	9,660,358
Accrued expenses and other payables	21	13,263,747	11,348,007
Income tax payable		213,808	245,678
Total current liabilities		88,070,509	85,601,024
Net current assets		22,176,734	16,202,892
Total assets less current liabilities		51,143,582	51,080,807

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		688,759	756,726
Other non-current liabilities	22	424,113	212,512
Deferred tax liabilities		899,771	1,023,602
Total non-current liabilities		2,012,643	1,992,840
Total liabilities		90,083,152	87,593,864
Equity			
Share capital	23	6,926,018	6,926,018
Reserves		40,925,180	40,912,682
Equity attributable to equity shareholders of the Company		47,851,198	47,838,700
Non-controlling interests		1,279,741	1,249,267
Total equity		49,130,939	49,087,967
Total liabilities and equity		139,214,091	136,681,831

The interim financial report on pages 14 to 42 was approved and authorised for issue by the board of directors on 26 August 2026 and is signed on its behalf by:

Luan Xiaowei
Executive Director and Chairman

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

The notes on pages 20 to 42 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

		Equity attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Specific reserve RMB'000	Fair value reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2026 (audited)		**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**
Changes in equity for the six months ended 30 June 2026													
Profit for the period		–	–	–	–	–	–	–	–	1,969,890	1,969,890	70,512	2,040,402
Other comprehensive income for the period		–	–	–	–	–	(374,782)	(30,489)	–	–	(405,271)	(304)	(405,575)
Total comprehensive income for the period		–	–	–	–	–	(374,782)	(30,489)	–	1,969,890	1,564,619	70,208	1,634,827
Dividend approved	13(b)	–	–	–	–	–	–	–	–	(1,552,121)	(1,552,121)	–	(1,552,121)
Distribution to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(39,734)	(39,734)
Appropriation of specific reserve		–	–	–	–	25,532	–	–	–	(25,532)	–	–	–
Others		–	–	–	–	–	(303)	–	–	303	–	–	–
Balance as at 30 June 2026 (unaudited)		**6,926,018**	**4,529,310**	**1,927,177**	**2,261,843**	**537,645**	**2,633,114**	**(77,281)**	**(68,528)**	**29,181,900**	**47,851,198**	**1,279,741**	**49,130,939**
Balance as at 1 January 2025 (audited)		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 six months ended 30 June 2025													
Profit for the period		–	–	–	–	–	–	–	–	2,128,715	2,128,715	77,888	2,206,603
Other comprehensive income for the period		–	–	–	–	–	394,782	16,076	–	–	410,858	13	410,871
Total comprehensive income for the period		–	–	–	–	–	394,782	16,076	–	2,128,715	2,539,573	77,901	2,617,474
Dividend approved	13(b)	–	–	–	–	–	–	–	–	(1,514,720)	(1,514,720)	–	(1,514,720)
Distribution to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(65,604)	(65,604)
Appropriation of specific reserve		–	–	–	–	31,306	–	–	–	(31,306)	–	–	–
Others		–	–	217	–	–	–	–	–	–	217	(621)	(404)
Balance as at 30 June 2025 (unaudited)		6,926,018	4,529,310	1,926,728	2,243,247	514,838	3,175,445	(28,371)	(68,550)	27,242,276	46,460,941	1,188,957	47,649,898

The notes on pages 20 to 42 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Operating activities		
Cash used in operations	(7,590,516)	(7,259,659)
Income tax paid	(353,246)	(306,169)
Net cash used in operating activities	(7,943,762)	(7,565,828)
Investing activities		
Payments on acquisition of property, plant and equipment, construction in progress, intangible assets and right-of-use assets	(186,843)	(179,622)
Payments for acquisition of term deposits at financial institutions	(910,080)	(2,822,195)
Proceeds from structured deposits and term deposits at financial institutions	2,446,320	2,470,000
Other cash flows generated from investing activities	51,129	290,377
Net cash generated from/(used in) investing activities	1,400,526	(241,440)
Financing activities		
Proceeds from bank and other loans	395,518	298,810
Repayments of bank and other loans	(406,512)	(233,018)
Other cash flows used in financing activities	(258,741)	(331,899)
Net cash used in financing activities	(269,735)	(266,107)
Net decrease in cash and cash equivalents	(6,812,971)	(8,073,375)
Cash and cash equivalents at the beginning of period	14,341,265	19,638,036
Effect of foreign exchange rate changes	6,607	15,597
Cash and cash equivalents at the end of period	7,534,901	11,580,258

