



中国通信服务  
CHINA COMSERVICE

CHINA COMMUNICATIONS SERVICES  
CORPORATION LIMITED

Stock Code : 552

2022 Interim Results

25 August 2022

REFORM AND INNOVATION

VALUE CREATION



**EXECUTIVE DIRECTOR,  
CHAIRMAN**

**MR. LIU GUIQING**



**EXECUTIVE DIRECTOR,  
PRESIDENT**

**MR. HUANG XIAOQING**



**EXECUTIVE VICE PRESIDENT**

**MR. LIANG SHIPING**



**EXECUTIVE DIRECTOR,  
EXECUTIVE VICE PRESIDENT & CFO**

**MS. ZHANG XU**



Overview

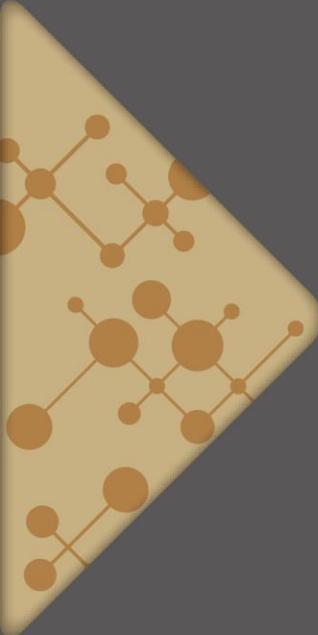


Business Review



Financial Results



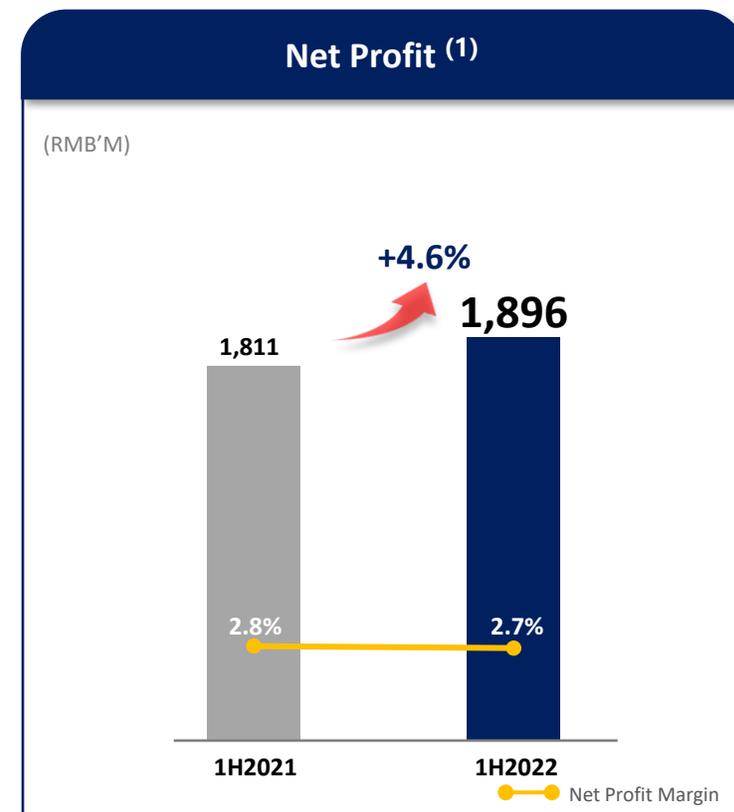
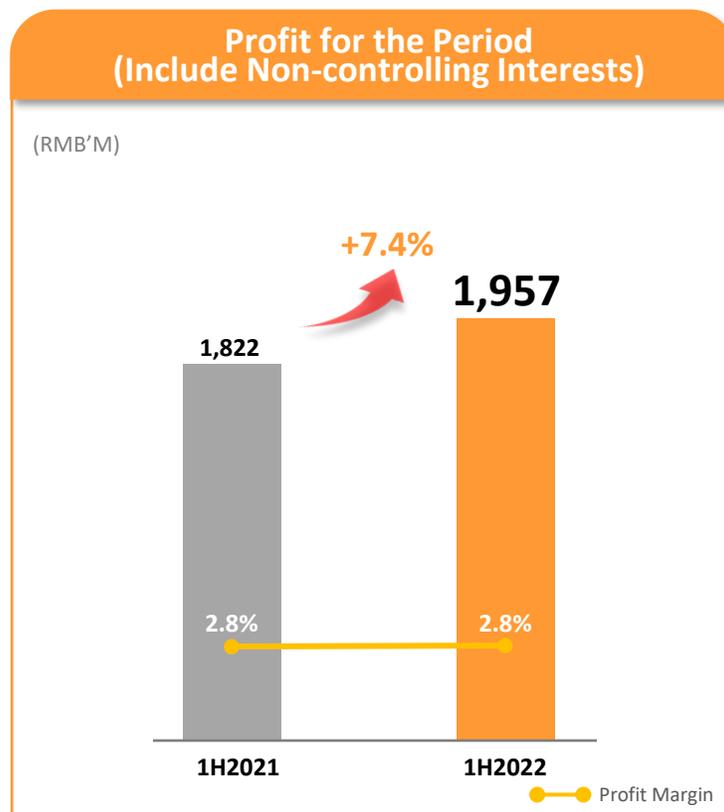
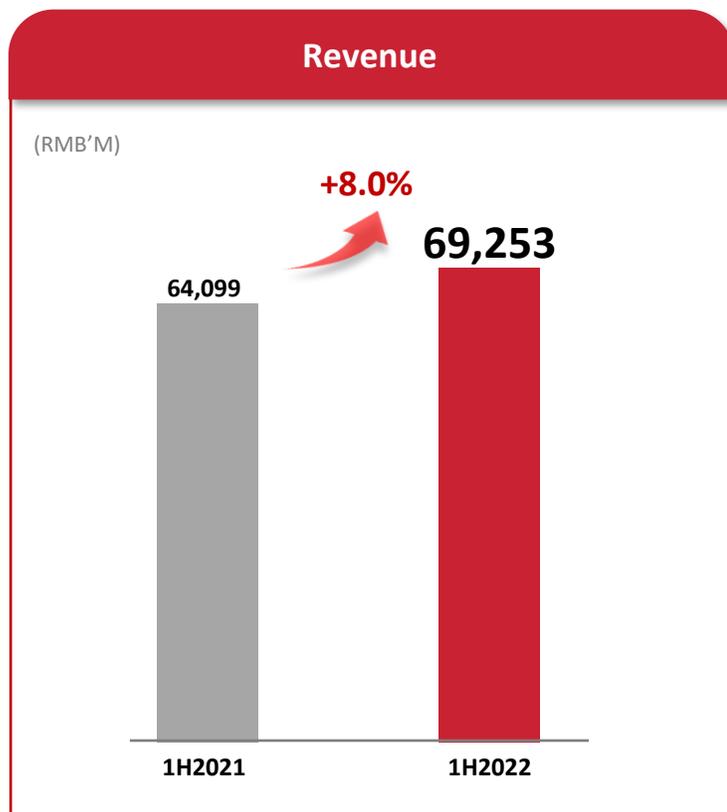


*Overview* ▶▶▶ 

-  Overcame impact brought by the pandemic, operating results achieved favourable growth
-  Strengthened planning in digital economy to promote high-quality development
-  Facilitated the commercialization of R&D results and achieved remarkable results in driving revenue growth
-  Seized new opportunities in the industry to bring new drivers for sustainable development
-  Elevated reform impetus to stimulate new vitality for development

# Results Overview (1): Achieved Favourable Operating Results

- Overcame pandemic impact, revenue and profit achieved favourable growth, in which 1Q2022 achieved high single-digit growth
- Adopted measures for efficiency enhancement and cost management, gross profit margin showed moderated decline, profit margin maintained largely stable



