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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 2022**

HIGHLIGHTS

- The Group overcame the impact of the pandemic and achieved favourable growth in its operating results.
 - Total revenues were RMB69,253 million, up by 8.0%.
 - Profit for the period (including non-controlling interests) was RMB1,957 million, up by 7.4%, with profit margin remaining stable.
 - Profit attributable to equity shareholders of the Company was RMB1,896 million, up by 4.6%.
- The Group seized the opportunity in the upgrading of industries through intelligentization, and continued to enhance its technological innovation capabilities, thus driving consistent rapid growth of revenue from applications, content and other services, with its growth rate reached approximately 30%, making such business segment the most crucial driver of overall revenue growth for the first time.
- The Group maintained relatively fast growth in the domestic telecommunications operator market, with revenue up by 9.2%.
- The Group pursued high-quality development in the domestic non-operator market, with revenue up by 6.5%.
- The Group will forge ahead with the strategic position of “1 Positioning, 4 Roles” consistently to seize important strategic opportunities such as the national digital economy, East-To-West Computing Resource Transfer and Dual Carbon.

CHAIRMAN’S STATEMENT

Dear Shareholders,

In the first half of 2022, with the robust development of the digital economy in China, and digital industrialization as well as industrial digitalization transformation entering a new stage, the Group firmly seized the strategic opportunities of digitalization revolution in society by actively leveraging its advantages as a “New Generation Integrated Smart Service Provider”. Amid the concurrent spread of the pandemic in multiple regions and the protracted impact of the pandemic in some key areas, the Group achieved favourable results by focusing on its value creation and accelerating the enhancement of its capabilities in market competitiveness, technological innovation, reform impetus, ecosystem collaboration and risk control, and continued to promote its high-quality development. The Group actively engaged in project construction and communications support services in “Beijing 2022 Winter Olympic and Paralympic Winter Games”. By committing itself to the national strategy of “Carbon Peak, Carbon Neutrality” (“Dual Carbon”), and actively fulfilling its social responsibility, the Group continued to create more value for its shareholders, customers and society.

I Favourable Operating Performance in the First Half of the Year Demonstrated Resilience Amid the Pandemic

By grasping the opportunities arising from the acceleration in digital infrastructure construction and promotion of the integrated development of digital economy and real economy in China, the Group expanded its businesses actively and overcame the negative impacts brought by the concurrent spread of pandemic in multiple regions and the protracted impact of the pandemic in some key regions. As such, the Group achieved overall steady growth in the first half of the year. In the first half of the year, the Group’s total revenues were RMB69,253 million, representing a year-on-year increase of 8.0%. Cost of revenues was RMB61,960 million, representing a year-on-year increase of 8.2%. Gross profit was RMB7,293 million, representing a year-on-year increase of 6.7%. Gross profit margin was 10.5%, representing a moderated decline.

Selling, general and administrative expenses were RMB5,920 million, accounting for 8.5% of the total revenues, representing a year-on-year decrease of 0.1 percentage point. Profit attributable to the equity shareholders of the Company was RMB1,896 million, representing a year-on-year increase of 4.6%. Net profit margin was 2.7%. Profit for the period including non-controlling interests¹ was RMB1,957 million, representing a year-on-year increase of 7.4%, and profit margin was 2.8%, which remained largely stable year-on-year. Basic earnings per share were RMB0.274, representing a year-on-year increase of 4.6%.

¹ Since China Comservice Supply Chain Management Company Ltd., a subsidiary of the Group, introduced strategic investors in June 2021, the Group’s equity shareholding decreased from 100% to 73.985%. The change in non-controlling interests impacted net profit.

II “1 Positioning, 4 Roles” Strategic Position Drove High-quality Development

In the first half of the year, the Group adhered to its strategic positioning as a “New Generation Integrated Smart Service Provider”, actively leveraged advantages of “Builder of Digital Infrastructure”, “Provider of Smart Products and Platforms”, “Service Provider of Data Production” and “Guard of Smart Operation”, focusing on developing key areas, including 5G, digital information infrastructure construction, digital government, smart city and smart transportation. Apart from making progress and enhancing quality amid steady growth, the Group’s corporate strength and brand image received wider recognition from customers.

(a) *Favourable Growth Achieved in Three Major Markets*

- 1. New progress made in penetrating the key areas in domestic non-telecom operator (“domestic non-operator”) market.** Riding on the social and technological development trend, the Group stepped up investment in research and development (R&D) and the commercialization of R&D results. To this end, the Group utilized the advantages of “Consultant + Staff + Housekeeper”² service model and the strengths of its integrated capabilities in “Platform + Software + Service”³ to upgrade and conduct the iteration of its integrated smart services continuously. In the first half of the year, the Group’s revenue from the domestic non-operator market was RMB31,173 million, representing an increase of 6.5%, accounting for 45.0% of the total revenues. Benefitting from the important opportunities arising from industrial digitalization, new infrastructure and green and low-carbon, the Group achieved high growths in its applications, content and other (“ACO”) services and the important business focus in high-value fields such as data centers, smart products, and “Dual Carbon” in such market, fully demonstrating the advantages of the Group as the “Builder of Digital Infrastructure”, “Provider of Smart Products and Platforms” and “Service Provider of Data Production”.

