



中国通信服务  
CHINA COMSERVICE

CHINA COMMUNICATIONS SERVICES CORPORATION LIMITED

Stock Code : 00552.HK

**PENETRATING  
STRATEGIC EMERGING INDUSTRIES**

**ACHIEVING  
HIGH-QUALITY SUSTAINABLE DEVELOPMENT**

**2024 Interim Results**  
**27 August 2024**

## Management Present

- **EXECUTIVE DIRECTOR,  
CHAIRMAN** *MR. LUAN XIAOWEI*
- **EXECUTIVE DIRECTOR,  
PRESIDENT** *MR. YAN DONG*
- **EXECUTIVE DIRECTOR,  
EXECUTIVE VICE PRESIDENT & CFO** *MR. SHEN AQIANG*
- **EXECUTIVE VICE PRESIDENT** *MR. ZHANG HAO*

# Agenda



**Overview**



**Business  
Review**



**Financial  
Results**



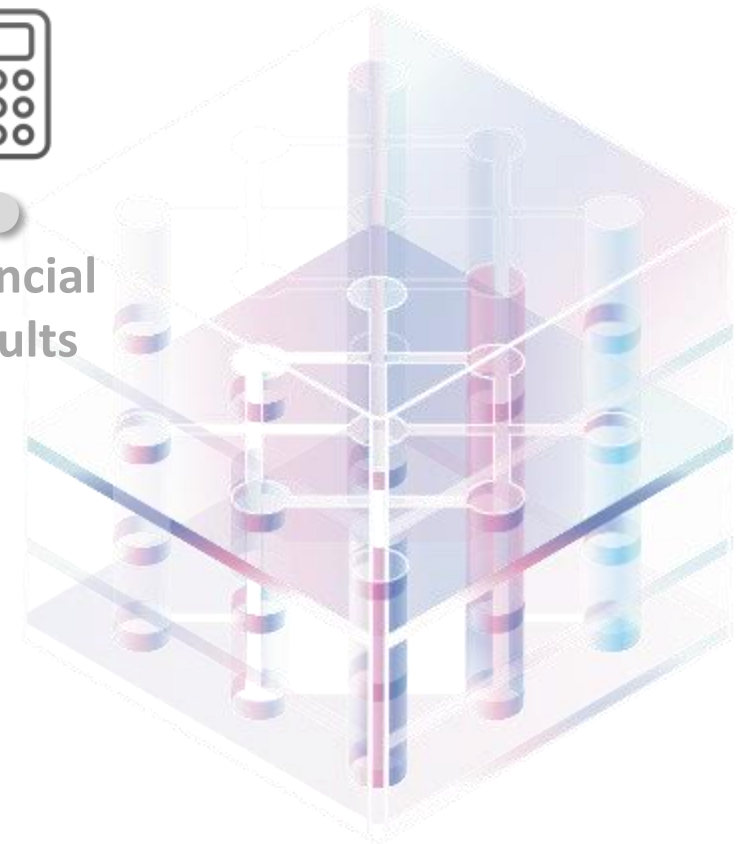
**Overview**



●  
Business  
Review



●  
Financial  
Results



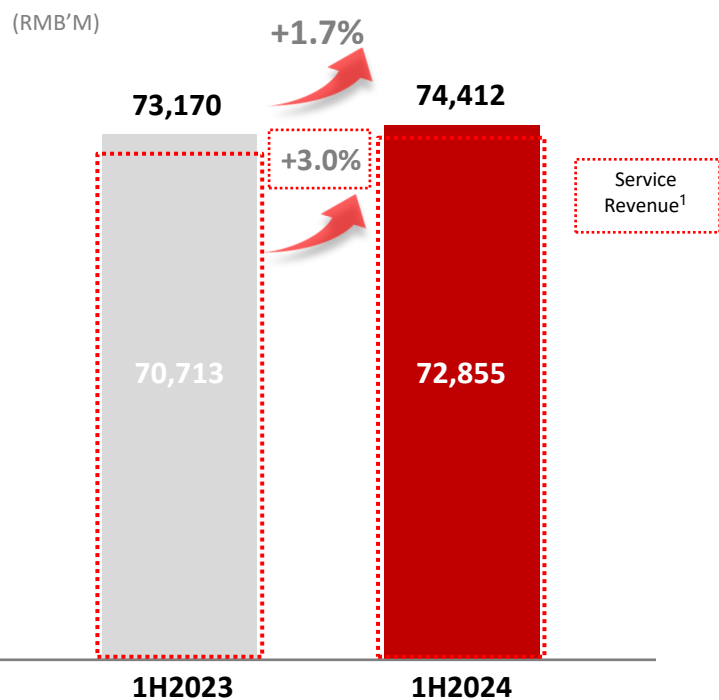
## Highlights

- **Responding to External Changes Effectively and Achieving Steady Yet Enhanced Operating Results**
- **Implementing Quality and Efficiency Improvement Measures, Gross Profit Margin Continued an Upward Trend**
- **Achieving Remarkable Results in Strategic Deployment, Strategic Emerging Businesses Led Overall Growth**
- **Leveraging Technological Innovation as the Lead to Enhance Core Competitiveness of the Company**
- **Adhering to High-quality Development Strategy and Strengthening Core Competitive Advantages**

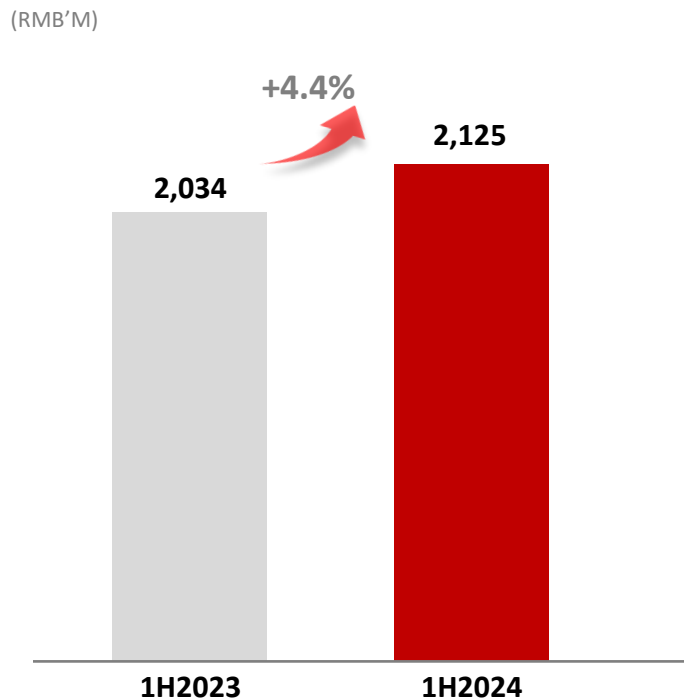
# Results Overview (1): Overall Results were Steady with Favorable Trend

