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中国通信服务
CHINA COMSERVICE

中國通信服務股份有限公司

CHINA COMMUNICATIONS SERVICES CORPORATION LIMITED

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

(Stock Code: 552)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

HIGHLIGHTS

- By progressively implementing its strategies, the Group achieved steady yet progressive business development and maintained high-quality operating results, among which, there was a continuous improvement in operating efficiency indicators such as gross profit margin, net profit margin and ROE, and an improvement in free cash flow.
 - Total revenues were RMB73,170 million, up by 5.7%.
 - Net profit was RMB2,034 million, up by 7.3%.
 - Gross profit margin was 10.7%, up by 0.2 percentage point. Net profit margin was 2.8%, up by 0.1 percentage point. Annualized ROE was 10.0%, up by 0.2 percentage point.
- The Group achieved relatively fast development in the domestic telecommunications operator market with revenue grew by 7.5%, and also optimization in business mix in the domestic non-operator market with revenue grew by 3.6%.
- The Group focused on strategic emerging industries such as digital infrastructure, smart city, green and low-carbon, with the new contracts value grew by more than 30%, accounting for more than 27% of the total new contracts value. Strategic emerging industries become a major contributor to the business growth.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2023, the Chinese government accelerated the development of digital economy to promote the in-depth integration of the digital economy and the real economy. Leveraging its positioning as a “New Generation Integrated Smart Service Provider”, the Group aims to build itself as a “First-class Smart Service Innovative Enterprise”, focuses on strategic emerging businesses for future development, and strives to become the “Main Force in Digital Infrastructure Construction, Vanguard in Smart City Services, Leading Enterprise in Industrial Digitalization Services and Trusted Expert in Smart Operation”. With high-quality development as the principle and value creation as the focus, the Group was committed to pursuing the steady development of its fundamental businesses while expediting the business expansion in the strategic emerging industries, leveraging technological innovation as the lead, enhancing its product and service values, advancing reform in key areas, continuously enhancing its core competitiveness, thus achieving steady growth in its operating results.

I. Steady Yet Improving Operating Results Achieved with Continuous Improvement in Quality and Efficiency

With the philosophy of “Effective Improvement in Quality and Reasonable Growth in Quantity”, the Group seized the opportunities arising from the construction of Digital China and achieved steady growth in revenue, continuous improvement in both gross profit margin and net profit margin, as well as a sustained positive trend in indicators such as cash flow and shareholders' return. In the first half of the year, the Group's total revenues amounted to RMB73,170 million, representing a year-on-year increase of 5.7%, among which, service revenue¹ amounted to RMB70,713 million, representing a year-on-year increase of 6.3%. Gross profit was RMB7,834 million, representing a year-on-year increase of 7.4%. Gross profit margin was 10.7%, representing a year-on-year increase of 0.2 percentage point, continuing the stabilization and recovery trend. Net profit² was RMB2,034 million, representing a year-on-year increase of 7.3%, and such growth rate continued to be higher than the revenue growth rate. Net profit margin was 2.8%, which stabilized and improved on a year-on-year basis. Free cash flow recorded a year-on-year improvement. Return on equity (ROE) was 10.0%³, representing a further enhancement on a year-on-year basis. Basic earnings per share were RMB0.294, representing a year-on-year increase of 7.3%.

1. *Forging ahead with transformation and upgrade, the three major business segments maintained steady growth*

During the first half of the year, benefited from the rapid growth of the digital infrastructure business, revenue from the Group's telecommunications infrastructure (“TIS”) services amounted to RMB37,688 million, representing a year-on-year increase of 7.5%, accounting for

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

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

³ Return on equity is on an annualized basis.

51.5% of total revenues, being the largest contributor to revenue growth by business segment in the first half of the year. Among which, the growth was steered by high-value consultation and design businesses, with the business quality of the segment improving continuously. Revenue from business process outsourcing (“BPO”) services was largely stable and increased slightly, and amounted to RMB21,729 million, representing a year-on-year increase of 0.9%, accounting for 29.7% of total revenues. Revenue from applications, content, and other (“ACO”) services amounted to RMB13,753 million, representing a year-on-year increase of 8.6%, accounting for 18.8% of total revenues, and maintained a favorable growth momentum. Among which, revenue from software development and system support grew rapidly by 31.5% year-on-year, signifying market recognition of the Group’s capability in terms of its software and digital services.

2. *Integrating itself into the ecosystem of customers, the development in the three major markets remained robust*

(A) Focusing on new businesses in domestic non-operator market and reinforcing its development quality. The Group focused on strategic emerging industries and strengthened its core products, services and capabilities that fit the industry development and the ecosystem of customers. By deeply exploring the business needs such as digital government, digital transformation of enterprises, intelligent computing centers, electricity infrastructure and ancillary facilities as well as photovoltaic construction, and leveraging the Group’s “Consultant + Staff + Housekeeper”⁴ service advantages and “Platform + Software + Service”⁵ capability advantages, the development quality of such market continued to be reinforced. In the first half of the year, revenue from the domestic non-telecom operator (“domestic non-operator”) market⁶ amounted to RMB31,623 million, representing a year-on-year increase of 3.6%.