² “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’ expectation could be achieved. “Housekeeper” means the Group provides full life cycle management and accompanying service of the relevant business and creates values for customers.

³ “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.

- 2. Domestic telecommunications operator market drove growth in the overall results.** The Group adhered to the development strategy of “CAPEX + OPEX + Smart Applications”⁴, seized opportunities from “East-To-West Computing Resources Transfer”, the change of focus of domestic telecommunications operator customers from traditional network infrastructure construction to new digital infrastructure construction, and their move to accelerate the development of new businesses such as industrial digitalization. Besides, the Group vigorously enhanced its capabilities in general contracting services, “Dual Carbon” (energy-saving and retrofit) and cybersecurity, thus making domestic telecommunications operator market the major driver of growth in the Group’s overall results. In the first half of the year, the Group’s revenue from the domestic telecommunications operator market was RMB36,529 million, representing a year-on-year increase of 9.2%, accounting for 52.8% of the total revenues, which increased by 0.6 percentage point year-on-year. The Group put great effort in the development of ACO services such as system integration and software development in domestic telecommunications operator market, resulting in further optimization of its revenue structure in such market, which fully demonstrated the Group’s value as the “Builder of Digital Infrastructure” and “Guard of Smart Operation”.
- 3. Achieving growth in overseas market despite risks and challenges.** In the first half of the year, the Group endeavoured to overcome the impacts of the protracted pandemic as well as the political and economic risks overseas, and conducted businesses safely and prudently in the overseas market. Major projects of the Group in regions such as the Middle East, Southeast Asia achieved good results steadily. The Group’s revenue from the overseas market was RMB1,551 million, representing a year-on-year increase of 12.7%, accounting for 2.2% of the total revenues.

(b) Rapid Development of Industrial Digitalization-related Businesses

By paying close attention to the demand of industrial digitalization upgrade, the Group developed markets such as those for digital transformation and the upgrading of infrastructure through intelligentization, strengthened the iterative development of smart products and solutions, expedited the commercialization of R&D results, thus leading to the growth of related businesses.

Revenue from telecommunications infrastructure (“TIS”) services recorded steady growth and amounted to RMB35,049 million in the first half of the year, representing an increase of 1.5% year-on-year, accounting for 50.6% of total revenues. Revenue from business process outsourcing (“BPO”) services grew steadily and amounted to RMB21,537 million, representing an increase of 8.8% year-on-year, accounting for 31.1% of total revenues.

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

Revenue from ACO services, which has the closest relation with industrial digitalization, grew rapidly and amounted to RMB12,667 million, representing a fast, year-on-year increase of 29.7%, accounting for 18.3% of total revenues, up by 3.1 percentage points year-on-year, making such business the most crucial growth driver of the Group's revenue. Among which, the revenue from system integration increased rapidly by 34.5% year-on-year, and the revenue from software development and system support increased rapidly by 26.6% year-on-year. The Group successfully won the tender for various large-scale software development projects such as Chongqing Big Data and Applications Platform and the Technological Development Project of China Southern Airlines Product Centre, indicating the remarkable enhancement of the Group's enterprise software capability.

(c) ***“1 Positioning, 4 Roles” Drove Development***

- 1. Penetrating “Digital Infrastructure” to realize rapid growth.** The Group actively aligned its business development with the national strategies of “East-to-West Computing Resources Transfer” and “Dual Carbon”. As a result, the value of the Group's new contracts signed for data centers and electricity industry increased by more than 30% and approximately 30% year-on-year, respectively. General contracting projects for large-scale data centers undertaken by the Group, including the Data Room of Big Data Industrial Park in Lanzhou New District of Gansu Province and JD Cloud & AI Hybrid Cloud Computing Center, were well-received by important customers. China Telecom (National) Digital Qinghai Green Big Data Center, the Group's general contracting project, was the first 100% traceable clean energy green big data center in China, which was also the first big data center as an exemplary model built with source-grid-load-storage integration, green energy and smart supply system.
- 2. Achieving breakthroughs in the capability of developing “Smart Products and Platforms”.** The Group intensively developed the markets of several key fields by announcing and launching its proprietary and controllable R&D and technology middle platforms such as R&D Innovation Middle Platform and Open IoT Platform. In respect of cybersecurity, the Group released platforms such as Enterprise Asset Security Management Platform and Internet Exposure Surveying and Mapping Operation Platform, and has gradually built up a system of cybersecurity products and services which was proprietary, controllable and specialized, thus becoming a participant in the field of cybersecurity. In terms of emergency management, the Group forged the Emergency Management and Rescue Command Platform as well as the Safe Production Monitoring and Risk Warning Platform, and the sales of such proprietary products drove up the value of the contracts from emergency informatization and other businesses to more than RMB1 billion.
- 3. Promoting “Data Production Service” to develop benchmark projects.** The Group put in extensive efforts to promote smart products and solutions such as smart city, smart education and smart park. The value of the new contracts signed regarding the relevant businesses increased by more than 20% year-on-year in the first half of the year.