The notes on pages 20 to 42 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2026

1. 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 informatisation and digitalisation. 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.

2. BASIS OF PREPARATION

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and International Accounting Standards 34, *Interim Financial Reporting*.

The interim financial report has been prepared in accordance with the same accounting policies and methods of computation adopted in the consolidated financial statements of the Group for the year ended 31 December 2025, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*. KPMG's independent review report to the Board of Directors is included in this interim financial report.

3. CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards, for the first time:

Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments The amendments cover three main aspects:

- The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met.

3. CHANGES IN ACCOUNTING POLICIES (continued)

- For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features, for example environmental, social or governance ("ESG")-linked features. The amendments also clarify the difference between financial assets with non-recourse features and contractually linked instruments which may then change the applicable assessments.

- The amendments introduce new disclosures for disposals of investments in equity instruments designated at fair value through other comprehensive income, and for financial instruments not measured at fair value through profit or loss which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

Upon adoption of the amendments, the Group has elected to apply the exception for the derecognition of certain trade payables settled in cash using qualifying electronic payment systems. Under the exception, these trade payables are derecognised when the Group has initiated a payment instruction through a qualifying electronic payment system and, as a result, no longer has the practical ability to withdraw, stop or cancel the payment instruction and to access such cash to be used for settlement and the settlement risk associated with the payment system is insignificant. The Group has applied this election consistently to all settlements made through the same qualifying electronic payment system.

The Group has applied the amendments retrospectively. As permitted by transition requirements, the Group has not restated prior periods. The application of the exception does not have a material impact on the Group's consolidated financial statements for the periods presented.

The amendments would also affect the disclosures to be included in the Group's annual financial statements for the year ending 31 December 2026 in respect of investments in equity instruments designated at fair value through other comprehensive income and financial instruments not measured at fair value through profit or loss with specified contingent features. No additional disclosure has been included in this interim financial report.

4. 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 5.

5. REVENUES

Revenues are derived from the provision of integrated comprehensive smart solutions.

The Group's revenues by business nature can be summarised as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from telecommunications infrastructure services	**36,601,738**	38,272,609
Revenue from business process outsourcing services	**22,104,178**	22,382,937
Revenue from applications, content and other services	**15,774,090**	16,283,705
	74,480,006	76,939,251

The Group's major customers are telecommunications operators which include China Telecommunications Corporation and its subsidiaries (excluding the Group) ("CTC Group") and China Mobile Communications Group Co., Ltd. and its subsidiaries ("CM Group"). Revenues from the provision of integrated telecommunications support services to CTC Group and CM Group for the six months ended 30 June 2026 amounted to RMB26,750 million and RMB6,694 million, respectively (six months ended 30 June 2025 amounted to RMB25,826 million and RMB6,367 million, respectively), being 35.9% and 9.0% of the Group's total revenues, respectively (six months ended 30 June 2025: 33.6% and 8.3%, respectively). The revenues derived from areas outside Mainland China for the six months ended 30 June 2026 amounted to RMB2,310 million (six months ended 30 June 2025: RMB2,151 million).