## Achieved “Effective Improvement in Quality, Reasonable Growth in Quantity”

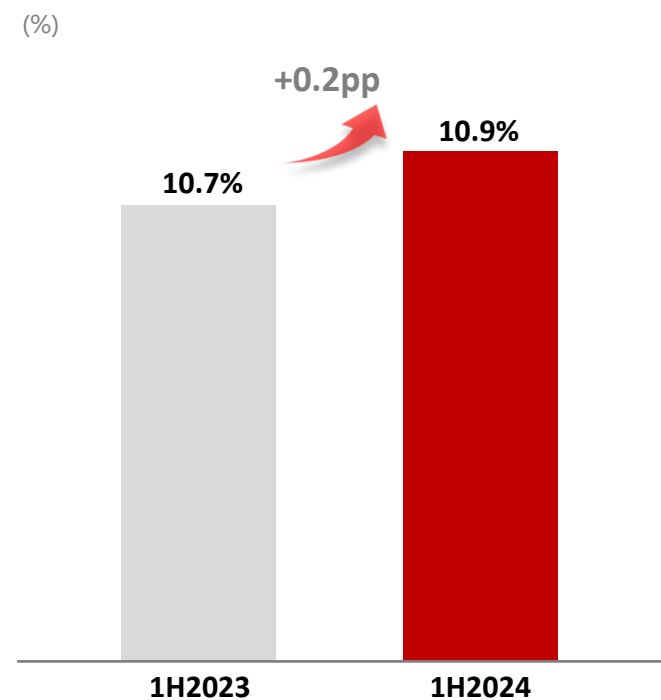
### Revenue Grew Steadily



### Net Profit<sup>2</sup> Growth Rate was Higher than Revenue Growth by 2.7 pp



### Gross Profit Margin Continued its Positive Recovery Trend in Recent Years



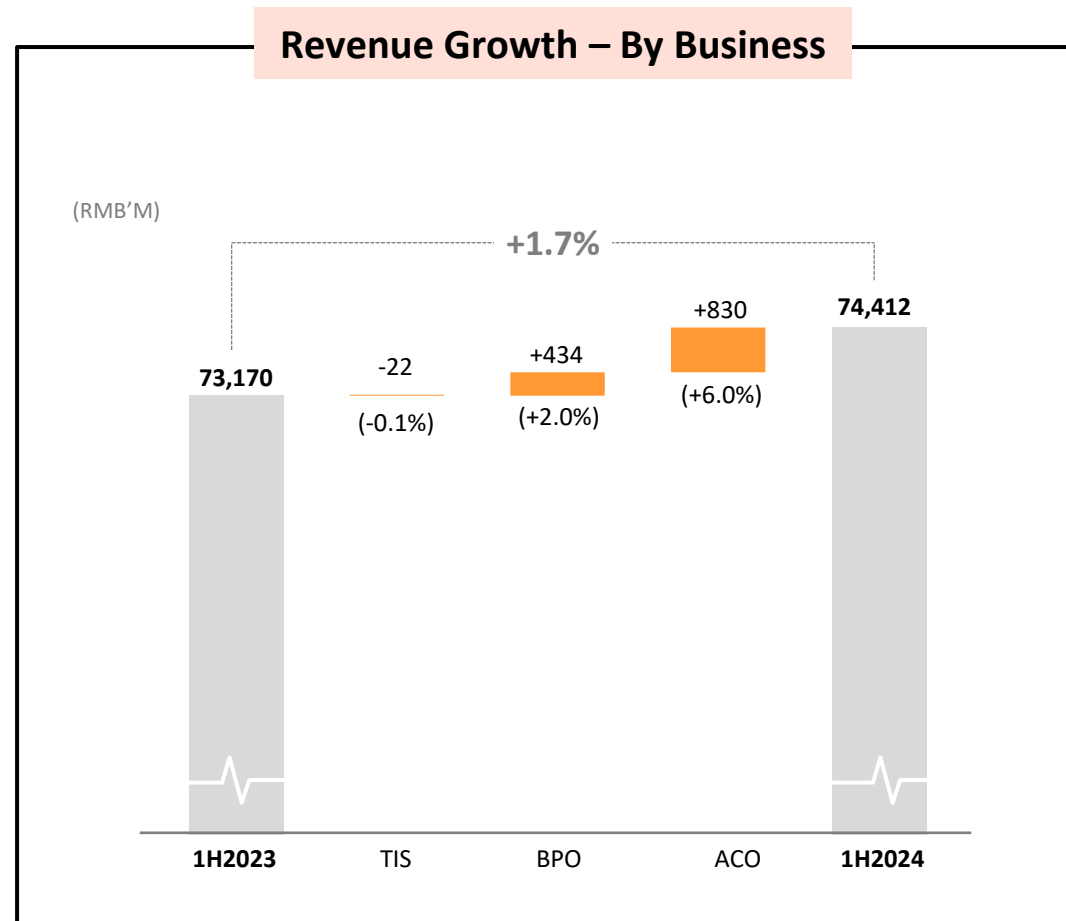
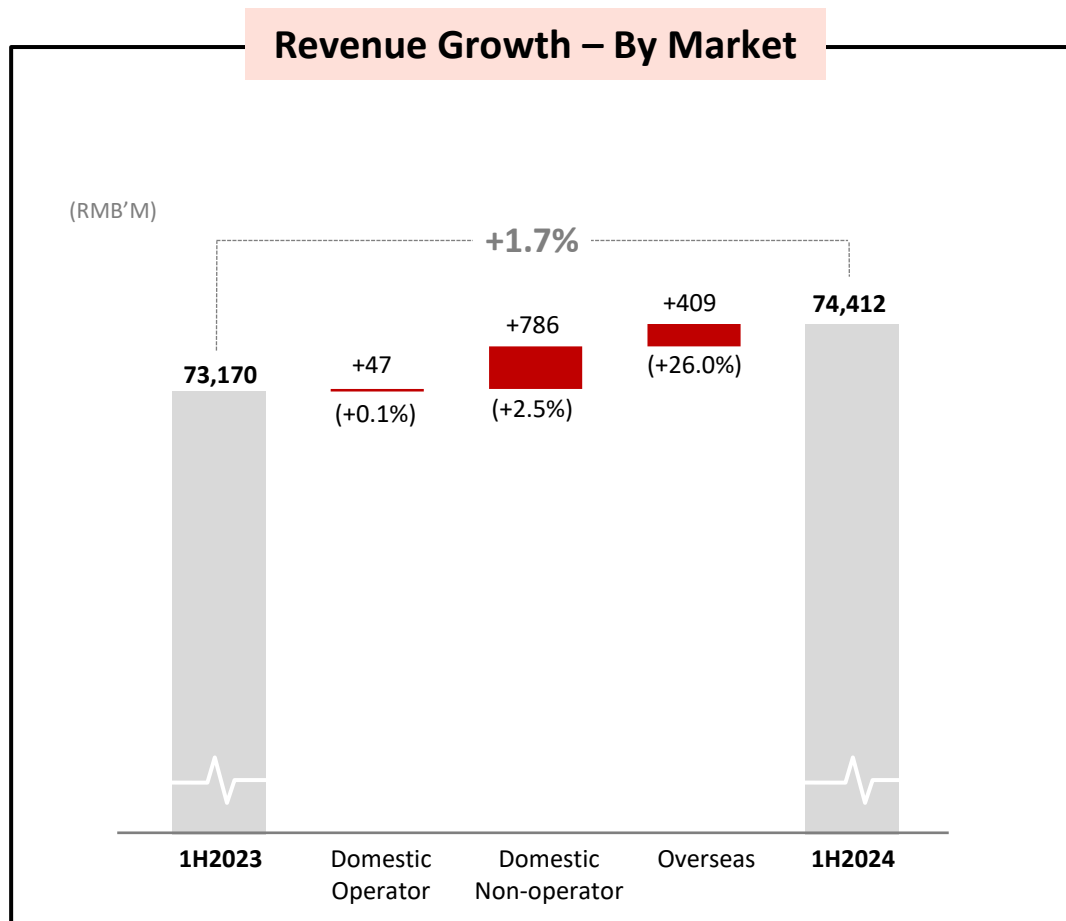
(1) Service Revenue = Total Revenues - Revenue from Products Distribution - Revenue from IT Equipment Supplies in System Integration. Please refer to p.14 for details.

(2) In this material, net profit refers to profit attributable to equity shareholders of the Company.

Note: unless specified, all amounts are in RMB in this material.

## Results Overview (2): Steady Business Development with Enhancement

Seized the Opportunities from AI Computing Power Construction, In-depth Development of Digital Transformation, and Green Transformation



(1) In this material, TIS, BPO and ACO refer to Telecommunications Infrastructure Services, Business Process Outsourcing Services and Applications, Content and Other Services respectively. Please refer to p.14 for details.

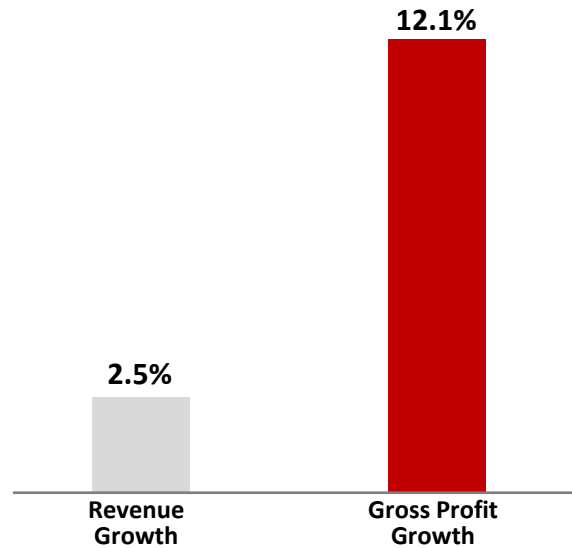
(2) Domestic Non-operator refers to Domestic Non-telecom Operator Market.

## Results Overview (3): Significant Enhancement in Business Quality

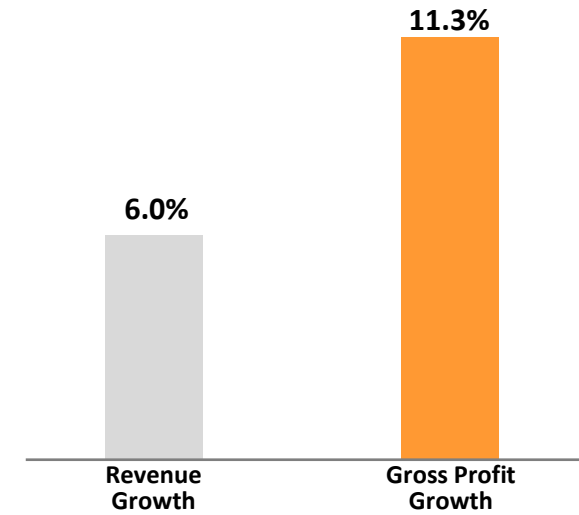
### Profit Growth Reached Double Digits

By market and business, domestic non-operator market and ACO business were the revenue growth drivers respectively, both of their gross profit margins improved