Successful benchmark cases of integrated smart services continued to rise. For example, the Group supported the New Smart City Construction in Wuchuan County, Guangdong Province, built Smart Campus for the Tianfu Campus of the Civil Aviation Flight University of China and Smart Industrial Park for the Guanggu Nanda Health Industrial Park in Wuhan, Hubei Province.

- 4. Excelling in “Guarding Smart Operation” to gain market recognition.** The Group continued to provide services such as smart supply chain, smart maintenance and smart property management. In the first half of the year, the value of new contracts signed regarding the supply chain business increased by more than 20% year-on-year. The Group provided supply chain services to domestic telecommunications operators, including warehousing, logistics and distribution, participated in IT distribution of relevant well-known e-commerce companies and provided integrated supply chain services, including platform operation, customer service, logistics and distribution, sales and marketing of products in subdivided industries, which were well recognized by customers.

III Focusing on “Five Capabilities” to Build Core Competence in “1 Positioning, 4 Roles”

The Group, as a leading “New Generation Integrated Smart Service Provider” in the industry, further demonstrated its core competence as the “Builder of Digital Infrastructure”, “Provider of Smart Products and Platforms”, “Service Provider of Data Production” and “Guard of Smart Operation” by enhancing its capabilities in market competitiveness, technological innovation, reform impetus, ecosystem collaboration, and risk control. This drove value creation, revenue growth, and promoted high-quality development.

- 1. *Enhancing market competitiveness to bring new growth momentum.*** The Group focused on business expansion in areas such as data center and “Dual Carbon”, and continued to develop integrated general contracting capabilities; it continued to strengthen the synergy in key regions, namely the Beijing-Tianjin-Hebei Area, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Area, and Chengdu-Chongqing Area; it also enhanced its integrated service capability according to customers’ needs and demand; it set up service centers for key customers and strengthened sales and marketing strategies targeted at leading customers in key industries; it further optimized the three-tier marketing system of “province-city-county” to build a professional marketing and sales team; it established a professional team for value enhancement to strengthen subcontracting management and enhance high-quality project delivery capability. The Group also focused on strategically important opportunities arising from “East-to-West Computing Resource Transfer”, and leveraged its advantages of integrating multiple professions and the interconnection of multiple areas by utilizing its consultation capability based on its BIM, and green and low-carbon capabilities, to successfully develop general contracting projects, including Hubei (National) Broadband Research and Development Centre, Data Center Project for Shaanxi Balasu Mine and Coal Preparation Plant, and Anhui Hua’an Securities Building Data Room Project in Binhu.

- 2. *Boosting technological innovation capability to add new impetus to development.*** The Group directed its technological innovation according to strategic planning, continued to step up investment in technology research and development, and optimized research and development management system and production system. In the first half of the year, the Group's investment in research and development increased by over 18% year-on-year. The research and development effort became an important contributor to revenue growth. The Group founded industrial research institutions in various fields, including smart sport, blockchain, digital infrastructure and emergency management, and built a think tank, a prime team, digitalized platforms, products and solutions to serve the industry. The Group forged and launched capabilities middle platforms to promote the digital transformation of technological innovation, which enhanced the management efficiency and quality of production. The Group sought to strengthen the research and development of a series of industrial applications and products, including cybersecurity, digital government, smart education, smart transportation and smart park, to serve customers' needs. The Group undertook projects such as BMW Brilliance Automotive Distributed Photovoltaic Power Generation Project in its new plant in Shenyang, Liaoning Province, and China Telecom (Hunan) Photovoltaic Energy Storage System Construction General Contracting Project, to help customers reduce energy consumption substantially, save energy and reduce emissions. The Group participated in the compilation and drafting of the "Construction Plan of National Hub Node Integrated Computing Power Network in Yangtze River Delta Region" which was approved by relevant government authority.
- 3. *Adding impetus to reform and inducing vitality for development.*** The Group continued to optimize the modern enterprise system and deepen the reform of both China Comservice Supply Chain Management Company Ltd., a subsidiary of the Group, and of its property business. The Group continued to improve the market-oriented business operation mechanism by thoroughly carrying out subdivision assessment and providing incentives for operating units at basic level and further facilitating centralized procurement; the Group pressed on with the reform of human resources system through optimizing its incentive mechanism and building up a team of core young talents. As directed by results contribution, the Group comprehensively implemented the tenure system and contract management measures for the management level, as well as the Share Appreciation Rights Incentive Scheme. Such initiatives were directed at key talents, technology talents and experts who had made distinguished contribution. This helped to create a people-oriented and talent-oriented working environment.
- 4. *Bolstering collaboration with ecosystem to build new drivers of development.*** The Group continued to strengthen the synergy within the enterprise, the industry, the value chain of the industry and the supply chain. The Group sought to foster effective collaboration with telecommunications operator customers, non-operator customers and business partners along the value chain of the industry in various areas, including data center construction, 5G applications, and green and low-carbon practices. The Group actively formed partnerships with companies which were competitive with unique technological advantages to build

integrated service capabilities as new driver of development and to promote the building of a unified, open, and orderly competitive value chain and ecosystem. The Group also entered into strategic cooperation agreement with multiple partners within the ecosystem of cybersecurity to jointly provide smart solutions.