6. COST OF REVENUES

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Subcontracting charges	**41,178,035**	42,932,050
Materials costs	**14,497,398**	13,341,575
Direct personnel costs	**3,286,934**	3,707,393
Direct costs of products distribution	**761,769**	1,560,609
Expense relating to short-term leases and leases of low-value assets	**500,116**	609,940
Depreciation and amortisation	**467,230**	498,208
Others	**6,356,461**	6,401,866
	67,047,943	69,051,641

7. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interest income	**161,449**	270,299
Dividend income from equity instruments at fair value through other comprehensive income	**113,521**	211,712
Management fee income	**160,471**	166,948
Government grants	**70,850**	93,034
Write-back of non-payable liabilities	**22,907**	27,869
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	**28,450**	9,840
Others	**94,630**	59,471
	652,278	839,173

8. FINANCE COSTS

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Interest on bank and other borrowings	22,198	20,419
Interest on lease liabilities	19,168	23,492
	41,366	43,911

For the six months ended 30 June 2026, no borrowing costs were capitalised in relation to construction in progress (six months ended 30 June 2025: nil).

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following items:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
(a) Staff costs:		
Salaries, wages and other benefits	6,213,647	6,833,056
Contributions to defined contribution retirement schemes	1,112,478	1,154,463
	7,326,125	7,987,519
(b) Other items:		
Amortisation	96,490	99,633
Depreciation	659,054	709,824
Write-down of inventories, net	12,494	27,729
Impairment losses recognised and reversed on accounts receivables, other receivables, contract assets and others, net	96,370	161,577

The selling expenses, general and administrative expenses, research and development costs and others of the Group are RMB1,133 million, RMB2,328 million, RMB1,998 million and RMB247 million for the six months ended 30 June 2026, respectively (six months ended 30 June 2025: RMB1,193 million, RMB2,457 million, RMB2,184 million and RMB348 million, respectively).

10. INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current tax	**300,163**	244,762
Deferred tax	**(33,990)**	(10,639)
Total income tax	**266,173**	234,123

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Profit before tax	**2,306,575**	2,440,726
Expected income tax expense at a statutory tax rate of 25% (six months ended 30 June 2025: 25%)	**576,644**	610,182
Differential/preferential tax rates on subsidiaries' income (notes (i), (ii))	**(127,947)**	(128,031)
Non-deductible expenses	**37,858**	30,947
Non-taxable income	**(41,646)**	(64,977)
Tax losses and other temporary differences not recognised	**28,890**	44,246
Utilisation of previously unrecognised tax losses	**(6,702)**	(9,067)
Adjustments in respect of current income tax of previous years	**9,335**	(9,329)
Additional deduction of research and development expenses (note (iii))	**(210,259)**	(239,848)
Income tax	**266,173**	234,123

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 six months ended 30 June 2026 and 2025 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% (six months ended 30 June 2025: 15%, 15% and 20%).

(iii) According to the PRC enterprise income tax law and its relevant regulations, certain research and development expenses of the Group's PRC subsidiaries are qualified for an additional deduction of 100% for tax reporting purpose (six months ended 30 June 2025: 100%).

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 six months ended 30 June 2026 of RMB1,969,890 thousand (six months ended 30 June 2025: RMB2,128,715 thousand) and the number of shares in issue during the six months ended 30 June 2026 of 6,926,018 thousand shares (six months ended 30 June 2025: 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 periods.

12. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Changes in fair value of equity instruments at fair value through other comprehensive income recognised during the period	**(498,282)**	526,396
Net deferred tax charged to other comprehensive income	**123,500**	(131,614)
Exchange differences on translation of financial statements	**(30,793)**	16,089
Other comprehensive income for the period	**(405,575)**	410,871

13. DIVIDENDS

(a) Dividends attributable to the interim period

The Board of Directors did not propose the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

(b) Dividends attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the period of RMB0.2241 per share (2025: RMB0.2187 per share)	**1,552,121**	1,514,720

No final dividend or special dividend was paid during the six months ended 30 June 2026 and 2025.

14. OTHER NON-CURRENT ASSETS

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Long-term receivables	520,537	393,400
Others (note (i))	254,714	320,930
	775,251	714,330

Note:

(i) The amounts mainly include warranty deposits.