(B) Keeping abreast of the changing needs in domestic telecommunications operator market to drive revenue growth. The Group actively responded to the changing needs of domestic telecommunications operator customers in data center, computing power network and industrial digitalization, and gave full play to the advantages of its

⁴ “Consultant + Staff + Housekeeper” service model is a unique business model adopted by the Group in recent years. “Consultant” means that the Group acts as the “Consultant” to help its customers through leveraging its talents and product advantages, so as to turn customers’ needs into feasible solutions or projects. “Staff” means that the Group, as appointed by its customers, assists them in the capacity of “Staff” in coordinating other stakeholders of the project, so as to promote the smooth implementation of the project and ensure that its customers’ original expectation can be achieved. “Housekeeper” means that the Group provides a full life cycle management and accompanying service of the relevant businesses and creates values for customers.

⁵ “Platform + Software + Service” capabilities: utilize core foundation platforms, including cybersecurity and IoT, focus on various smart applications for customer scenarios and the integrated service capabilities covering consultation and planning, project construction, operation and maintenance, to provide customers with customized integrated solutions.

⁶ Since 2023, the Group has reclassified its revenue from China Broadcasting Network from the domestic non-operator market to the domestic telecommunications operator market. The relevant historical data have been retrospectively adjusted in order to increase the comparability, and the overall revenue in the first half of 2022 was not affected as a result of such reclassification.

differentiated capabilities in software research and development, system integration and support services, etc. The Group kept enhancing its proficiency in project management and in delivering projects in high quality to facilitate the transformation and upgrading of the operator customers, collaborating with operators to develop the incremental potential for digital economy and building a symbiotic and win-win ecosystem. In the first half of the year, revenue from domestic telecommunications operator market amounted to RMB39,977 million, representing a year-on-year increase of 7.5% and accounting for 54.7% of the total revenues, making it the largest contributor to revenue growth among all customer groups⁷.

(C) Steady growth achieved in overseas market through optimizing deployment and enhancing quality. Centering on key regions along the “Belt and Road”, the Group developed high-quality projects, proactively promoted the cooperation with Chinese companies in the ecosystem, and provided overseas customers with construction services of digital infrastructure, photovoltaic and new types of energy storage, resulting in a continuous increase in the proportion of high-value businesses and operating efficiency enhancement. Revenue from overseas market amounted to RMB1,570 million, representing a year-on-year increase of 1.2%.

II. Focusing on New Momentum, Strategic Emerging Businesses Achieved Robust Development

As the construction of Digital China advanced at full speed and the industrial informatization market grew at a robust pace, the Group catered to the needs of the government, industry and enterprise customers, focused on expanding the strategic emerging industries, including digital infrastructure, smart city, green and low-carbon, and emergency management and security, and actively fostered new growth momentum. In the first half of the year, the value of the new contracts from strategic emerging industries recorded a year-on-year growth of over 30% and accounted for more than 27% of the total new contracts value, becoming a major contributor to total contracts growth.

In the field of digital infrastructure, the Group grasped the opportunities in respect of the construction of data centers, intelligent computing centers and supercomputing centers presented by the national “East-To-West Computing Resources Transfer” project and AIGC⁸. And it also closely followed the main development direction of clustering, low-carbon transformation and computerization of data centers, as well as the opportunities in the construction of operators’ cloud and industrial cloud, with a focus on new digital infrastructure, including data center and computing power network, cloud business and enterprise-level 5G+. The Group established the Digital Infrastructure Industry Research Institute, conducted in-depth customer insights, and strengthened its products and solutions empowerment, enabling it to successfully undertake several general contracting projects with contract value of over RMB100 million each.

⁷ Customers here are classified into three categories, including the domestic non-operator customers, domestic telecommunications operator customers and overseas customers.

⁸ AIGC refers to Artificial Intelligence Generated Content.

In the field of smart city, steered by the top-level design of smart cities, the Group capitalized on the advantages of its “Consultation + General Contracting + Software + Platform + Service” integrated service capability, and put extra efforts in the development of key areas such as digital government, enterprise digital transformation and smart transportation. The Group built professional teams that catered to customers’ core needs, continuously improved quality of localized delivery and operation to form standardized cases and replicated and promoted such cases rapidly. The Group contributed to the intelligentization of urban management, and was shortlisted in the “2023 Digital Government Industry Mapping” published by the China Academy of Information and Communications Technology, demonstrating its growing brand influence.

In the new field of green and low-carbon, the Group remained committed to serving the national “Dual Carbon” strategic goal, and further developed the markets of different sub-sectors, including electricity infrastructure and ancillary facilities, photovoltaic construction, energy usage services and carbon management. By integrating 5G, Internet of Things (IoT), cloud computing, big data, artificial intelligence and other technologies as well as forging the Group’s advantage in full life cycle integrated comprehensive services, it provided intelligentization and decarbonization services to customers in key industries, such as energy and electricity, transportation, real estate and construction, industrial manufacturing as well as information and communications. The Group commenced an all-round strategic collaboration with China Beijing Green Exchange in connection with the construction of green and safe data centers as well as informatized infrastructure network. Besides, it engaged 25 scientific research institutes and higher education institutions to carry out forward-looking joint cooperation between industries, universities and research institutes on “Dual Carbon”, in a bid to support China’s goal of green development.

In the field of emergency management and security, the Group focused on the scenario-based needs of regulatory authorities and key industry customers, increased synergistic research and development efforts, strengthened resource coordination and sharing, and focused on developing core products such as asset surveying and mapping, situational awareness, safe production supervision, risk monitoring and early warning as well as emergency rescue command, etc. The Group stepped up the nationwide promotion of the products and achieved mutual facilitation between research and development and market. It was selected in the “China Cybersecurity Industry Panorama” by AQNIU⁹ and successfully shortlisted as a representative vendor in the “China Cybersecurity Industry Momentum List”¹⁰ by ROARTALK.