- 5. *Enhancing risk control capability to take up new challenges in development.*** The Group continued to implement risk prevention measures prudently and precisely. Among which, the Group sought to improve the risk prevention system and work mechanism throughout the whole process and the whole value chain of its business. The Group put effort to strengthen its fundamental management, refine policies and mechanisms, improve internal control processes, as well as to enhance its capability to prevent and control operational risks. The Group strove to mitigate the risks brought by dynamic changes in business conditions, the concurrent pandemic outbreak in multiple regions and instability in some overseas regions to ensure stable development.

IV Environmental, Social and Governance (ESG)

As a “New Generation Integrated Smart Service Provider”, the Group persisted in integrating ESG responsibilities into its corporate production and operation management by strictly complying with laws and regulations, standardizing operation, and adopting green practices in operation to ensure its healthy and sustainable development.

While actively participating in the project construction and the provision of key communications support services to the “Beijing 2022 Winter Olympic and Paralympic Winter Games”, the Group was committed to providing communications support for key events, including the meeting celebrating the 25th anniversary of Hong Kong’s return to the motherland and the inaugural ceremony of the sixth-term government of the Hong Kong Special Administrative Region and the flight of China’s new carrier rocket, Long March-8.

The Group actively responded to the requirements of the national “Dual Carbon” strategy, formulating and implementing a plan for green, low-carbon practices and related action plans. The Group provided energy-saving retrofit services for China Telecom Beijing Yongfeng IDC Data Center, which was expected to reduce energy consumption by more than 20%.

The Group actively participated in community voluntary services and provided emergency services such as communications network operation and maintenance services, maintenance services for online platforms for pandemic prevention and module hospitals communications network construction services in regions that were affected by the sudden spread of pandemic, including Shanghai, Guangdong and Hong Kong. The Group assisted in pandemic precise prevention as well as the resumption of work and production by developing “Digital Sentinel” and other anti-epidemic informatization products and services. The Group promptly provided emergency communications support services and emergency repair of communications network in major

natural disaster incidents such as the earthquake that struck Ya'an in Sichuan, the flood that hit Qiandongnan Prefecture in Guizhou, and in emergency incidents such as the China Eastern Airlines Flight MU5735 aircraft accident.

The Group strengthened the effective coordination between poverty alleviation and rural revitalization, and assisted the development of special industries of the rural villages in poverty alleviation areas. By facilitating the key work of digital village construction, carrying out poverty alleviation work through stimulating consumption, the Group took initiatives in the matching of production and marketing activities.

By means of prompt and full settlement of outstanding payables, rent concession, fee reduction and quality improvement, the Group effectively helped small and medium-sized enterprises to alleviate financial difficulties, reduce operating costs and get through the difficult times amid the pandemic.

The Group attaches great importance to corporate governance, and keeps strengthening board practices as well as improving corporate governance. The Group has won recognition of the capital market for its good performance in corporate governance. The Group ranked 102th in the “2022 FORTUNE China 500” and ranked 1,649th in the “2022 Forbes Global 2000”. It was awarded the title of “Most Honored Company” in the “2022 Asia Executive Team Rankings” by *Institutional Investor*, in the telecommunications sector in the Overall (Small & Midcap) category, and ranked first in a few award categories, including “Best CEO” and “Best CFO”.

V Outlook

Currently, digital economy is driving a profound reform in the mode of production, lifestyle and governance, which has become a powerful driver of the sustainable and healthy development of the economy and society. Adhering to the strategic position of “1 Positioning, 4 Roles” and being committed to its corporate mission of “Building Smart Society, Boosting Digital Economy, Serving a Good Life”, the Group will participate in the digitalization revolution more actively, continue to seek new opportunities in the new development phase, fulfil new development mission, and form new landscape of development. By adhering to its overall roadmap of “value-driven, seeking steady yet progressive growth and high-quality development”, the Group continues to optimize its market deployment, focus on high-value customers and expand into high-value fields. As a customer-centric company, the Group will satisfy customers’ demand for professional, integrated and customized services, and continue to strengthen its efficient and high-quality integrated service capabilities. By forging ahead with technological innovation as the key to its development, increasing investment in research and development, optimizing technological innovation system, and focusing on developing proprietary technology of digital applications, the Group will accelerate its transformation towards technology-oriented enterprise. The Group will strive to achieve breakthroughs in the proprietary applications of technologies such as cloud, big data, IoT and artificial intelligence, as well as integrated solutions applicable to social, industrial and enterprise transformation. The Group will continue to refine its core enterprise platforms such as platforms for emergency and cybersecurity, keep exporting its expertise, keep innovating

proprietary technologies of conventional fields such as engineering and design and speed up the construction of research institutes that specialized in blockchain, smart city, data center and green technology for dual carbon. The Group will also optimize its deployment in ecosystem, further enrich the connotation of a “New Generation Integrated Smart Service Provider” and improve its capabilities so as to create more value for shareholders, customers, employees and society at large.