15. ACCOUNTS AND BILLS RECEIVABLES, NET

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Bills receivables	819,349	740,688
Accounts receivables	27,352,469	24,381,687
	28,171,818	25,122,375
Less: allowance for credit losses	(2,747,114)	(2,693,748)
	25,424,704	22,428,627

(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 26) 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:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	21,590,784	18,833,729
After 1 year but less than 2 years	2,600,102	2,459,480
After 2 years but less than 3 years	916,768	861,243
After 3 years but less than 4 years	218,825	181,144
After 4 years but less than 5 years	48,817	43,743
Over 5 years	49,408	49,288
	25,424,704	22,428,627

16. CONTRACT ASSETS, NET

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Telecommunications infrastructure services	**40,299,185**	34,809,759
Business process outsourcing services	**1,999,750**	1,635,318
Applications, content and other services	**5,507,347**	5,195,785
	47,806,282	41,640,862
Less: allowance for credit losses	**(573,451)**	(562,472)
	47,232,831	41,078,390

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.

17. CASH AND CASH EQUIVALENTS

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Cash at bank and in hand	**4,592,622**	8,290,746
Cash at China Telecom Group Finance Co., Ltd. ("China Telecom Finance") (note 26)	**2,937,017**	6,050,519
Deposits at bank with original maturity less than three months	**5,262**	–
Cash and cash equivalents	**7,534,901**	14,341,265

18. INTEREST-BEARING BORROWINGS

The Group's short-term interest-bearing borrowings comprise:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
RMB denominated		
Borrowings from banks		
– unsecured	82,626	97,626
Other denominated		
Borrowings from banks		
– unsecured	597,890	596,519
Interest payable	5,600	5,213
	686,116	699,358

The Group's short-term borrowings bearing interest rate per annum are as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
RMB denominated		
Borrowings from banks		
– unsecured	2.10%–2.35%	2.45%–2.50%
Other denominated		
Borrowings from banks		
– unsecured	3.45%–6.73%	3.83%–7.16%
– unsecured (floating interest rate)	Hong Kong Interbank Offered Rate ("HIBOR") +0.40%–0.90%	Hong Kong Interbank Offered Rate ("HIBOR") +0.90%–0.95%

The Group's borrowings were repayable as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	686,116	699,358

19. ACCOUNTS AND BILLS PAYABLES

Accounts and bills payables comprise:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Accounts payables	**62,317,518**	57,622,659
Bills payables	**4,333,024**	5,519,635
	66,650,542	63,142,294

The ageing analysis of accounts and bills payables based on the invoice date is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	**64,207,157**	60,568,007
After 1 year but less than 2 years	**1,369,556**	1,447,741
After 2 years but less than 3 years	**423,510**	425,937
Over 3 years	**650,319**	700,609
	66,650,542	63,142,294

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 26) are unsecured, interest-free and are expected to be settled within one year.

20. CONTRACT LIABILITIES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Telecommunications infrastructure services	4,380,475	6,851,358
Other services	2,405,403	2,809,000
	6,785,878	9,660,358

When the Group receives advance payments from customers before the performance obligation is satisfied, the amounts will give rise to contract liabilities, until the performance obligation is satisfied.

21. ACCRUED EXPENSES AND OTHER PAYABLES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Deposits received from subcontractors	2,278,827	2,312,634
Wages and welfare payables	1,594,513	1,535,314
Output VAT payables	1,390,235	1,474,307
Amounts due to CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (note (i))	1,502,905	707,457
Dividend payables	828,144	1,177
Other taxes payables	612,264	849,706
Advance lease payments received	22,151	30,892
Payables for construction and purchase of property, plant and equipment	24,329	2,756
Others (note (ii))	5,010,379	4,433,764
	13,263,747	11,348,007

Notes:

(i) 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 26) are unsecured, interest-free and are expected to be settled within one year, among which dividend payables balance is RMB768 million (31 December 2025: RMB7 million).