⁹ “AQNIU” is an influential third-party professional media and flagship think-tank in the domestic cybersecurity sector.

¹⁰ “China Cybersecurity Industry Momentum List” (《中國網絡安全產業勢能榜》) is an authoritative industry report jointly published by ROARTALK Cybersecurity Research Institute (嘶吼安全產業研究院), an industry think-tank, and the National Cybersecurity Industrial Park (Tongzhou Park).

III. Continuing to Build up Core Capabilities and Develop a First-class Smart Service Innovative Enterprise

1. *Strengthening the drive from technological innovation and enhancing product competitiveness*

The Group strengthened the leading role of technological innovation and continuously enhanced its core capabilities to firmly support its expansion into the strategic emerging industries and its effort to build a technology-based enterprise. The Group continued to increase its investment in research and development, optimized its technological innovation system, focused on industrial digitalization application research and development, and core professional technical fields such as IoT, blockchain, dual carbon energy-saving technology and cybersecurity, to create benchmark solutions and core products as well as improving research and development efficiency. The Group enhanced the efficiency in the collaboration between the research and development team, the marketing team, and the delivery team, and thus rapidly improved the efficiency in product promotion. The Group vigorously introduced high-end expert teams and technology talents, continuously strengthened its core competitiveness, with a view to driving high-quality development with technological innovation.

2. *Enhancing comprehensive integrated capabilities to provide customers with high-standard services*

Amid the opportunities arising from the disruptive industrial transformation spawned by digitalization, the Group leveraged its positioning as a “New Generation Integrated Smart Service Provider” and integrated its 4T¹¹ capabilities to promote itself as a provider of premium service persistently. Adopting a customer-centric approach, the Group focused on customers’ demand for digital transformation and gave full play to its advantages of comprehensive integrated services such as digitalization general integration, digital infrastructure general contracting, and also its edge in consultation and design. Besides, it continuously optimized marketing and operation and service system that adapts to new businesses and new models so as to enhance its comprehensive delivery capabilities for the whole value chain, with an aim to ensuring high-quality development through the provision of premium services.

3. *Accelerating digital transformation to achieve high-efficiency operation*

The Group regarded digitalization as the utmost important factor to enhancing its value creation capability. Steered by its overall planning, the Group pressed on the in-depth integration of digital technology with the management of its production and operation as well as its products and services, and drove the production model innovation as well as business and product innovation. The above measures will promote the building of a technology-

¹¹ 4T includes CT (Communications Technology), IT (Information Technology), DT (Data Technology) and OT (Operational Technology).

oriented enterprise and the strengthening of the Group’s capability in technological innovation for future development. The Group improved its mindset and sense of digital transformation, cultivated talents, strengthened the motivation for digital transformation and innovation, and concerned the enterprise’s internal core needs and its experience on digitalization. The Group continued to promote digital transformation of its internal production and operation, accelerated the promotion of mature digitalization tools such as production efficiency enhancement platforms and project onsite management system, thereby enhancing its operating efficiency and data sharing capability, lowering production and operating costs, raising the perception of customers and promoting high-quality development by digitalization means.

4. *Promoting reforms in key areas steadily to build industry-leading enterprises*

The Group persisted in deepening reforms and continued to optimize its operation management system and mechanism with a view to achieving the goal of stimulating vitality, strengthening impetus and enhancing capability. The Group steadily promoted the consolidation of its professional subsidiaries, completed the shareholding reform of the subsidiary, China Comservice Supply Chain Co., Ltd. (formerly known as China Comservice Supply Chain Management Co., Ltd.), and completed one of the phases of the consolidation of China Comservice Smart Property Development Co., Ltd. The Group accelerated the cultivation of leading professional enterprises in consultation and design as well as application software, and built new competitive advantages in the value chain of the industry, elevated corporate governance level and operating efficiency, with a view to driving high-quality development through deepening reforms.

IV. Actively Fulfilling Environmental and Social Responsibilities, Maintaining Good Corporate Governance

In practicing the corporate mission of “Building Smart Society, Boosting Digital Economy, Serving a Good Life”, the Group actively fulfilled its social responsibility, and persisted in standardized and green operation with a view to achieving healthy and sustainable corporate development.

Upholding the concept of green development, the Group consistently paid attention to risks in relation to climate change and enhanced its management capability regarding the environment. The Group stepped up the monitoring of energy consumption of its subsidiaries to reduce the impact of its production and operations on the environment. The Group established the “Zero Carbon Information and Communications Network Joint Laboratory” in collaboration with several institutions such as Tsinghua University and Chongqing University, and conducted comprehensive cooperation in many fields such as energy-saving, green energy, energy storage, and carbon asset management. It participated in the national project “Research on Key Measurement Technology and Standards for Quality Control of Carbon Emission Monitoring Data” to provide technical support for the management and decision making of “Dual Carbon”. Taking full advantage of its technology and capabilities in the green and low-carbon field, the Group provided customers with

clean, low-carbon and high-efficient services such as green data centers, integrated energy management platforms and comprehensive energy-saving retrofit of equipment, in order to support industries and the society to save energy and reduce carbon emissions.