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 care and support, and deeply thank all of our employees for their continued dedication and hard work. I would also like to express my sincere gratitude to Mr. Mai Yanzhou, who resigned as non-executive director, Mr. Wu Taishi and Mr. Liu Linfei, who resigned as the independent non-executive directors, Mr. Hai Liancheng, the resigned independent supervisor and Mr. Si Jianfei, the resigned employee representative supervisor, for their remarkable and outstanding contribution to the development of the Group during their tenure; I would also like to extend my sincere welcome to Mr. Wang Qi and Mr. Wang Chungge who have joined the Board, and Ms. Cai Manli and Ms. Liu Lian who have joined the Supervisory Committee, respectively.

Liu Guiqing

Chairman

Beijing, PRC

25 August 2022

GROUP RESULTS

China Communications Services Corporation Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 extracted from the unaudited financial information of the Group as set out in its 2022 Interim Report.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenues	4	69,253,054	64,099,151
Cost of revenues	5	<u>(61,959,523)</u>	<u>(57,266,212)</u>
Gross Profit		7,293,531	6,832,939
Other income	6	940,290	842,304
Selling, general and administrative expenses		(5,920,198)	(5,496,844)
Other expenses		(76,212)	(64,766)
Finance costs	7	(42,401)	(33,761)
Share of profits of associates and joint ventures		<u>39,125</u>	<u>34,370</u>
Profit before tax	8	2,234,135	2,114,242
Income tax	9	<u>(277,051)</u>	<u>(291,795)</u>
Profit for the period		<u>1,957,084</u>	<u>1,822,447</u>
Attributable to:			
Equity shareholders of the Company		1,895,576	1,811,462
Non-controlling interests		<u>61,508</u>	<u>10,985</u>
Profit for the period		<u>1,957,084</u>	<u>1,822,447</u>
Basic/diluted earnings per share (RMB)	12	<u>0.274</u>	<u>0.262</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Profit for the period		<u>1,957,084</u>	<u>1,822,447</u>
Other comprehensive income/(expense) (after tax)	10		
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		122,096	(158,839)
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>17,275</u>	<u>(7,444)</u>
		<u>139,371</u>	<u>(166,283)</u>
Total comprehensive income for the period		<u><u>2,096,455</u></u>	<u><u>1,656,164</u></u>
Attributable to:			
Equity shareholders of the Company		2,034,744	1,645,209
Non-controlling interests		<u>61,711</u>	<u>10,955</u>
Total comprehensive income for the period		<u><u>2,096,455</u></u>	<u><u>1,656,164</u></u>

Condensed Consolidated Statement of Financial Position

At 30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	RMB'000 (unaudited)	RMB'000 (audited)
Non-current assets			
Property, plant and equipment, net		6,164,781	6,212,786
Right-of-use assets		2,537,728	2,422,952
Investment properties		1,730,765	1,729,906
Construction in progress		433,691	576,405
Goodwill		103,005	103,005
Intangible assets		663,123	683,477
Interests in associates and joint ventures		1,258,020	1,285,547
Financial assets at fair value through profit or loss		160,556	111,330
Equity instruments at fair value through other comprehensive income		3,834,500	3,672,472
Deferred tax assets		899,759	758,187
Other non-current assets		5,863,968	3,196,158
Total non-current assets		<u>23,649,896</u>	<u>20,752,225</u>
Current assets			
Inventories		1,537,739	1,492,011
Accounts and bills receivable, net	13	23,154,299	18,254,155
Contract assets, net	14	24,608,942	21,534,745
Prepayments and other current assets		13,210,413	11,102,020
Financial assets at fair value through profit or loss		1,457,250	3,364,554
Restricted deposits		1,346,727	2,357,234
Cash and cash equivalents		18,039,422	21,171,025
Total current assets		<u>83,354,792</u>	<u>79,275,744</u>
Total assets		<u>107,004,688</u>	<u>100,027,969</u>
Current liabilities			
Interest-bearing borrowings		761,037	723,024
Accounts and bills payable	15	42,849,020	36,319,980
Current portion of lease liabilities		450,386	490,859
Contract liabilities	16	8,922,978	11,449,171
Accrued expenses and other payables		10,854,061	9,090,865
Income tax payable		361,390	239,624
Total current liabilities		<u>64,198,872</u>	<u>58,313,523</u>
Net current assets		<u>19,155,920</u>	<u>20,962,221</u>
Total assets less current liabilities		<u>42,805,816</u>	<u>41,714,446</u>

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2022

	30 June 2022	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Non-current liabilities		
Interest-bearing borrowings	88,930	89,808
Lease liabilities	1,227,778	1,071,944
Other non-current liabilities	217,792	197,623
Deferred tax liabilities	764,113	744,951
	<u>2,298,613</u>	<u>2,104,326</u>
Total non-current liabilities	2,298,613	2,104,326
	<u>66,497,485</u>	<u>60,417,849</u>
Total liabilities	66,497,485	60,417,849
Equity		
Share capital	6,926,018	6,926,018
Reserves	32,316,353	31,481,196
	<u>39,242,371</u>	<u>38,407,214</u>
Equity attributable to equity shareholders of the Company	39,242,371	38,407,214
Non-controlling interests	1,264,832	1,202,906
	<u>40,507,203</u>	<u>39,610,120</u>
Total equity	40,507,203	39,610,120
	<u>107,004,688</u>	<u>100,027,969</u>
Total liabilities and equity	107,004,688	100,027,969

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 2021 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.