(ii) The amounts mainly include payables to suppliers for purchases on behalf of CTC Group and others.

22. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly represent the deferred income arising from government grants and termination benefits.

23. SHARE CAPITAL

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Registered, issued and fully paid:		
4,534,598,160 (31 December 2025: 4,534,598,160) Domestic shares of RMB1.00 each	4,534,598	4,534,598
2,391,420,240 (31 December 2025: 2,391,420,240) H shares of RMB1.00 each	2,391,420	2,391,420
	6,926,018	6,926,018

24. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2026, the Group had capital commitments for acquisition and construction of property, plant and equipment and other non-current assets as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Contracted for but not provided	10,646	12,906

(b) Contingent liabilities

As at 30 June 2026, the Group had no material contingent liabilities and financial guarantees issued.

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(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. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	At 30 June 2026			
	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	**4,295,989**	**–**	**1,053**	**4,297,042**
Financial assets at fair value through profit or loss (note (i))	**–**	**–**	**3,465,038**	**3,465,038**

	At 31 December 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

Note:

(i) The invested entities in Level 3 were private companies. At 30 June 2026, 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 account 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.

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (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 2026	1,053	3,302,655	435,105
Purchases	–	22,973,000	–
Disposals/settlements	–	(23,243,000)	–
Total gains			
– in profit or loss	–	(589)	(2,133)
As at 30 June 2026	1,053	3,032,066	432,972

	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
As at 31 December 2025	1,053	3,302,655	435,105

(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.

26. 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:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Engineering related services revenue (note (i))	**10,087,279**	8,873,056
IT application services revenue (note (ii))	**4,001,992**	4,027,013
Provision of ancillary telecommunications services revenue (note (iii))	**9,289,354**	9,483,198
Provision of operation support services revenue (note (iv))	**2,091,419**	2,055,761
Supplies procurement services revenue (note (v))	**1,202,698**	1,309,231
Property leasing revenue (note (vi))	**77,227**	77,332
Management fee income (note (vii))	**160,471**	166,948
Property leasing charges (note (viii))	**45,901**	51,628
IT application services charges (note (ix))	**267,722**	421,654
Operation support services charges (note (x))	**617,086**	620,120
Supplies procurement services charges (note (xi))	**1,280,859**	1,897,974
Interest expenses (note (xii))	**10,717**	12,612
Net deposits (withdrew from)/placed with China Telecom Finance (note (xiii))	**(3,456,886)**	(124,945)
Interest income of deposits placed with China Telecom Finance (note (xiv))	**57,048**	57,741

26. 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 content 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/(withdrawal) under deposit services provided by China Telecom Finance.

(xiv) The amount represents the interest income from deposit services provided by China Telecom Finance.

26. RELATED PARTIES (continued)

(a) Transactions with CTC Group (continued)

Amounts due from/to CTC Group included in respective balances are summarised as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Cash and cash equivalents	2,903,634	6,050,519
Short-term bank deposits and restricted cash	8,417	9,777
Accounts and bills receivables, net	9,733,951	10,009,512
Contract assets, net	17,131,870	15,750,417
Current portion of deposits at financial institutions with original maturity more than one year	1,141,583	1,126,583
Prepayments and other current assets	3,706,425	2,543,158
Deposits at financial institutions with original maturity more than one year	2,210,649	2,483,538
Other non-current assets	310,000	119,166
Total amounts due from CTC Group	37,146,529	38,092,670
Accounts and bills payables	1,322,532	1,504,169
Contract liabilities	583,217	1,000,434
Accrued expenses and other payables	1,366,696	535,975
Current portion of lease liabilities	224,076	227,378
Lease liabilities	405,537	479,884
Total amounts due to CTC Group	3,902,058	3,747,840

As at 30 June 2026, the credit losses balance in respect of amounts due from CTC Group is of RMB386 million (31 December 2025: RMB390 million).