With its rich experience in communications construction and services, the Group actively shouldered social responsibility and remarkably completed the task of major event support, disaster relief and emergency rescue. It provided communications support services in a number of key national events including the first “China-Central Asia Summit” and the “31st summer edition of the FISU World University Games”, which were well recognized by customers. Confronted with the damages to communications facilities caused by forest fire in Yuxi, Yunnan Province as well as Typhoons Doksuri and Talim, the Group actively shouldered its responsibilities and took active measures to visit the disaster-stricken areas at once to ensure the smooth operation of communications lines.

The Group was committed to compliant and efficient operation and its high standard of corporate governance was recognized by the capital market. The Group ranked 98th in the “2023 FORTUNE China Listed Companies 500” and ranked 1,499th in the “2023 Forbes Global 2000”. The Group was awarded with awards including “Most Honored Company”, “Best CEO”, “Best CFO”, and “Best ESG” in the “2023 Asia Executive Team Rankings” by *Institutional Investor*. It also won awards such as “Asia’s Best CEO”, “Asia’s Best CFO”, “Best Investor Relations Company” and “Best Environmental Responsibility” in the “13th Asian Excellence Award” held by *Corporate Governance Asia*, a corporate governance magazine in Asia.

V. Outlook

Currently, the construction of Digital China has become a key driver for promoting Chinese modernization, and new technologies such as artificial intelligence, big data and cloud computing are driving industrial development and reform, bringing a promising market potential for the strategic emerging industries.

The Group will continue to leverage its strengthening capabilities in the development of strategic emerging industries and focus on cultivating a new growth curve. The Group will enhance its integrated capabilities of consultation and design by speeding up the upgrade of its consultation and design businesses, increasing research and development investment, bringing in high-end experts, and thereby promoting digital transformation and upgrading as well as its business deployment in strategic emerging industries. The Group will strengthen its general contracting capabilities for infrastructure construction by actively pursuing large and high-value general contracting projects in the industry, focusing on cultivating an efficient general contracting project management team, creating cost advantages, and thereby comprehensively enhancing general contracting project management capabilities. By capitalizing on the strength of its brand, the Group will enhance its capabilities by solidifying its leading position in communications infrastructure construction and by accelerating the upgrading and transformation with a focus on areas such as smart city, industrial digitalization services and smart operations, thereby aiming to build a brand for the main force in digital infrastructure construction and become the industry’s

first choice. The Group will enhance its ability in driving industry development through capital operations, utilize the role of capital as a link and build stronger industry ecosystem through investment, actively seeking opportunities for large projects, and thereby facilitating new business expansion and development quality enhancement. Looking ahead, the Group will accelerate the building of a “First-class Smart Service Innovative Enterprise” and effectively improve its core competencies constantly, and continue its new journey on the path of high-quality development together with the business partners in the industry, customers and society.

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and all sectors of society for their long-term attention and support to the development of the Group, and deeply thank all of our employees for their continued dedication and hard work. I would also like to extend my warm welcome to Mr. Tang Yongbo who has joined the Board.

Liu Guiqing

Executive Director and Chairman

Beijing, PRC

24 August 2023

GROUP RESULTS

China Communications Services Corporation Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 extracted from the unaudited financial information of the Group as set out in its 2023 Interim Report.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (restated)
Revenues	4	73,169,553	69,253,532
Cost of revenues	5	<u>(65,335,907)</u>	<u>(61,959,855)</u>
Gross Profit		7,833,646	7,293,677
Other income	6	935,824	940,297
Selling, general and administrative expenses		(6,353,365)	(5,920,470)
Other expenses		(76,420)	(76,213)
Finance costs	7	(55,394)	(42,401)
Share of profits of associates and joint ventures		<u>54,320</u>	<u>39,125</u>
Profit before tax	8	2,338,611	2,234,015
Income tax	9	<u>(226,337)</u>	<u>(277,051)</u>
Profit for the period		<u>2,112,274</u>	<u>1,956,964</u>
Attributable to:			
Equity shareholders of the Company		2,034,456	1,895,456
Non-controlling interests		<u>77,818</u>	<u>61,508</u>
		<u>2,112,274</u>	<u>1,956,964</u>
Basic/diluted earnings per share (RMB)	10	<u>0.294</u>	<u>0.274</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(unaudited)	(restated)
Profit for the period		<u>2,112,274</u>	<u>1,956,964</u>
Other comprehensive income (after tax)	11		
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		372,161	122,096
Item that may be subsequently reclassified to profit or loss (after tax):			
Exchange differences on translation of financial statements of subsidiaries outside Mainland China		<u>10,770</u>	<u>17,275</u>
		<u>382,931</u>	<u>139,371</u>
Total comprehensive income for the period		<u><u>2,495,205</u></u>	<u><u>2,096,335</u></u>
Attributable to:			
Equity shareholders of the Company		2,417,251	2,034,624
Non-controlling interests		<u>77,954</u>	<u>61,711</u>
		<u><u>2,495,205</u></u>	<u><u>2,096,335</u></u>