#### Domestic Non-operator Market



#### ACO Business



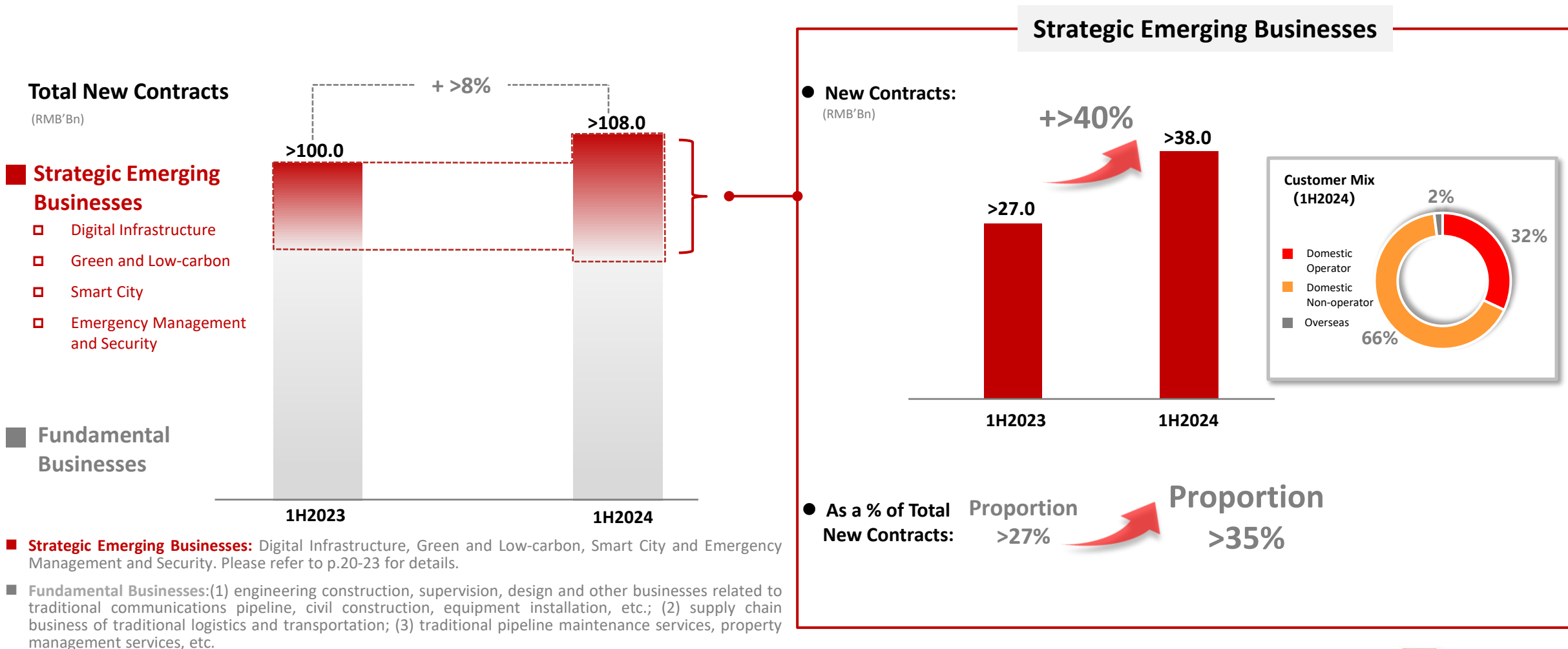
(1) The data above represents the change in the first half of 2024 compared to the same period of last year.



# Strategic Emerging Businesses (1): Reaped Remarkable Results in Deployment, New Momentum Formed

## Strategic Emerging Businesses Became the Major Driver of New Contract Growth

Further Acceleration in Strategic Emerging Industries Deployment, Formation of New Quality Productive Forces Expedited



Note: There may be some overlap in projects across the four sectors of strategic emerging businesses. To avoid double-counting, the overlapped projects were removed from the total contracts for strategic emerging businesses.

# Strategic Emerging Businesses (2): Seizing Ample Opportunities, Strengthening and Optimizing our Development in Four Sectors

## Target Specific Scenarios and our Advantageous Sectors for Deep Cultivation and Penetration



### Green and Low-carbon

New Contracts  
+>60%

- **Advantages:** Transferring and extending our traditional service advantages in digital infrastructure to green and low-carbon business, giving full play to our "consultation, construction, operation and maintenance as well as digitalization capabilities" to provide digitalization, whole-process green and low-carbon solutions
- **Results:** Won a number of photovoltaic projects with contract value over RMB 100 million each during the period, and the new contract growth was the fastest among the four strategic emerging businesses (of which, new energy projects contributed the most to new contract growth, up by more than 100%)



### Smart City

New Contracts  
+>40%

- **Advantages:** We have accumulated over 10 years of vast experience, and give full play to our edges in three core capabilities, i.e. top-level design, software R&D, implementation and delivery, and our nationwide service capability covering the three-tiers in provinces, municipalities and counties
- **Results:** Won multiple EPC general contracting projects with contract value over RMB 10 million each during the period, covering digital government, smart transportation, smart building and smart education, and some projects even reached a scale of RMB 100 million each. Besides, we won large projects even at the county level



### Emergency Management and Security

New Contracts  
+>40%

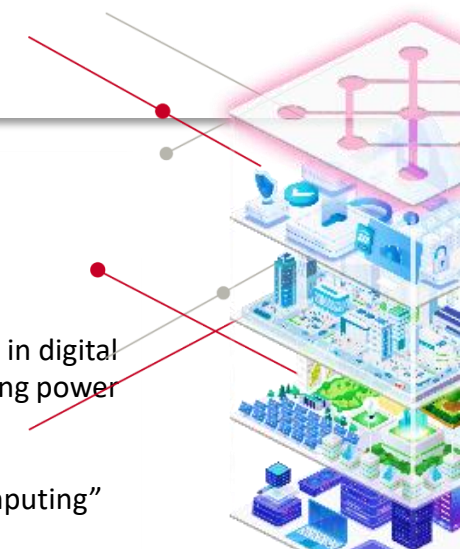
- **Advantages:** Deeply cultivating various sub industries in the field of emergency management and cybersecurity, we have been committed to improving the level of informatization governance of emergency management and security, and have undertaken multiple cybersecurity projects and emergency management projects in the field of national key information infrastructure
- **Results:** Results from the commercialization of our core products emerging, we replicated and promoted the same product to win multiple projects, with industry influence increasing



### Digital Infrastructure

New Contracts  
+>35%

- **Advantages:** We have deeply engaged in information infrastructure construction for operators for more than 70 years, and have become the main force in digital infrastructure construction in China; Applying AI energy efficiency optimization and advanced green and low-carbon solutions, we are capable of improving power usage efficiency, reducing energy consumption and carbon emissions for customers
- **Results:** During the period, we undertook multiple intelligent computing, supercomputing center, AI computing power projects of "East Data, West Computing" computing hubs, as well as the sectors of finance, energy, manufacturing and Internet industries



# Insisting on Technological Innovation as Our Core and Developing Core Products Consistently



## Technological Innovation Constantly Reaping Benefits

- New contracts of ACO business increased by over 23% y-o-y
- Revenue of software development & system support increased by over 11% y-o-y
- New contracts of strategic emerging businesses amounted to about RMB38.0 bn
- Gross profit margin increased by 0.2pp
- .....



## Technological Innovation Results Emerging Continuously

- 10 group-level products, over 80 provincial-level products
- More than 20 AI+ industry application products
- Compiled 8 national standards in 1H2024
- Accumulated 3,600+ authorized patents, 9,700+ software copyrights
- .....



## Technological Innovation Capability Recognized by Industry

- Ranked 4th in “China Software 100” for three consecutive years
- Entered the list of “China Cybersecurity Industry Panorama” by AQNIU
- Entered the list of “New Quality-PRC’s Top 100 Digital Security Companies” by Digital World Consulting
- Awarded First Prize of Science and Technology Award by Chinese Institute of Electronics
- .....

### Smart City

- Park
- Medical and Healthcare
- Enterprise Digital Transformation
- ....

### Green and Low-carbon

- Electricity Infrastructure
- Carbon Management
- New Energy
- ....

### Emergency Management and Security

- Emergency Management Command
- Security Risk Monitoring
- Asset Surveying and Mapping
- ....

### Future Industries

- AI+ Applications
- Internet of Vehicles
- Low-altitude Economy
- ....

## Capability Middle Platforms

Blockchain

IoT

Cloud Computing

Big Data

AI Large Language Model

... ..

## Digital Infrastructure

5G

6G

Data Middle Platform

Smart Server Room

... ..

Combine with Strategic Emerging Business Development

Combine with Comservice Business Development

Equip with Organization

Equip with Talent

Equip with Capital

Equip with Decision

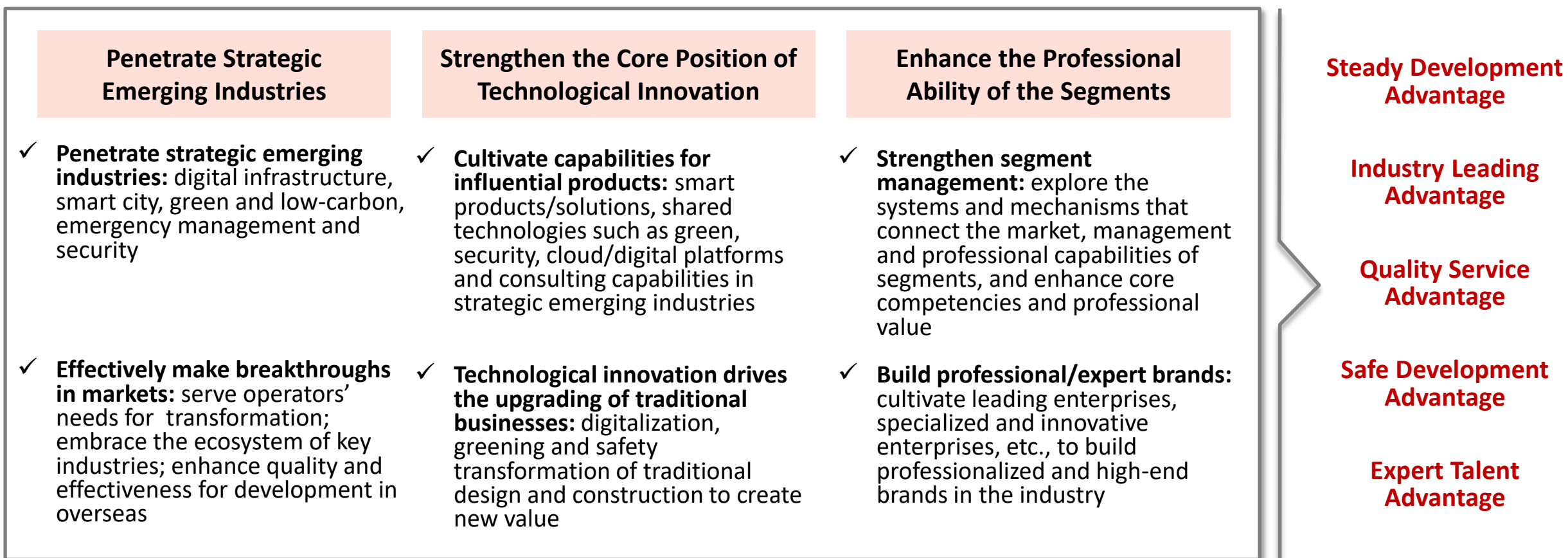
Equip with Incentive

Equip with Results

# Persisting in High-quality Development and Strengthening Competitive Advantages

Adhere to the Positioning of “1 Positioning, 4 Roles<sup>1</sup>”, Continuously Deepen the Enterprise Reform and Transformation, and Accelerate the Cultivation of New Quality Productive Forces

## Strengthening Competitive Advantages and Promoting High-quality Enterprise Development



(1) “1 Positioning, 4 Roles” refers to “New Generation Integrated Smart Service Provider” as well as “Builder of Digital Infrastructure”, “Provider of Smart Products and Platforms”, “Provider of Industrial Digitalization Services”, and “Guard of Smart Operation”.