For the six months ended 30 June 2026, additional amount of RMB53 million of right-of-use assets had been recognised under new lease contracts entered into with CTC Group (six months ended 30 June 2025: RMB72 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.

26. 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:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Engineering related service revenue (note (i))	1,940,317	2,215,672
IT application service revenue (note (ii))	154,927	236,908
Provision of ancillary telecommunications service revenue (note (iii))	1,058,115	999,400
Provision of operation support service revenue (note (iv))	87,505	81,414
Supplies procurement service revenue (note (v))	132,313	122,117
Property leasing service revenue (note (vi))	3,699	3,075
Property leasing service charges (note (vii))	6	176
IT application service charges (note (viii))	563,418	663,557
Operation support service charges (note (ix))	1,464,484	971,073
Supplies procurement service charges (note (x))	192,629	425,871
Interest expenses (note (xi))	21	5

Notes:

(i) The amount represents telecommunications infrastructure services such as design, construction and project management provided to associates and joint ventures of CTC Group.

(ii) The amount represents 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 ventures of 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 services; internet content and information services provided to associates and joint ventures of the Group, associates and joint ventures of CTC Group and other related parties.

(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 and other related parties.

(v) The amount represents supplies procurement services such as warehousing, transportation and installation and other related services provided to associates and joint ventures of CTC Group.

(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.

26. 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)

(vii) The amount represents rentals from short-term leases in respect of business premises paid and payable to 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 ventures of CTC Group and other related parties for basic telecommunications services, value-added services and information application services.

(ix) The amount represents the charges paid and payable to associates and joint ventures of the Group, associates and joint ventures of CTC Group for logistics, labour resources, cultural, educational, hygiene and other supporting services.

(x) The amount represents the charges paid and payable to associates and joint ventures of the Group, 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 due to 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:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Accounts and bills receivables, net	1,058,125	601,132
Contract assets, net	1,005,612	847,560
Prepayments and other current assets	1,504,964	1,077,657
Total	3,568,701	2,526,349
Accounts and bills payables	2,756,514	2,782,324
Contract liabilities	109,795	288,571
Lease liabilities	1,142	81
Current portion of lease liabilities	93	91
Accrued expenses and other payables	136,209	171,482
Total	3,003,753	3,242,549

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.

26. 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 26(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.

(d) Transactions with key management personnel

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2026 **RMB'000**	2025 RMB'000
Salaries and other emoluments	**3,127**	3,321
Retirement benefits	**1,583**	1,598
Discretionary bonuses	**7,106**	7,739
	11,816	12,658

Total remuneration is included in "Staff costs" in note 9.

27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of IFRS 18 which may not have a significant impact on the Group's consolidated financial statements when adopted.

IFRS 18, Presentation and disclosure in financial statements:

IFRS 18 will replace IAS 1, *Presentation of financial statements*, and is first effective for annual reporting periods beginning on or after 1 January 2027.

IFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of IFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of IFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and related note disclosures. Based on the work performed to date, the Group's assessment on the expected impact of the initial application of IFRS 18 is summarised below. The assessment remains subject to change as the Group continues its implementation work.

(a) Structure of the statement of profit or loss

IFRS 18 requires entities to classify income and expenses into specified categories in the statement of profit or loss, including operating, investing, and financing categories. It also requires entities to present two newly defined subtotals, which are "operating profit" and "profit or loss before financing and income taxes". The operating profit subtotal is expected to differ from the current profit from operations subtotal presented by the Group. Based on the work performed to date, the Group also expects the following changes to the consolidated statement of profit or loss:

- Classification of income and expenses depends on the Group's main business activities.