Condensed Consolidated Statement of Financial Position

At 30 June 2023

		30 June	31 December
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(restated)
Non-current assets			
Property, plant and equipment, net		5,961,935	6,269,961
Right-of-use assets		2,298,484	2,402,559
Investment properties		1,736,344	1,716,227
Construction in progress		497,448	427,691
Goodwill		103,005	103,005
Intangible assets		675,013	724,013
Interests in associates and joint ventures		1,287,963	1,307,945
Financial assets at fair value through profit or loss		305,374	275,804
Equity instruments at fair value through other comprehensive income		3,835,882	3,336,403
Deferred tax assets		972,451	941,879
Deposits at financial institutions with original maturity more than one year		8,097,097	7,651,866
Other non-current assets		947,344	908,016
Total non-current assets		<u>26,718,340</u>	<u>26,065,369</u>
Current assets			
Inventories		1,512,404	1,367,311
Accounts and bills receivable, net	<i>13</i>	26,013,722	20,310,265
Contract assets, net	<i>14</i>	29,456,433	25,268,821
Current portion of deposits at financial institutions with original maturity more than one year		107,410	221,188
Prepayments and other current assets		13,353,787	12,717,632
Financial assets at fair value through profit or loss		11,408	61,556
Short-term bank deposits and restricted cash		2,099,559	2,168,795
Cash and cash equivalents		19,766,956	22,087,661
Total current assets		<u>92,321,679</u>	<u>84,203,229</u>
Total assets		<u>119,040,019</u>	<u>110,268,598</u>
Current liabilities			
Interest-bearing borrowings		832,310	752,001
Accounts and bills payable	<i>15</i>	52,914,842	44,611,295
Current portion of lease liabilities		488,111	513,223
Contract liabilities	<i>16</i>	8,192,656	10,867,975
Accrued expenses and other payables		11,472,088	9,500,858
Income tax payable		305,943	351,105
Total current liabilities		<u>74,205,950</u>	<u>66,596,457</u>
Net current assets		<u>18,115,729</u>	<u>17,606,772</u>
Total assets less current liabilities		<u>44,834,069</u>	<u>43,672,141</u>

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2023

	30 June	31 December
	2023	2022
<i>Notes</i>	RMB'000	RMB'000
	(unaudited)	(restated)
Non-current liabilities		
Interest-bearing borrowings	140,472	129,120
Lease liabilities	1,024,888	1,066,892
Other non-current liabilities	194,468	219,457
Deferred tax liabilities	763,754	632,747
	<u>2,123,582</u>	<u>2,048,216</u>
Total non-current liabilities		
	<u>2,123,582</u>	<u>2,048,216</u>
Total liabilities	<u>76,329,532</u>	<u>68,644,673</u>
Equity		
Share capital	6,926,018	6,926,018
Reserves	34,490,462	33,434,619
	<u>41,416,480</u>	<u>40,360,637</u>
Equity attributable to equity shareholders of the Company		
	<u>41,416,480</u>	<u>40,360,637</u>
Non-controlling interests	<u>1,294,007</u>	<u>1,263,288</u>
	<u>42,710,487</u>	<u>41,623,925</u>
Total equity		
	<u>42,710,487</u>	<u>41,623,925</u>
Total liabilities and equity	<u>119,040,019</u>	<u>110,268,598</u>

Notes:

1. BASIS OF PREPARATION

The condensed consolidated interim financial information 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 2022 annual financial statements. The condensed consolidated financial statements and notes thereof do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). IFRSs include all applicable IFRSs, International Accounting Standards (“IASs”) and related interpretations.

This condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and IAS 34, Interim Financial Reporting.

Application of business combination under common control

Pursuant to the Equity Transfer Agreements entered into by one of the Company’s subsidiaries, China International Telecommunications Construction Corporation (“CITCC”), and China Telecom Industrial Asset Management Co., Ltd, a subsidiary of China Telecommunications Corporation, on 28 February 2023, CITCC acquired 100% equity interests in China Post and Telecommunication Translation Service Co., LTD (the “Target Company”) for a total purchase price of RMB18.45 million.

Since the Group and the Target Company are under common control of China Telecommunications Corporation, the assets and liabilities of the Target Company have been accounted for at historical costs and the consolidated financial statements of the Group prior to the acquisition of the Target Company have been restated to include the results of operations and assets and liabilities of the Target Company on a consolidated basis as if the Target Company had been consolidated at the previous end of the reporting period based on the Group’s accounting policies of business combinations involving enterprises under common control. The considerations paid by the CITCC for the acquisition of the Target Company were accounted for as an equity transaction in the consolidated statement of changes in equity.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The condensed consolidated interim financial information 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 2022, except as described below.

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

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of above amendments in the current period has had no material effect on the Group's condensed consolidated interim financial information.

3. SEGMENT REPORTING

The Group principally has one operating segment, which is the provision of integrated comprehensive smart solutions in the field of informatization and digitalization. Therefore, no additional segment information has been presented. Additional information about major customers and geographical areas of the Group has been disclosed in note 4.

4. REVENUES

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

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Revenue from telecommunications infrastructure services	37,687,865	35,049,501
Revenue from business process outsourcing services	21,728,657	21,536,968
Revenue from applications, content and other services	13,753,031	12,667,063
	<u>73,169,553</u>	<u>69,253,532</u>

4. REVENUES (Continued)

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 2023 amounted to RMB25,823 million and RMB8,301 million, respectively (six months ended 30 June 2022: RMB22,725 million (restated) and RMB8,978 million, respectively), being 35.3% and 11.3% of the Group's total revenues, respectively (six months ended 30 June 2022: 32.8% (restated) and 13.0%, respectively). The revenues derived from areas outside Mainland China for the six months ended 30 June 2023 amounted to RMB1,570 million (six months ended 30 June 2022: RMB1,551 million).