Overview



**Business  
Review**



Financial  
Results



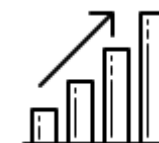
# Business Revenue Breakdown

(RMB'M)	1H2023	1H2024	Change %	% of Revenue
<b>TIS (Telecommunications Infrastructure Services)</b>				
Design	5,200	5,013	-3.6%	6.7%
Construction	30,417	30,577	0.5%	41.1%
Supervision	2,071	2,076	0.3%	2.8%
<b>Subtotal</b>	<b>37,688</b>	<b>37,666</b>	<b>-0.1%</b>	<b>50.6%</b>
<b>BPO (Business Process Outsourcing Services)</b>				
Maintenance	9,086	9,359	3.0%	12.6%
Facilities Management	3,753	3,824	1.9%	5.1%
Supply Chain	7,086	7,800	10.1%	10.5%
Products Distribution	1,804	1,180	-34.6%	1.6%
<b>Subtotal</b>	<b>21,729</b>	<b>22,163</b>	<b>2.0%</b>	<b>29.8%</b>
<b>ACO (Applications, Content and Other Services)</b>				
System Integration	8,696	9,151	5.2%	12.3%
Software Development & System Support	2,613	2,911	11.4%	3.9%
Value-added Services	1,293	1,293	--	1.7%
Others	1,151	1,228	6.7%	1.7%
<b>Subtotal</b>	<b>13,753</b>	<b>14,583</b>	<b>6.0%</b>	<b>19.6%</b>
<b>Total Revenues</b>	<b>73,170</b>	<b>74,412</b>	<b>1.7%</b>	<b>100%</b>
<b>In which: Service Revenue</b>	<b>70,713</b>	<b>72,855</b>	<b>3.0%</b>	<b>97.9%</b>



**Highest  
Incremental  
Contribution**

BPO - Supply Chain Business



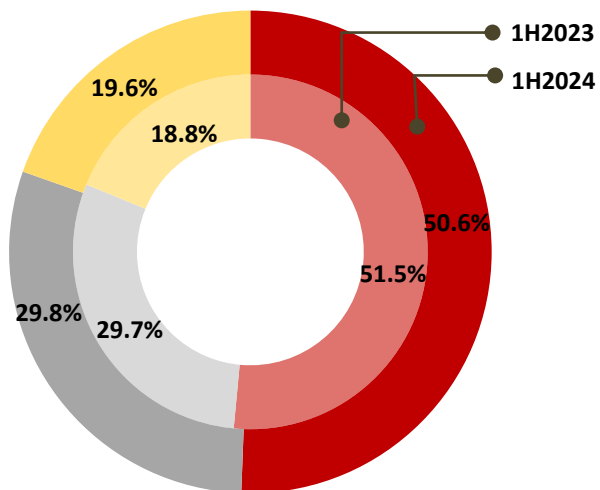
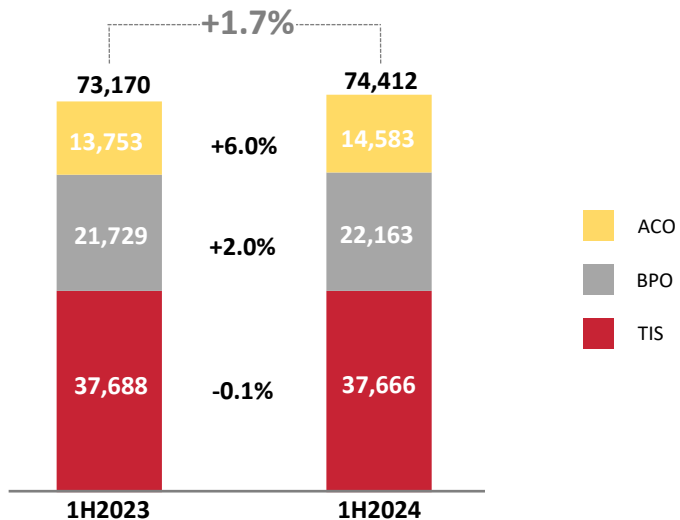
**Fastest  
Revenue Growth**

ACO - Software Development & System Support Business

# Overall Performance by Business and Market

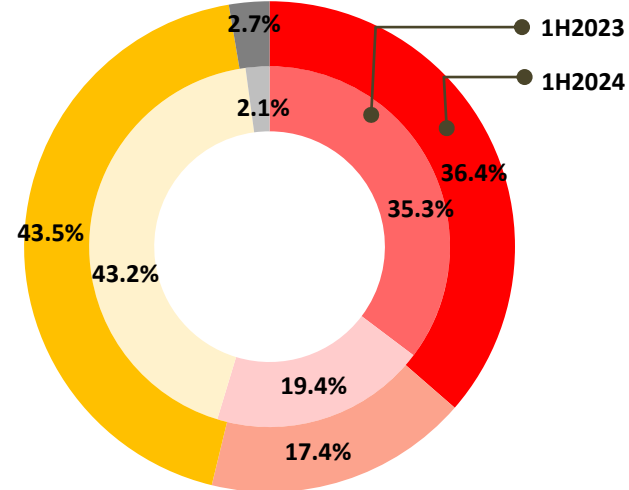
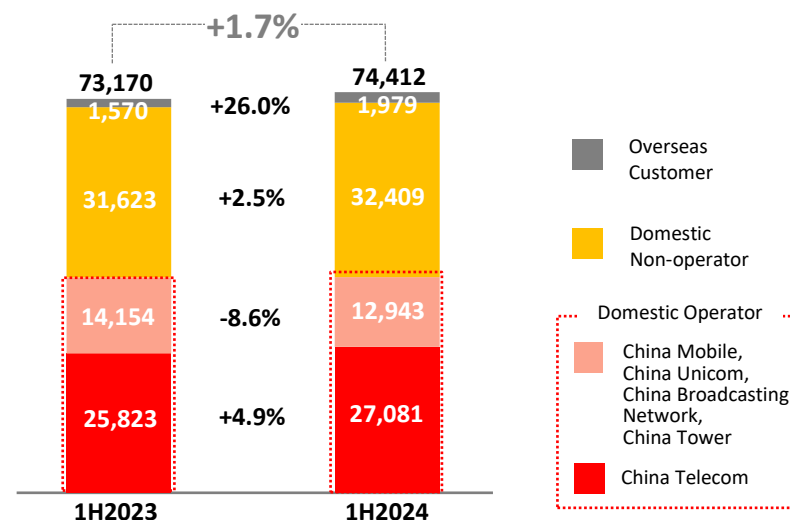
## By Business

(RMB' M)



## By Market

(RMB' M)

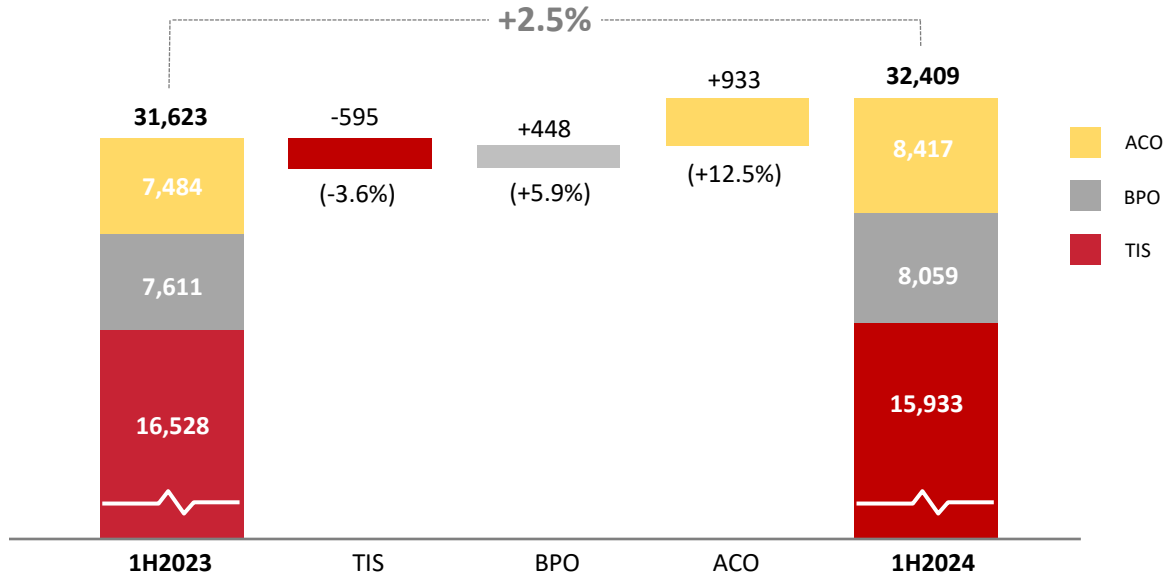


# Domestic Non-Operator Market (1): Achieved Continuous Enhancement in Efficiency and Remarkable Scale Development in Multiple Industries