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 2021, except as described below.

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

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020

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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from telecommunications infrastructure services	35,049,501	34,547,384
Revenue from business process outsourcing services	21,536,968	19,787,107
Revenue from applications, content and other services	12,666,585	9,764,660
	<u>69,253,054</u>	<u>64,099,151</u>

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 2022 amounted to RMB22,725 million and RMB8,978 million, respectively (six months ended 30 June 2021: RMB19,121 million and RMB9,481 million, respectively), being 32.8% and 13.0% of the Group's total revenues, respectively (six months ended 30 June 2021: 29.8% and 14.8%, respectively). The revenues derived from areas outside Mainland China for the six months ended 30 June 2022 amounted to RMB1,551 million (six months ended 30 June 2021: RMB1,377 million).

For the six months ended 30 June 2022, 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 RMB28,608 million, RMB8,910 million and RMB8,360 million, respectively (six months ended 30 June 2021: 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 and supply chain service included in business process outsourcing services, the revenues derived from which amounted to RMB27,480 million, RMB7,914 million and RMB6,433 million, respectively). Revenues from contracts with non-telecom operators for construction included in telecommunications infrastructure services amounted to RMB15,300 million (six months ended 30 June 2021: RMB15,017 million).

5. COST OF REVENUES

Six months ended 30 June

2022 2021

RMB'000 RMB'000

Subcontracting charges	38,063,019	34,747,460
Materials costs	10,896,460	8,830,182
Direct personnel costs	4,029,803	4,123,111
Direct costs of products distribution	2,032,762	2,026,751
Expense relating to short-term leases and leases of low-value assets	580,360	550,050
Depreciation and amortisation	469,534	428,022
Others	5,887,585	6,560,636
	<u>61,959,523</u>	<u>57,266,212</u>

6. OTHER INCOME

Six months ended 30 June

2022 2021

RMB'000 RMB'000

Interest income	247,017	164,260
Dividend income from equity instruments	176,683	161,695
Management fee income	151,853	152,906
Input tax credits	129,156	116,807
Government grants	124,164	116,117
Investment income and fair value gains on wealth management products and structured deposits	44,185	82,545
Gain on disposal of property, plant and equipment, intangible assets and right of assets	7,067	5,755
Penalty income	4,852	1,821
Others	55,313	40,398
	<u>940,290</u>	<u>842,304</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest on bank and other borrowings	13,126	9,310
Interest on lease liabilities	29,275	24,451
	<u>42,401</u>	<u>33,761</u>

For the six months ended 30 June 2022, no borrowing costs were capitalised in relation to construction in progress (six months ended 30 June 2021: nil).

8. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
(a) Staff costs:		
Salaries, wages and other benefits	7,310,779	7,071,360
Contributions to defined contribution retirement schemes	817,487	794,734
	<u>8,128,266</u>	<u>7,866,094</u>
(b) Other items:		
Amortisation	82,822	81,519
Depreciation	704,451	647,712
Materials costs	10,896,460	8,830,182
Direct costs of products distribution	2,032,762	2,026,751
Inventory write-down and losses, net of reversals	21,575	21,885
Impairment losses recognised and reversed on accounts receivable, other receivables, contract assets and others, net	118,247	47,723
Expense relating to short-term leases and leases of low-value assets	663,808	632,176

The selling expenses, general and administrative expenses, research and development costs and others of the Group are RMB1,119 million, RMB2,576 million, RMB1,924 million and RMB301 million (six months ended 30 June 2021: RMB1,132 million, RMB2,519 million, RMB1,623 million and RMB223 million) respectively for the six months ended 30 June 2022.

9. INCOME TAX

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	439,393	285,405
Deferred tax	<u>(162,342)</u>	<u>6,390</u>
Total income tax	<u><u>277,051</u></u>	<u><u>291,795</u></u>

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

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u><u>2,234,135</u></u>	<u><u>2,114,242</u></u>
Expected income tax expense at a statutory tax rate of 25% (six months ended 30 June 2021: 25%)	558,534	528,561
Differential/preferential tax rates on subsidiaries' income (<i>note (i)(ii)</i>)	(141,584)	(143,929)
Non-deductible expenses (<i>note (iii)</i>)	75,743	59,641
Non-taxable income	(94,392)	(68,144)
Tax losses not recognised	42,032	62,471
Utilisation of previously unrecognised tax losses	(4,085)	(21,006)
Over provision in respect of prior years	(14,203)	(16,476)
Additional deduction of research and development expenses (<i>note (iv)</i>)	<u>(144,994)</u>	<u>(109,323)</u>
Income tax	<u><u>277,051</u></u>	<u><u>291,795</u></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 2022 and 2021, 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 2021: 15%, 15%, 10%).
- (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 75% (six months ended 30 June 2021: 75%) additional deduction for tax reporting purpose.

10. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Changes in fair value of equity instruments at fair value through other comprehensive income/(expense) recognised during the period	162,028	(211,655)
Net deferred tax (charged)/credited to other comprehensive income/(expense)	(39,932)	52,816
Exchange differences on translation of financial statements	<u>17,275</u>	<u>(7,444)</u>
Other comprehensive income/(expense) for the period	<u><u>139,371</u></u>	<u><u>(166,283)</u></u>

11. 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 2022 (six months ended 30 June 2021: nil).

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the period of RMB0.1641 per share (2021: RMB0.1335 per share)	1,136,560	924,623
Special dividend in respect of the previous financial year, approved during the period of RMB0.0091 per share (2021: RMB0.0267 per share)	<u>63,027</u>	<u>184,925</u>
	<u><u>1,199,587</u></u>	<u><u>1,109,548</u></u>

No final dividend or special dividend was paid during the six months ended 30 June 2022 and 2021.

12. 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 2022 of RMB1,896 million (six months ended 30 June 2021: RMB1,811 million) and the number of shares in issue during the six months ended 30 June 2022 of 6,926,018 thousand shares (six months ended 30 June 2021: 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.

13. ACCOUNTS AND BILLS RECEIVABLE, NET

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Bills receivable	428,060	405,956
Accounts receivable	<u>24,489,294</u>	<u>19,542,192</u>
	24,917,354	19,948,148
Less: allowance for credit losses	<u>(1,763,055)</u>	<u>(1,693,993)</u>
	<u>23,154,299</u>	<u>18,254,155</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 2022 RMB'000	At 31 December 2021 RMB'000
Current	1,753,522	1,112,606
Within 1 year	18,414,908	14,636,676
After 1 year but less than 2 years	2,217,577	1,729,092
After 2 years but less than 3 years	515,151	542,481
After 3 years but less than 4 years	124,203	99,950
After 4 years but less than 5 years	35,557	36,257
Over 5 years	<u>93,381</u>	<u>97,093</u>
	<u>23,154,299</u>	<u>18,254,155</u>

14. CONTRACT ASSETS, NET

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Telecommunications infrastructure services	20,074,999	17,771,357
Business process outsourcing services	1,411,211	1,381,365
Applications, content and other services	<u>3,398,840</u>	<u>2,621,771</u>
	24,885,050	21,774,493
Less: allowance for credit losses	<u>(276,108)</u>	<u>(239,748)</u>
	<u>24,608,942</u>	<u>21,534,745</u>

14. CONTRACT ASSETS, NET (Continued)

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 2022 RMB'000	At 31 December 2021 RMB'000
Accounts payable	39,475,734	32,759,611
Bills payable	<u>3,373,286</u>	<u>3,560,369</u>
	<u>42,849,020</u>	<u>36,319,980</u>

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 year	40,192,344	34,147,550
After 1 year but less than 2 years	1,680,958	1,226,760
After 2 years but less than 3 years	439,137	459,884
Over 3 years	<u>536,581</u>	<u>485,786</u>
	<u>42,849,020</u>	<u>36,319,980</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 2022 RMB'000	At 31 December 2021 RMB'000
Telecommunications infrastructure services	6,831,599	8,626,944
Other services	<u>2,091,379</u>	<u>2,822,227</u>
	<u>8,922,978</u>	<u>11,449,171</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 2022, the Group continued to adhere to the overall roadmap of “value-driven, seeking steady yet progressive growth and high-quality development” and positioned itself as a “New Generation Integrated Smart Service Provider”. While facing the complicated dynamics at home and abroad, the Group seized significant strategic opportunities from national digital economy, East-To-West Computing Resource Transfer and Dual Carbon, overcame the impacts of the pandemic, thus realizing favourable growth of operating results, with the total revenues amounting to RMB69,253 million, representing an increase of 8.0% compared to RMB64,099 million in the first half of 2021.

Revenue by Business

In the first half of the year, the revenue from telecommunications infrastructure (“TIS”) services was RMB35,049 million, representing a year-on-year increase of 1.5%. Revenue from business process outsourcing (“BPO”) services was RMB21,537 million, representing a year-on-year increase of 8.8%. Revenue from applications, content and other (“ACO”) services was RMB12,667 million, representing a year-on-year increase of 29.7%.

During the first half of the year, the resurgence of the pandemic in many cities of China had caused relatively large impact on businesses such as construction, so the growth of TIS revenue slowed down. In response to the pandemic, the Group proactively pressed on with the resumption of work and production on the premise of ensuring safe production. The Group grasped the demand in industrial digitalization firmly and seized development opportunities of traditional industrial digitalization and intelligentization reform, and made effort to strengthen innovation as well as research and development continuously by iterative upgrade on its smart products and solutions. The above efforts stimulated our business development, such as system integration and software development businesses, thus making ACO services continued to be our fastest-growing business and became the biggest contribution to overall operating revenue increment. Among which, revenue from system integration business amounted to RMB8,360 million, representing a rapid year-on-year increase of 34.5%; revenue from software development and system support businesses amounted to RMB1,987 million, representing a rapid year-on-year increase of 26.6% and maintaining a more than 20% growth for three consecutive years.