- Interest income which is currently presented in the Group's other income, is expected to be classified in the investing category. The income and expenses classified in the investing category, together with the subtotal "operating profit", will form the new subtotal "profit or loss before financing and income taxes";

- The Group is assessing the classification of income and expenses as currently included in the finance cost line item and expects that this line item will be disaggregated into "income and expenses on liabilities arising solely from raising of finance" and "interest expenses on other liabilities" in the financing category;

27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026 (continued)

(a) Structure of the statement of profit or loss (continued)

- The Group is required to assess the classification of foreign exchange differences in the same category as the income and expenses from the items that gave rise to the differences, unless doing so would involve undue cost or effort; and

- The Group currently presents operating expenses by function. The Group is assessing whether its current presentation, or a mixed presentation by nature and function, will provide the most useful structured summary of its operating expenses under IFRS 18. If the Group continues to present one or more operating expense line item by function, information about five specific expenses by nature will be provided in a single note to the financial statements.

(b) Management-defined performance measures ("MPM")

MPMs are subtotals of income and expenses used in public communications outside the financial statements that communicate management's view of an aspect of the financial performance of the entity as a whole to users. Based on the Group's current assessment, the Group has not identified any MPMs used in its management commentary, press releases, and investor presentations. The Group is also developing a process to identify its public communications and assess whether other measures reported in those communications meet the definition of an MPM.

The Group will be required to disclose specific information about MPMs in a single note in the financial statements. The MPMs disclosed by the Group following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the same reporting period.

(c) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to group information in the financial statements, including the primary financial statements and the notes. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group has been consistently applied the principles of aggregating and disaggregating the items on the basis of similar and dissimilar characteristics. The Group is also assessing line items currently labelled as "other" across the primary financial statements and the notes and expects to use more informative labels where material information would otherwise be obscured.

IFRS 18 also introduces consequential amendments to IAS 7, Statement of cash flows. The Group is assessing the impact of those amendments, including the requirement to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method and the classification of interest and dividend cash flows.

The actual impact of applying IFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.

OTHER INFORMATION

CHANGES IN DIRECTORS AND THEIR BIOGRAPHICAL INFORMATION

Changes in the directors of the Company and their biographical information since the date of the Company's 2025 Annual Report are set out below:

- Mr. Tang Yongbo resigned as a Non-executive Director of the Company on 30 July 2026.
- Mr. Miao Shouye was appointed as a Non-executive Director of the Company on 30 July 2026.

AUDIT COMMITTEE

The audit committee has reviewed with management and the Company's international auditor on the accounting principles and practices adopted by the Group and discussed the risk management, internal control and financial reporting matters including the review of this Interim Report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a joint stock limited company incorporated in the 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 has abided by the PRC Company Law and the applicable laws, regulations and regulatory requirements of Hong Kong and the PRC as the basic guidelines for the Company's corporate governance. The Board of Directors believes that the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules for the six months ended 30 June 2026.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 for the six months ended 30 June 2026.

COMPLIANCE WITH APPENDIX D2 TO THE LISTING RULES

According to paragraph 40 of Appendix D2 to the Listing Rules, save as disclosed in this Interim Report, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix D2 to the Listing Rules has not changed significantly from the information disclosed in the Company's 2025 Annual Report.

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

As at 30 June 2026, none of the directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 30 June 2026, the Company has 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 the above shares or debentures.

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

As at 30 June 2026, the interests or the short positions of persons (excluding the directors of the Company) who are entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of shareholder	Share 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	191,487,000 (L)	8.01	2.76

Note:

(L) — Long Position

Save as stated above, as at 30 June 2026 in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the equity derivatives of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (as defined under the Listing Rules)).

As at 30 June 2026, the Company did not have any treasury shares.

FORWARD-LOOKING STATEMENTS

The Company would also like to caution readers about the forward-looking nature of certain of the above statements. These forward-looking statements are subject to risks, uncertainties and assumptions, which are beyond our control. Potential risks and uncertainties include those concerning, among others, the change of macroeconomic environment, natural disaster, the growth of the relevant industries, the change in the regulatory environment and our ability to successfully execute our business strategies. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. We do not intend to update these forward-looking statements. Actual results of the Company may differ materially from the information contained in the forward-looking statements as a result of a number of factors.

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