Focus on Industries such as Government, Emergency Management, Transportation, Energy and Education, and Expand Businesses such as Industrial Digitalization, Photovoltaic and New Energy Construction and Data Centers

## Revenue Growth Drivers

(RMB'M)

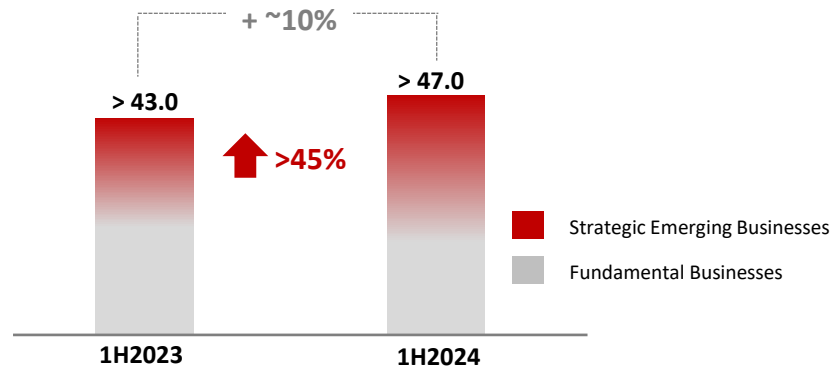


- We reinforced the quality of our development by optimizing the business mix, controlling the development of lower gross profit margin businesses and products distribution business, while focusing on the expansion of strategic emerging businesses

- ▶ Revenue grew steadily, **+2.5% y-o-y**
- ▶ Gross profit margin improved continuously, gross profit **+12.1% y-o-y**
- ▶ ACO was the fastest growing business, **+12.5% y-o-y** (1H23: -1.2%)

## ● New Contracts

(RMB'Bn)



- New contracts from strategic emerging business **accounted for more than half of the new contracts of domestic non-operator market**: becoming the main driving force for overall development
- New contracts of strategic emerging businesses **increased by over 45% y-o-y**: Green and Low-carbon and Smart City projects were the main source of growth

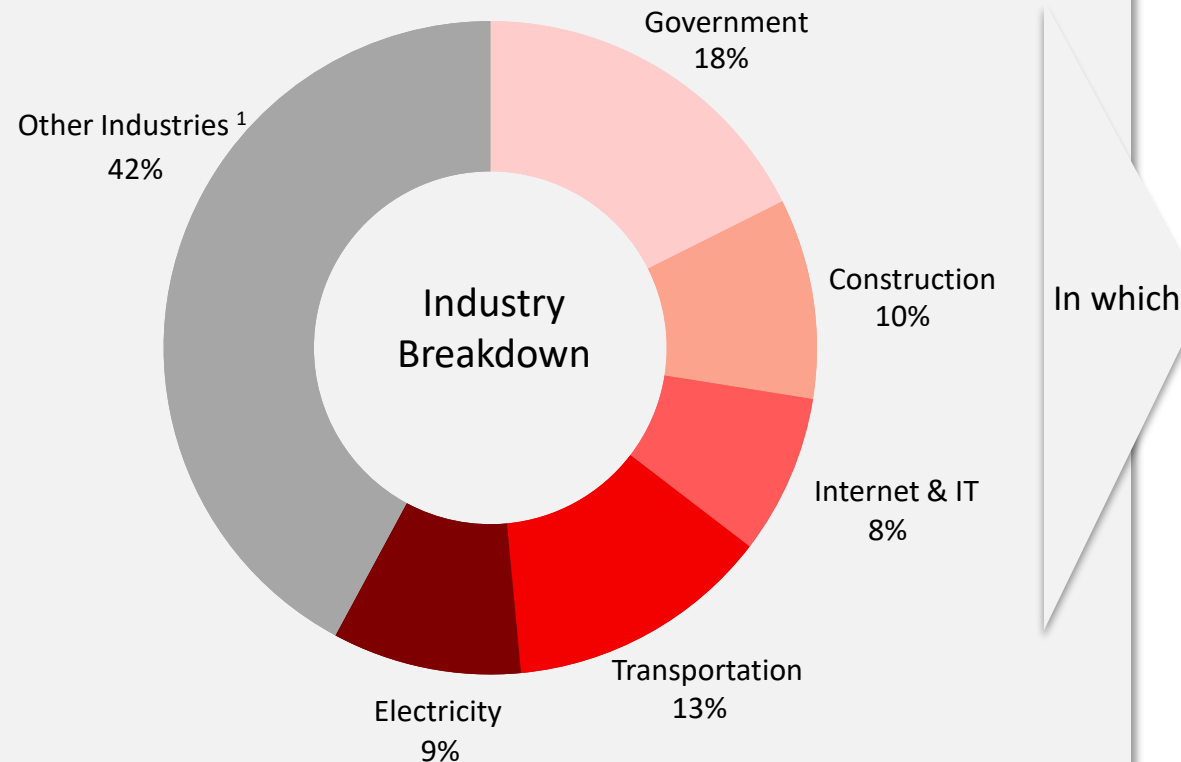


# Domestic Non-Operator Market (2): Strengthened the Penetration of Strategic Emerging Industries and Achieved Notable Increase in Sizable Projects

With Thousands of Industries Accelerating the Upgrade of Digital Transformation, the Trend of Intelligentization, Greening and Security Brings Ample Room for Our Growth

Value of New Contracts in 1H2024 **Increased by ~ 10% y-o-y**

► Transportation, electricity, and emergency management and other sectors achieved faster growth

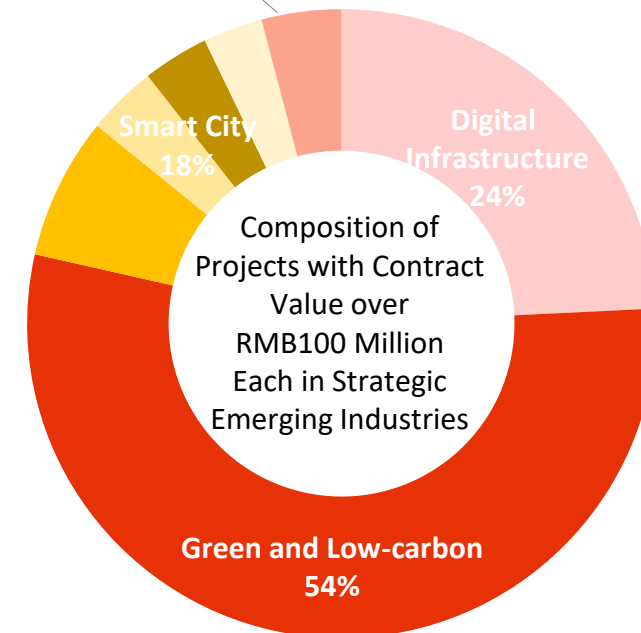


Sizable Projects with Contract Value over RMB10 Million Each in 1H2024

Number of Projects > 700, **+16% y-o-y**

Value > **RMB23.0 Bn, +33% y-o-y**

Emergency Management and Security  
4%



Strategic Emerging Businesses

Digital Infrastructure:

■ Data Center, Intelligent Computing Center

Green and Low-carbon:

■ New Energy

Smart City:

■ Smart Education  
■ Smart Transportation  
■ Digital Government  
■ Enterprise Digital Transformation

Emergency Management and Security:

■ Emergency Management

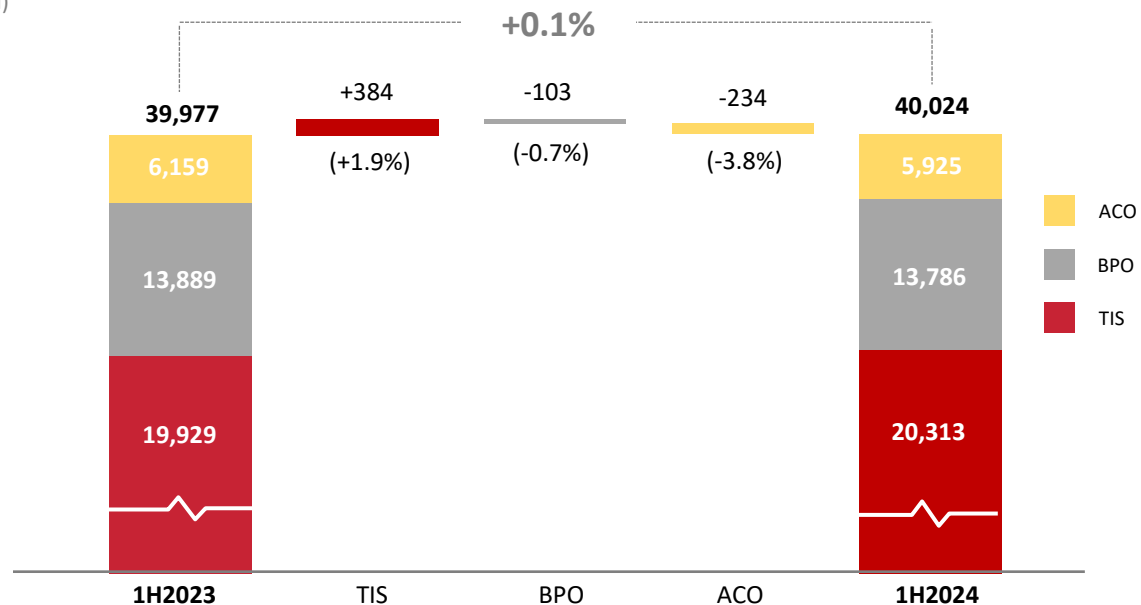
(1) Other industries include SMEs, finance, emergency management, education, manufacturing, agriculture, etc.