For the six months ended 30 June 2023, the Group's top three business lines that contributed to the overall revenues were construction included in telecommunications infrastructure services, management of infrastructure for information technology included in business process outsourcing services and system integration included in applications, content and other services, the revenues derived from which amounted to RMB30,417 million, RMB9,086 million and RMB8,696 million, respectively (six months ended 30 June 2022: the Group's top three businesses that contributed to the overall revenues were construction included in telecommunications infrastructure services, management of infrastructure for information technology included in business process outsourcing services and system integration included in applications, content and other services, the revenues derived from which amounted to RMB28,608 million, RMB8,910 million and RMB8,360 million, respectively). From 1 January 2023, the Group has reclassified Chinese Radio and Television Network Co., Ltd. and its subsidiaries from non-telecom operators to telecommunications operators, the comparative information has been reclassified. Revenues from non-telecom operators for construction amounted to RMB15,582 million (six months ended 30 June 2022: RMB14,763 million).

5. COST OF REVENUES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000 (restated)
Subcontracting charges	40,303,014	38,063,019
Materials costs	11,885,948	10,896,460
Direct personnel costs	3,871,293	4,029,976
Direct costs of products distribution	1,682,870	2,032,762
Expense relating to short-term leases and leases of low-value assets	581,799	580,360
Depreciation and amortisation	482,139	469,638
Others	6,528,844	5,887,640
	<u>65,335,907</u>	<u>61,959,855</u>

6. OTHER INCOME

Six months ended 30 June

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Interest income	317,534	247,019
Dividend income from equity instruments	176,610	176,683
Management fee income	149,716	151,853
Government grants	111,838	124,169
Input tax credits	94,655	129,156
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	3,391	7,067
Penalty income	1,698	4,852
Investment income and fair value gains on wealth management products and structured deposits	—	44,185
Others	80,382	55,313
	<u>935,824</u>	<u>940,297</u>

7. FINANCE COSTS

Six months ended 30 June

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	28,402	13,126
Interest on lease liabilities	26,992	29,275
	<u>55,394</u>	<u>42,401</u>

For the six months ended 30 June 2023, no borrowing costs were capitalised in relation to construction in progress (six months ended 30 June 2022: nil).

8. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
		(restated)
(a) Staff costs:		
Salaries, wages and other benefits	7,179,537	7,311,157
Contributions to defined contribution retirement schemes	<u>1,059,917</u>	<u>817,545</u>
	<u>8,239,454</u>	<u>8,128,702</u>
(b) Other items:		
Amortisation	98,229	82,822
Depreciation	714,914	704,556
Auditors' remuneration	7,009	6,623
Materials costs	11,885,948	10,896,460
Direct costs of products distribution	1,682,870	2,032,762
Inventory write-down and losses, net of reversals	19,296	21,575
Impairment losses recognised and reversed on accounts receivable, other receivables, contract assets and others, net	165,852	118,247
Expense relating to short-term leases and leases of low-value assets	<u>665,716</u>	<u>663,808</u>

The selling expenses, general and administrative expenses, research and development costs and others of the Group are RMB1,180 million, RMB2,748 million, RMB2,082 million and RMB343 million (six months ended 30 June 2022: RMB1,119 million, RMB2,576 million (restated), RMB1,924 million and RMB301 million (restated)) respectively for the six months ended 30 June 2023.

9. INCOME TAX

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax	252,167	439,393
Deferred tax	<u>(25,830)</u>	<u>(162,342)</u>
Total income tax	<u>226,337</u>	<u>277,051</u>

9. INCOME TAX (Continued)

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i> (restated)
Profit before tax	<u>2,338,611</u>	<u>2,234,015</u>
Expected income tax expense at a statutory tax rate of 25% (six months ended 30 June 2022: 25%)	584,653	558,504
Differential/preferential tax rates on subsidiaries' income (<i>note (i)(ii)</i>)	(127,406)	(141,584)
Non-deductible expenses (<i>note (iii)</i>)	49,768	75,743
Non-taxable income	(57,904)	(94,392)
Tax losses not recognised	43,667	42,062
Utilisation of previously unrecognised tax losses	(5,782)	(4,085)
Over provision in respect of prior years	(2,002)	(14,203)
Additional deduction of research and development expenses (<i>note (iv)</i>)	<u>(258,657)</u>	<u>(144,994)</u>
Income tax	<u>226,337</u>	<u>277,051</u>

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 2023 and 2022, 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 2022: 15%, 15%, 20%).
- (iii) The amounts represent staff costs in excess of the statutory deductible limits for tax reporting purposes and other non-deductible expenses.
- (iv) 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 100% (six months ended 30 June 2022: 75%) additional deduction for tax reporting purpose.

10. 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 2023 of RMB2,034 million (six months ended 30 June 2022: RMB1,895 million(restated)) and the number of shares in issue during the six months ended 30 June 2023 of 6,926,018 thousand shares (six months ended 30 June 2022: 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.

11. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Changes in fair value of equity instruments at fair value through other comprehensive income recognised during the period	498,426	162,028
Net deferred tax charged to other comprehensive income	(126,265)	(39,932)
Exchange differences on translation of financial statements	<u>10,770</u>	<u>17,275</u>
Other comprehensive income for the period	<u><u>382,931</u></u>	<u><u>139,371</u></u>

12. DIVIDENDS

(a) Dividends attributable to the period

The Board of Directors did not propose the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the period of RMB0.1939 per share (2022: RMB0.1732 per share, including final dividend RMB0.1641 per share and special dividend RMB0.0091 per share)	<u><u>1,342,955</u></u>	<u><u>1,199,587</u></u>

No final dividend or special dividend was paid during the six months ended 30 June 2023 and 2022.