Revenue by Market

During the first half of 2022, the Group’s revenue from the domestic telecommunications operator market amounted to RMB36,529 million, representing a year-on-year increase of 9.2%. Revenue from the domestic non-operator market amounted to RMB31,173 million, representing a year-on-year increase of 6.5%. Revenue from the overseas market amounted to RMB1,551 million, representing a year-on-year increase of 12.7%.

During the first half of 2022, the Group persisted in the “CAPEX + OPEX + Smart Applications” development strategy and seized business opportunities from domestic telecommunications operators in their expansion on government and enterprise businesses as well as the development on industrial digitalization business. The Group proactively engaged in the whole process of operators’ transformation and strengthened its market competitiveness, 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, optimize business structure, transform development towards high-value fields and strengthen growth momentum, hence revenue from such market maintained a steady growth.

Cost of Revenues

In the first half of 2022, the cost of revenues of the Group amounted to RMB61,960 million, representing a year-on-year increase of 8.2%. Among which, direct personnel costs amounted to RMB4,030 million, representing a decrease of 2.3% from RMB4,123 million in the first half of 2021; subcontracting charges amounted to RMB38,063 million, representing an increase of 9.5% from RMB34,747 million in the first half of 2021; materials costs amounted to RMB10,896 million, representing an increase of 23.4% from RMB8,830 million in the first half of 2021. The Group strictly controlled its costs and initiated measures for efficiency enhancement effectively, and allocated controllable costs proactively and reasonably with its business development needs and enhanced effectiveness and efficiency with the same amount of resources input. The reason for the relatively fast increase in materials costs was mainly due to the optimization of the Group’s business model and its initiative in undertaking major projects in general contracting model. Besides, the fast growth of system integration business, which involved relatively more material costs, also drove the rise of materials costs.

Gross Profit

In the first half of 2022, the Group recorded gross profit of RMB7,293 million, representing an increase of 6.7% from RMB6,833 million in the first half of 2021. The Group’s gross profit margin in the first half of 2022 was 10.5%, representing a decrease of 0.2 percentage point from 10.7% in the first half of 2021. As affected by multiple factors, including the decrease of business unit price, impact posed by the pandemic and the increase of rigid costs of the Group, gross profit margin of the Group in the first half of the year decreased. Meanwhile, the Group endeavoured to improve its gross profit margin through uplifting its business value creation capabilities, continuous enhancement of project management and cost control, as well as the implementation of cost reduction and efficiency enhancement measures. As a result, the decline of gross profit margin moderated compared with that in the previous year. With the Group’s deployment in digital economy, smart society and new infrastructure areas starting to bear fruit, and the further implementation of efficiency enhancement tasks, it is expected that the Group’s gross profit margin will be stabilized in the future.

Selling, General and Administrative Expenses

In the first half of 2022, the selling, general and administrative expenses of the Group were RMB5,920 million, representing an increase of 7.7% from RMB5,497 million in the first half of 2021. The growth rate of selling, general and administrative expenses was lower than the growth rate of the cost of revenues since the Group undertook effective cost reduction and efficiency enhancement measures. The selling, general and administrative expenses of the group accounted for 8.5% of the total revenues, representing a decrease of 0.1 percentage point over the same period of the last year.

Profit Attributable to Equity Shareholders of the Company

In the first half of 2022, profit attributable to equity shareholders of the Company was RMB1,896 million, representing an increase of 4.6% from RMB1,811 million in the first half of 2021.

Cash Flow

The Group recorded a net cash outflow of RMB3,170 million in the first half of 2022, as compared to a net cash outflow of RMB3,154 million in the first half of 2021. The changes in the macroeconomic environment and the pandemic impact caused delay in accounts receivables settlement from the Group's customers, and led to an increase in cash outflow from operating activities. The Group persists in enhancing its working capital management and will continue to strengthen relating measures to maintain cash flow at a healthy level.

Assets and Liabilities

The Group continued to maintain its solid financial position. As of 30 June 2022, the Group's total assets was RMB107,005 million, representing an increase of RMB6,977 million from RMB100,028 million as of 31 December 2021. Total liabilities was RMB66,497 million, representing an increase of RMB6,079 million from RMB60,418 million as of 31 December 2021. The liabilities-to-assets ratio was 62.1%, which slightly increased compared with that as of 31 December 2021.

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 2022.

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 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. Throughout the six months ended 30 June 2022, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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 2022.

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 2021 Annual Report.

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

During the six months ended 30 June 2022, 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 2022 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 development of 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

25 August 2022

As at the date of this announcement, our executive directors are Mr. Liu Guiqing, Mr. Huang Xiaoqing and Ms. Zhang Xu, our non-executive directors are Mr. Gao Tongqing 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 Chung.