# Domestic Operator Market: Actively Responded to Changes in Operating Environment, Our Overall Situation Remained Largely Stable

## Focus on New Transformation Needs such as AI Computing Power Construction and Industrial Digitalization

### Revenue Growth Drivers

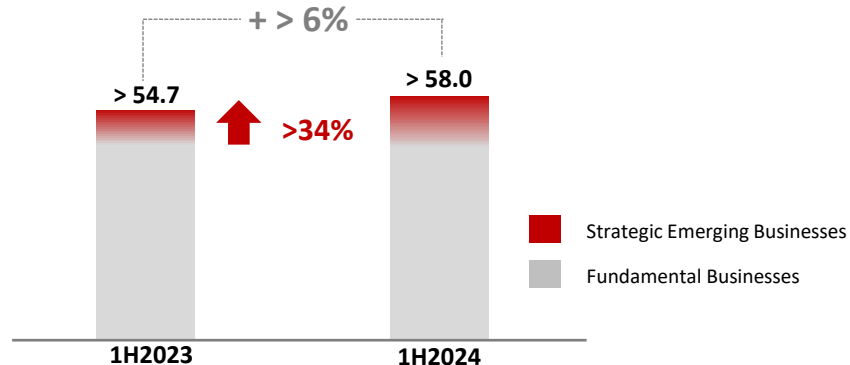
(RMB'M)



- Fully leveraging the advantages of our integrated service capabilities to support operators' equipment upgrade and digitalization development
- Adapting to operators' investment change and demand upgrade proactively, TIS business was stable with improvement
- Assisting operators to reduce costs and increase efficiency, maintenance and facilities management businesses achieved steady growth

### ● New Contracts

(RMB'Bn)



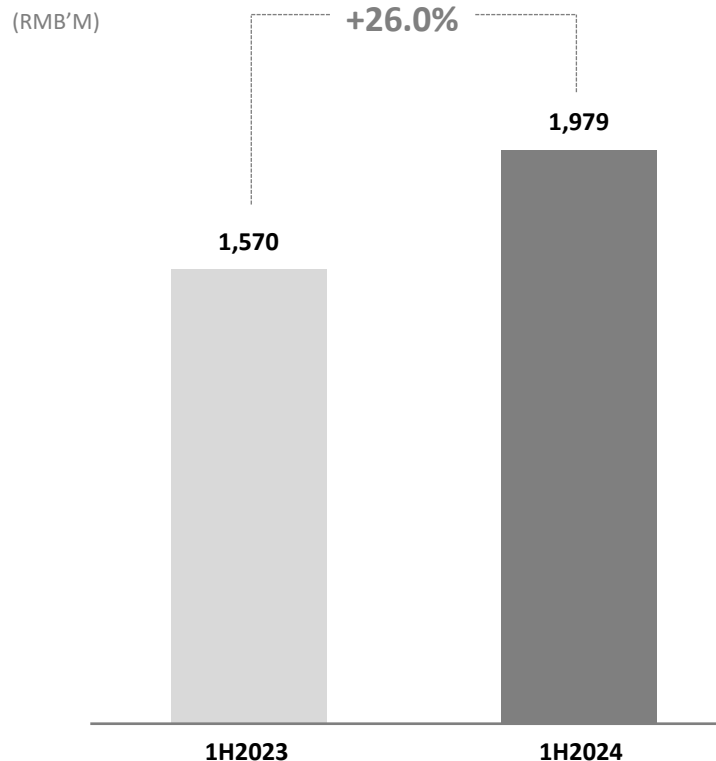
- **Strategic emerging businesses grew rapidly:** new projects mainly came from Smart City, Digital Infrastructure, and Green and Low-carbon
- **Fundamental businesses remained largely stable:** we continued to deeply explore traditional business opportunities and endeavored to increase operational efficiency

# Overseas Market: Strengthened Market Expansion Continuously

## Achieved Steady Progress of Project Implementation in Communications, New Energy and Informatization Construction

### Revenue

- ▶ With our favorable business development in the Middle East, Asia Pacific and other regions, revenue increased by over 20% (1H23:+1.2%)



### Overseas Market Opportunities

- Strong demand from the development of digital economy along the “Belt and Road”
- AI drives computing power demand upgrade, boosts the demand for data centers
- “Go Abroad” Chinese enterprises enhance the deployment overseas
- Energy transformation accelerates globally, and new energy develops rapidly

### 3 Major Focuses

#### 4 Key Regions

- Asia Pacific
- The Middle East
- Africa
- Latin America

#### 4 Key Customer Groups

- Telecom Operators
- Energy and Electricity Customers
- Overseas Governments and Enterprises
- Chinese Enterprises

#### 4 Key Businesses

- Digital Infrastructure Construction
- Dual Carbon/Energy and Electricity
- Smart Products/Services
- Industrial Informatization Services

### Major Initiatives

Enhance Quality

Strengthen Management

Control Risks

# Strategic Emerging Businesses (1): Digital Infrastructure

## Seizing the Demand of Large Language Model and Cloud Computing, Digital Infrastructure Business Achieved Rapid Growth



**New Contracts in 1H2024 Grew by over 35%**

Leveraging the Integrated Service Capabilities of Full-process Consultation, Design/General Contracting, Construction and Maintenance, We Focus on the Demand of Intelligent Computing, Supercomputing and Cloud Business, Vigorously Develop Three Major Sectors of Data Center, Cloud Business and 5G+

### Cloud Business

**40%+**

- Cloud Consultation/Design
- Cloud Integration/ Migration
- Cloud Operation and Maintenance


### Data Center

**25%+**

- General Data Center
- Intelligent Computing Center
- Supercomputing Center

### 5G+

**100%+**

- 5G + Industrial Internet
  - 5G + Customized Network
  - 5G + Industrial Application
- 
- Industrial Manufacture
  - Energy & Mineral
  - Industrial Park
  - .....

Scan QR Code for Case Details



1. “East Data, West Computing” Source-grid-load-storage Integration (EPC) Project of an Energy Group’s Smart Zero-carbon Big Data Industrial Park
2. EPC General Contracting of a New Cloud Data Center Project (Phase II) in a National Economic and Technological Development Zone
3. Data Center Project of a Bank in State-level New Area
4. Supercomputing Center Project of a Liquor Group’s Health Wine Park



Note: The above data shows the percentage increase of the new contracts amount in the first half of 2024 compared to the same period of last year.

# Strategic Emerging Businesses (2): Green and Low-carbon

## Seizing the Opportunities from New Energy Construction and Energy Usage Services, Green and Low-carbon Business Achieved Rapid Growth



**New Contracts in 1H2024 Grew by over 60%**

Under the Guidance of the National “Dual Carbon” Strategy, We not only Provide Traditional Electricity Infrastructure and Ancillary Services, but also Provide Upgraded Services Such as New Energy Construction, Energy Usage Services and Carbon Management to Customers in 5 Major Industries

### 5 Major Industries

#### Energy and Electricity

#### Information and Communications

#### Real Estate and Construction

#### Industrial Manufacturing

#### Transportation

#### Electricity Infrastructure and Ancillary Facilities

**20%+**

- New electricity system/ Communications informatization
- Grid intelligentization/ Distribution network design and construction
- Electricity consumption and external power supply design and construction

#### New Energy

**150%+**

- Photovoltaic
- Energy storage
- Wind power

#### Energy Usage Services

**180%+**

- New energy usage facilities (charging pile)
- Energy-saving technology transformation
- Energy Management Contract

#### Carbon Management

**110%+**

- Dual carbon consultation/planning
- Carbon asset management
- Carbon trading
- Carbon finance

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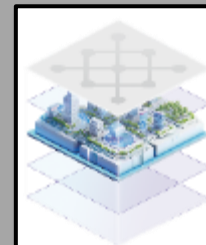


1. Data Platform Intra-city Disaster Recovery and Data Backup Construction Project of a Power Grid Group
2. An Electronic Defense System Project of a Hydropower Station
3. A Distributed Photovoltaic Power Generation EPC General Contracting Project in a Province
4. EPC General Contracting and Maintenance Project for a Series of Photovoltaic of a Customer



# Strategic Emerging Businesses (3): Smart City

Grasping the Opportunity of Digital China Construction, a Series of Smart City Applications Achieved Rapid Growth



New Contracts in 1H2024 Grew by **over 40%**

Led by Top-level Planning of Smart City, We Empower Smart Government Affairs, Urban Governance, Industrial Economy, Livelihood Services and Other Fields by Giving Full Play to Our Integrated Capability of Consultation + General Contracting + Software + Platform + Service

Digital Government **60%+**

Smart Transportation **75%+**

Smart Education **25%+**

Enterprise Digital Transformation **25%+**

Smart Water Conservancy

Smart Healthcare

Smart Agriculture

.....

Scan QR Code for Case Details



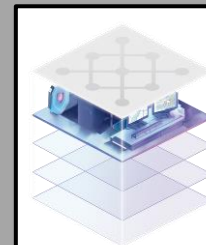
1. Phase I of Smart Water Conservancy Project for a Water Conservancy Department
2. Full-process Consultation for Digital Campus Project of the Xiong'an Campus of a University in Beijing
3. China National Convention Center Smart Digitalized Platform (Phase II) and Application System Informatization Integration Project
4. A Digital Transportation Project for a Customer in Saudi Arabia



Note: The above data shows the percentage increase of the new contracts amount in the first half of 2024 compared to the same period of last year.