13. ACCOUNTS AND BILLS RECEIVABLE, NET

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000 (restated)
Bills receivable	441,536	508,294
Accounts receivable	<u>27,647,258</u>	<u>21,748,457</u>
	28,088,794	22,256,751
Less: allowance for credit losses	<u>(2,075,072)</u>	<u>(1,946,486)</u>
	<u><u>26,013,722</u></u>	<u><u>20,310,265</u></u>

- (a) The amounts due from CTC Group, associates of the Group and associates of CTC Group are unsecured, interest-free and are expected to be recovered within one year.
- (b) The ageing analysis of accounts and bills receivable (net of allowance for credit losses) based on credit terms is as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000 (restated)
Current	1,619,305	1,897,638
Within 1 year	20,960,356	15,651,051
After 1 year but less than 2 years	2,569,742	2,026,546
After 2 years but less than 3 years	627,570	513,913
After 3 years but less than 4 years	144,017	139,131
After 4 years but less than 5 years	44,258	33,512
Over 5 years	<u>48,474</u>	<u>48,474</u>
	<u><u>26,013,722</u></u>	<u><u>20,310,265</u></u>

14. CONTRACT ASSETS, NET

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Telecommunications infrastructure services	24,486,094	21,099,704
Business process outsourcing services	1,596,019	1,114,789
Applications, content and other services	<u>3,678,669</u>	<u>3,337,797</u>
	29,760,782	25,552,290
Less: allowance for credit losses	<u>(304,349)</u>	<u>(283,469)</u>
	<u>29,456,433</u>	<u>25,268,821</u>

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 receivable when the rights become unconditional. The Group typically transfers the contract assets to accounts receivable within one year when the specific milestones are met.

15. ACCOUNTS AND BILLS PAYABLE

Accounts and bills payable comprise:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Accounts payable	49,130,212	40,985,965
Bills payable	<u>3,784,630</u>	<u>3,625,330</u>
	<u>52,914,842</u>	<u>44,611,295</u>

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 year	50,368,332	42,062,776
After 1 year but less than 2 years	1,514,246	1,414,963
After 2 years but less than 3 years	454,736	450,309
Over 3 years	<u>577,528</u>	<u>683,247</u>
	<u>52,914,842</u>	<u>44,611,295</u>

The amounts due to CTC Group, associates of the Group and associates of CTC Group are unsecured, interest-free and are expected to be settled within one year.

16. CONTRACT LIABILITIES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Telecommunications infrastructure services	5,870,883	8,526,663
Other services	<u>2,321,773</u>	<u>2,341,312</u>
	<u><u>8,192,656</u></u>	<u><u>10,867,975</u></u>

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.

FINANCIAL REVIEW

Total Revenues

In the first half of 2023, by consistently adhering to its overall roadmap of “value-driven, seeking steady yet progressive growth and high-quality development” and positioning itself as a “New Generation Integrated Smart Service Provider”, the Group strove to become “the Main Force in Digital Infrastructure Construction, the Vanguard in Smart City Services, the Leading Enterprise in Industrial Digitalization Services, and a Trusted Expert in Smart Operation”, and captured the key opportunities from digital economy, new infrastructure construction and industrial digitalization, thus realizing steady growth of operating results, with the total revenues amounting to RMB73,170 million, representing an increase of 5.7% compared to RMB69,254 million in the first half of 2022.

Revenue by Business

In the first half of 2023, the revenue from telecommunications infrastructure (“TIS”) services was RMB37,688 million, representing a year-on-year increase of 7.5%. Revenue from business process outsourcing (“BPO”) services was RMB21,729 million, representing a year-on-year increase of 0.9%. Revenue from applications, content and other (“ACO”) services was RMB13,753 million, representing a year-on-year increase of 8.6%.

With the in-depth promotion of the Digital China strategy and the acceleration of digital information infrastructure construction, the Group seized the opportunities arising from 5G, new infrastructure construction as well as industrial digitalization and enhanced its integrated comprehensive smart service capabilities, thus making TIS services the largest contributor in driving business growth. Among which, the revenue of design service amounted to RMB5,200 million, representing a year-on-year increase of 15.3%. The Group further consolidated its resources and promoted specialized operations, resulting in steady growth in BPO services that possess attributes such as strong customer loyalty and short cash conversion cycle. By strengthening innovation and research and development consistently and seizing the development opportunities from the acceleration of the digitalization and intelligentization retrofit in traditional industries, the Group carried out iterative upgrade on its smart products and solutions and effectively fulfilled the customers’ demand for digitalization, thus the revenue of ACO services maintained solid growth momentum. Among which, revenue from software development and system support businesses amounted to RMB2,613 million, representing a year-on-year increase of 31.5% and maintaining a growth of more than 20% for many consecutive years.

Revenue by Market

During the first half of 2023, the Group’s revenue from the domestic telecommunications operator market amounted to RMB39,977 million, representing a year-on-year increase of 7.5%. Revenue from the domestic non-operator market amounted to RMB31,623 million, representing a year-on-year increase of 3.6%. Revenue from the overseas market amounted to RMB1,570 million, representing a year-on-year increase of 1.2%.