# Strategic Emerging Businesses (4): Emergency Management & Security

## Forging Core Products for Cybersecurity and Emergency Management



**New Contracts in 1H2024 Grew by over 40%**

### Cybersecurity

We expanded into national key information infrastructure in a large scale, covering industries such as information and communications, government, finance, energy, transportation, healthcare, education, etc.

✓ Policy Compliance Needs

✓ Digitalization Development Needs

✓ Practical Needs for Operation

**Undertook multiple cybersecurity projects involving consultation and design, integrated implementation, and operation services for cloud security, cybersecurity and data security**

#### Security Operation Products

Cyberspace Surveying and Mapping, Intelligent Security Operation, Vulnerability Detection Management, Security Cyber Range...

#### Data Security Products

Data Security Monitoring, Cryptography Application Modification, Content Security Governance, Unified Identity Authentication...

### Emergency Management

We developed over 40 products for customers covering emergency management, chemical park, housing and construction, environmental protection, water conservancy, and high-hazard enterprises, with a focus on disaster prevention, mitigation and relief

✓ Industrial Production Safety

✓ Urban Public Safety

✓ Natural Ecological Safety

**Undertook multiple emergency management projects related to production safety as well as disaster prevention and mitigation in areas such as housing and construction, water conservancy, and fire protection**

Security Data Collection Gateway

Simulation Models for Accident Consequences

Collection Terminal for Perception Detection

Digital Twin and 3D Simulation

Buy-and-use Integrated Software and Hardware

Plug and Play Cloud-based Services

Scan QR Code for Case Details



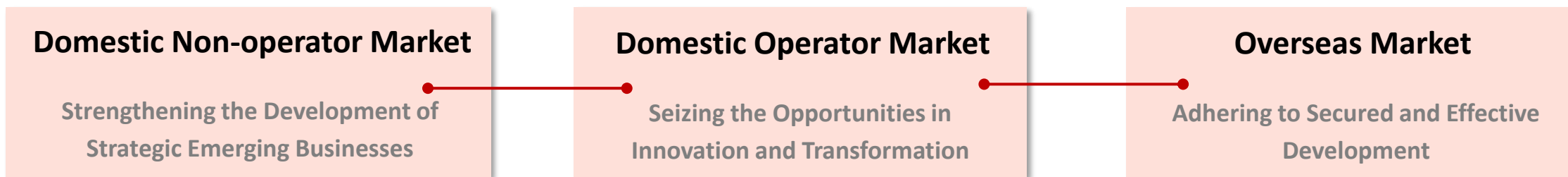
1. Cloud Security Integrated Construction Consulting and Design Project
2. A Provincial-level Government Affairs Cloud Cryptography Service Platform Project
3. Informatization Project of a Regional Emergency Rescue Center in China
4. An Application Project of Intelligent Safety Risk Management and Control of a Chemical park



Note: The above data shows the percentage increase of the new contracts amount in the first half of 2024 compared to the same period of last year.

# Deploying in New Sectors of Strategic Emerging Industries to Achieve Sustainable Development

## Market Potential for Digital Infrastructure, Green and Low-carbon, Industrial Digitalization and AI Continues to Expand



### Leveraging the Advantages of Integrated Comprehensive Service Capabilities



Enhancing the Professionalized and Synergistic Management and Strengthening the Professionalism in our Core Competitiveness





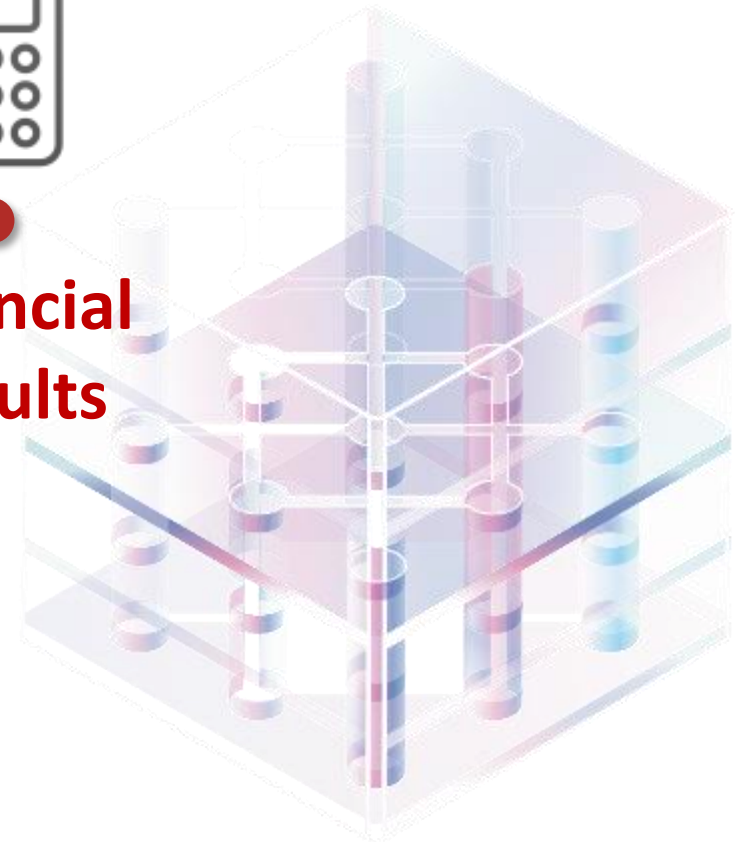
Overview



Business  
Review



**Financial  
Results**



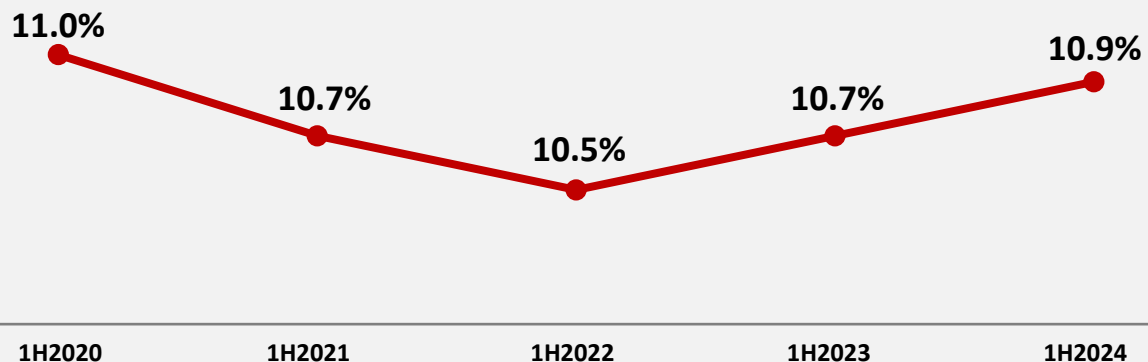
## Key Financial Indicators

(RMB'M, Except EPS)

	1H2023	1H2024	Change %	% of Revenue
<b>Revenue</b>	<b>73,170</b>	<b>74,412</b>	<b>1.7%</b>	<b>100%</b>
<b>Cost of Revenue</b>	<b>65,336</b>	<b>66,296</b>	<b>1.5%</b>	<b>89.1%</b>
Direct Personnel Costs	3,871	3,808	-1.6%	5.1%
Materials Costs	11,886	12,337	3.8%	16.6%
Direct Cost of Products Distribution	1,683	1,098	-34.7%	1.5%
Subcontracting Charges	40,303	41,233	2.3%	55.4%
Depreciation and Amortization	482	505	4.8%	0.7%
Others	7,111	7,315	2.9%	9.8%
<b>Gross Profit</b>	<b>7,834</b>	<b>8,116</b>	<b>3.6%</b>	<b>10.9%</b>
<b>SG&amp;A Expenses</b>	<b>6,353</b>	<b>6,542</b>	<b>3.0%</b>	<b>8.8%</b>
<b>Net Profit</b>	<b>2,034</b>	<b>2,125</b>	<b>4.4%</b>	<b>2.9%</b>
<b>EPS(RMB)</b>	<b>0.294</b>	<b>0.307</b>	<b>4.4%</b>	-
<b>Free Cash Flow</b>	<b>-1,122</b>	<b>-2,165</b>	-	-

# Operating Efficiency

## Gross Profit Margin Improved Continuously in Recent Years



**Implemented High-quality Development Strategy**

Focused on enhancing core competencies and strove to expand into high-value sectors



**Optimized Revenue Mix**

Strengthened technological innovation to drive business development, the revenue contribution from businesses with high gross profit margin increased

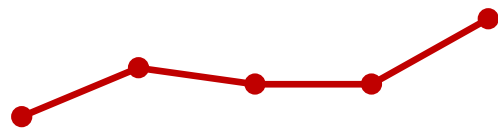


**Strengthened Cost Control**

Strengthened project management and cost control on materials costs, subcontracting charges, etc.

## ► Gross Profit Margins of Domestic Operator and Domestic Non-operator Markets

### Domestic Non-operator Market Steadily Improving



1H2020 ----- 1H2024

### Domestic Operator Market Largely Stabilized



1H2020 ----- 1H2024

# Cost Structure

## Cost/Expense as a % of Revenue



- Direct Personnel Costs as a % of Revenue Continued to Decline**
  - Controlled the total number of employees to enhance labor productivity
- Strengthened the Control of Materials Costs**
  - By implementing centralized procurement and improving the management of centralized procurement, materials costs grew at a more reasonable level, up by 3.8% y-o-y (1H23: 9.1%)
- Subcontracting Charges Under Effective Control**
  - By enhancing self-sufficient delivery capability, utilizing IT system to reinforce the whole-process management, strengthening system construction and analysis, subcontracting charges grew at a more reasonable level, up by 2.3% y-o-y (1H23: 5.9%)

### SG&A Expenses as a % of Revenue

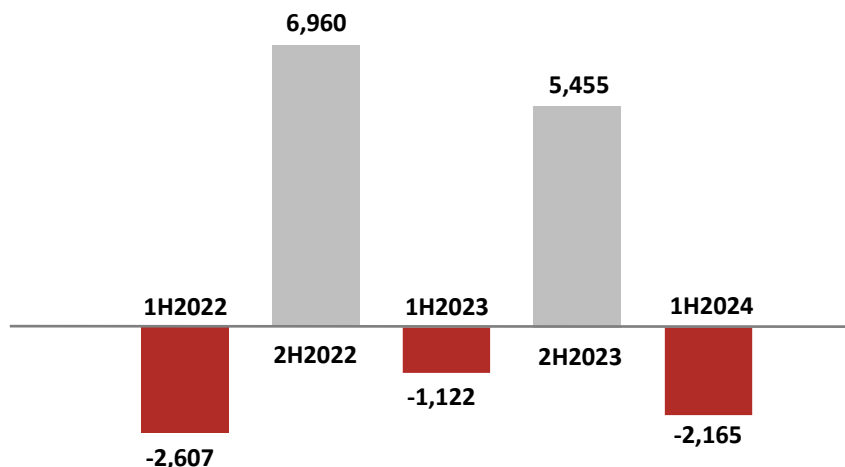
Category	1H2023 (%)	1H2024 (%)
R&D Expenses as a % of Revenue	2.8%	3.1%
SG&A as a % of Revenue (Excluding R&D Expenses)	5.9%	5.7%
<b>Total SG&amp;A Expenses as a % of Revenue</b>	<b>8.7%</b>	<b>8.8%</b>

- With our continuous increase in the investment on technological research, R&D as a % of revenue increased steadily
- With our proactive control over administrative expenses, relevant expenses as a % of revenue continued to decrease

# Free Cash Flow

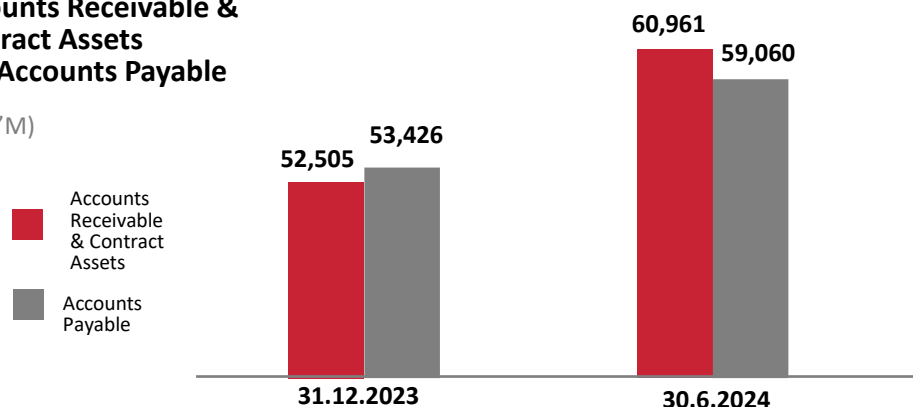
## Free Cash Flow

(RMB'M)



## Accounts Receivable & Contract Assets and Accounts Payable

(RMB'M)



## Overview:

- Free cash flow showed cyclical pattern in the first and second half of the year
- In 1H2024, accounts receivable increased to a certain extent, and the net outflow of free cash flow increased

## Overall Risk of Accounts Receivable is Controllable:

- Over 90% of accounts receivable were due within 1 year, and such proportion was maintained at a similar level to June last year
- The proportion of long-term accounts receivable (> 3 years) remained largely stable
- In 1H2024, more than half of the increase in accounts receivable came from customers with good credit background, representing relatively low risk

## Implemented Effective Measures for Accounts Receivable Management Continuously:

- Refined the mechanism for the appraisal, reward and punishment of accounts receivable management
- Utilized informatization means to enhance accounts receivable analysis and early warning capability
- Continuously strengthened the management of long-term accounts receivable

## Financial Position

(RMB'M)	31.12.2023	30.6.2024
<b>Total Assets</b>	121,790	128,202
In which: Cash and Deposits <sup>1</sup>	35,460	30,874
Accounts Receivable and Contract Assets	52,505	60,961
<b>Total Liabilities</b>	78,122	83,354
In which: Accounts Payable and Contract Liabilities	62,954	66,645
Interest-bearing Liabilities	861	879
<b>Equity Attributable to Equity Shareholders of the Company</b>	42,577	43,684
<b>Total Liabilities/Total Assets (%)</b>	64.1%	65.0%
<b>Debt-to-Capitalization Ratio (%)</b>	2.0%	2.0%

(1) Cash and deposits refer to the total amount of cash and cash equivalents, restricted cash as well as fixed deposits in current assets and non-current assets.

# Market Capitalization Management

Realizing High-quality Operating Results, Creating Better Returns for Shareholders, and Promoting Value Enhancement in the Capital Market



**Facing Vast Market Opportunities from Digitalization, Intelligentization and Greening**



**Solid Financial Position Supports the Company to Grasp Market Opportunities**



**Business Transformation Boosts Continuous Improvement of Operating Efficiency**



**Achieves Steadily Growing High-quality Operating Results**



**Distributes Steadily Growing Dividend to Shareholders**

***Corporate Governance Asia “14th Asian Excellence Award”***

- Asia’s Best CEO
- Asia’s Best CFO
- Best Investor Relations Company
- Sustainable Asia Award

***Institutional Investor “2024 Asia Executive Team Rankings”***

- Most Honored Company
- Telecommunications (Small & Midcap)
  - Best CEO
  - Best CFO
  - Best IR Professional
  - Best IR Program

***“2024 Forbes Global 2000” Rank 1,429th***

***Constituent of Hang Seng Corporate Sustainability  
Benchmark Index (2023-2024)***

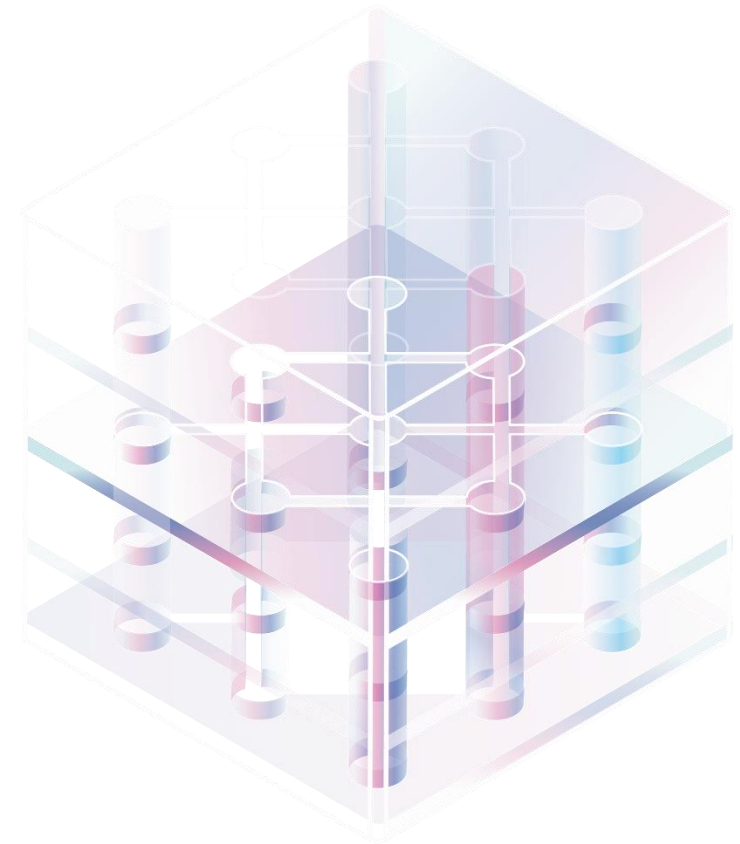
●  
**Thank You!**







## Appendix



## Business Revenue Breakdown – by Market

(RMB'M)	1H2023	1H2024	Change	Change %
<b>TIS (Telecommunications Infrastructure Services)</b>				
Domestic Operator	19,929	20,313	384	1.9%
Domestic Non-operator	16,528	15,933	-595	-3.6%
Overseas Customer	1,231	1,420	189	15.4%
<b>Subtotal</b>	<b>37,688</b>	<b>37,666</b>	<b>-22</b>	<b>-0.1%</b>
<b>BPO (Business Process Outsourcing Services)</b>				
Domestic Operator	13,889	13,786	-103	-0.7%
Domestic Non-operator	7,611	8,059	448	5.9%
Overseas Customer	229	318	89	38.9%
<b>Subtotal</b>	<b>21,729</b>	<b>22,163</b>	<b>434</b>	<b>2.0%</b>
<b>ACO (Applications, Content and Other Services)</b>				
Domestic Operator	6,159	5,925	-234	-3.8%
Domestic Non-operator	7,484	8,417	933	12.5%
Overseas Customer	110	241	131	118.6%
<b>Subtotal</b>	<b>13,753</b>	<b>14,583</b>	<b>830</b>	<b>6.0%</b>
<b>Total Revenues</b>	<b>73,170</b>	<b>74,412</b>	<b>1,242</b>	<b>1.7%</b>

## Forward-looking Statement

The Company would like to caution readers about the forward-looking nature of certain statements herein. These forward-looking statements are subject to risks, uncertainties and assumptions, which are beyond its 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 the Company's current views with respect to future events and are not a guarantee of future performance. The Company does not intend to update these forward-looking statements. Actual result may differ materially from the information contained in the forward-looking statements as a result of a number of factors.