In the first half of 2023, by persisting in the “CAPEX + OPEX + Smart Applications” development strategy in the domestic telecommunications operator market, the Group leveraged its advantages of differentiated capabilities and strengthened its market competitiveness, and actively responded to the domestic telecommunications operators’ changing demand for the construction of data centers and computing power networks as well as the industrial digitalization, thus making domestic telecommunications operator market contributed meaningfully to the results growth of the Group. Meanwhile, the Group continued to advance on the expansion of domestic non-operator market, seized the strategic opportunities of the digital economy and industrial digitalization, and focused on the business demands of data center, digital government and enterprise digital transformation. The Group also continued to optimize its business mix and further expanded high-value business to reinforce the development quality, hence revenue from such market maintained a steady growth.

Cost of Revenues

In the first half of 2023, the cost of revenues of the Group amounted to RMB65,336 million, representing a year-on-year increase of 5.4%. Among which, direct personnel costs amounted to RMB3,871 million, representing a decrease of 3.9% from RMB4,030 million in the first half of 2022. The Group has always kept a reasonable control over its total headcount, continuously optimized the employee structure and reasonably controlled staff costs, resulting in a continuous decline in direct personnel costs. Subcontracting charges amounted to RMB40,303 million, representing an increase of 5.9% from RMB38,063 million in the first half of 2022. The Group further strengthened management over subcontracting and improved its self-sufficient delivery capabilities, thus making the growth of subcontracting charges under effective control. Materials costs amounted to RMB11,886 million, representing an increase of 9.1% from RMB10,896 million in the first half of 2022. The Group further strengthened the management of general contracting projects and enhanced the control of material costs through optimizing its internal procurement system and carrying out centralized procurement, resulting in a significant slowdown in the increase in material costs.

Gross Profit

In the first half of 2023, the Group recorded gross profit of RMB7,834 million, representing an increase of 7.4% over RMB7,294 million in the first half of 2022. The Group’s gross profit margin in the first half of 2023 was 10.7%, representing an increase of 0.2 percentage point from 10.5% in the first half of 2022, indicating that the stabilization and recovery of the gross profit margin was sustained. While balancing its development scale, the Group put stronger emphasis on improving quality and efficiency and guided the Group’s subsidiaries to select and develop high-margin projects through appraisal. At the same time, the Group continuously strengthened project management and cost control and strived to enhance the value creation capability of its business. As a result of the above measures, gross profit margin continued to improve. With the Group’s deepening deployment in digital economy, new infrastructure construction and industrial digitalization, the proportion of high-value businesses will gradually increase and thereby driving the Group’s overall gross profit margin to maintain an upward trend.

Selling, General and Administrative Expenses

In the first half of 2023, the selling, general and administrative expenses of the Group were RMB6,353 million, representing an increase of 7.3% from RMB5,920 million in the first half of 2022. The selling, general and administrative expenses of the group accounted for 8.7% of the total revenues, representing an increase of 0.2 percentage point over the same period of the last year. Pursuant to the resumption of economic activities to normal, the selling, general and administrative expenses as a percentage of revenue increased slightly.

Profit Attributable to Equity Shareholders of the Company

In the first half of 2023, profit attributable to equity shareholders of the Company was RMB2,034 million, representing an increase of 7.3% from RMB1,895 million in the first half of 2022.

Cash Flow

The Group recorded a net cash outflow of RMB2,323 million in the first half of 2023, as compared to a net cash outflow of RMB3,170 million in the first half of 2022. The change was mainly attributable to the Group's persistence in the value-driven approach and strengthening the working capital management, resulting in an improvement in net cash flow from operations.

Assets and Liabilities

The Group continued to maintain its solid financial position. As of 30 June 2023, the Group's total assets was RMB119,040 million, representing an increase of RMB8,771 million from RMB110,269 million as of 31 December 2022. Total liabilities was RMB76,330 million, representing an increase of RMB7,685 million from RMB68,645 million as of 31 December 2022. The liabilities-to-assets ratio was 64.1%, which slightly increased compared with that as of 31 December 2022.

AUDIT COMMITTEE

The audit committee has reviewed with management and the Company's international auditor, PricewaterhouseCoopers, the accounting principles and practices adopted by the Group and discussed the risk management, internal control and financial reporting matters including the review of the interim results for the six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a joint stock limited company incorporated in the PRC 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 has also 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 believes that the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2023.

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 10 to the Listing Rules to govern securities transactions by the directors and supervisors of the Company. The Company has made specific enquiries to the directors and supervisors, and each of the directors and supervisors 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 2023.

COMPLIANCE WITH APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules, save as disclosed in this announcement, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has not changed significantly from the information disclosed in the Company's 2022 Annual Report.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM REPORT

The Interim Report for the six months ended 30 June 2023 will be despatched to shareholders and made available on the "HKExnews" website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinaccs.com.hk) in due course.

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.

Beijing, PRC

24 August 2023

As at the date of this announcement, our executive directors are Mr. Liu Guiqing, Mr. Yan Dong and Ms. Zhang Xu, our non-executive directors are Mr. Gao Tongqing, Mr. Tang Yongbo and Mr. Huang Zhen, and our independent non-executive directors are Mr. Siu Wai Keung, Francis, Mr. Lv Tingjie, Mr. Wang Qi and Mr. Wang Chunge.