<sup>(1)</sup> 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

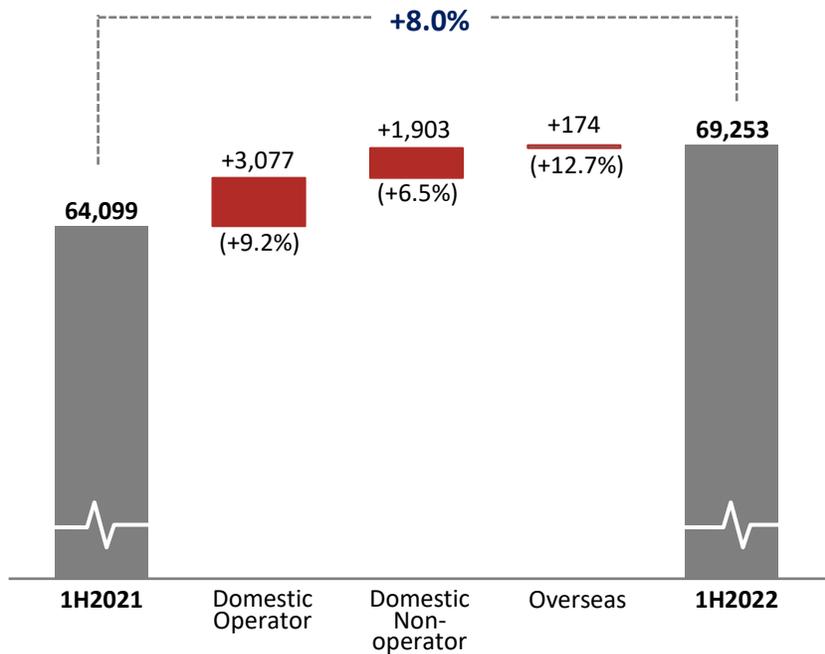
Focused on Digital Economy, Industrial Digitalization and Digital Infrastructure Opportunities

Enhanced **Market Competitiveness and Technological Innovation Capabilities**

Domestic Operator Market Led Revenue Growth, ACO Business First Became the Largest Revenue Growth Driver

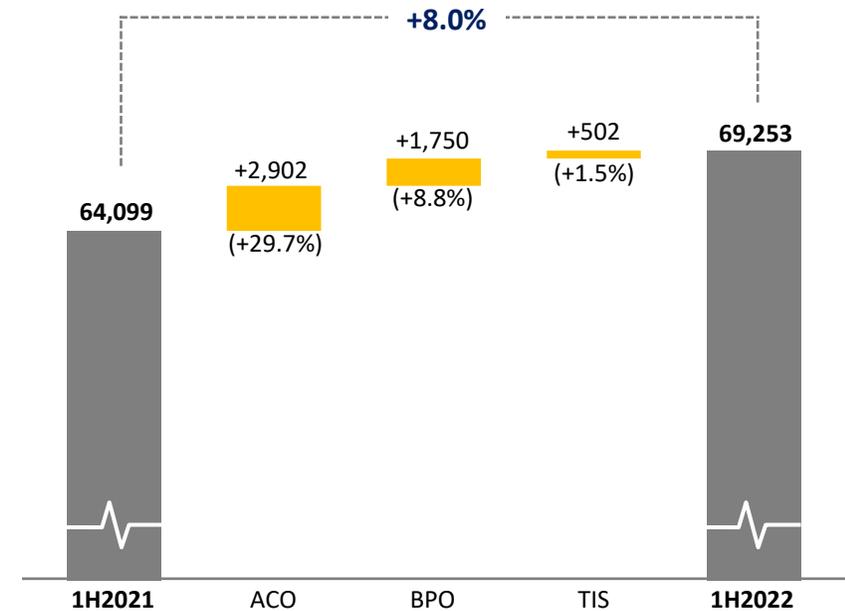
## Revenue Growth – By Market

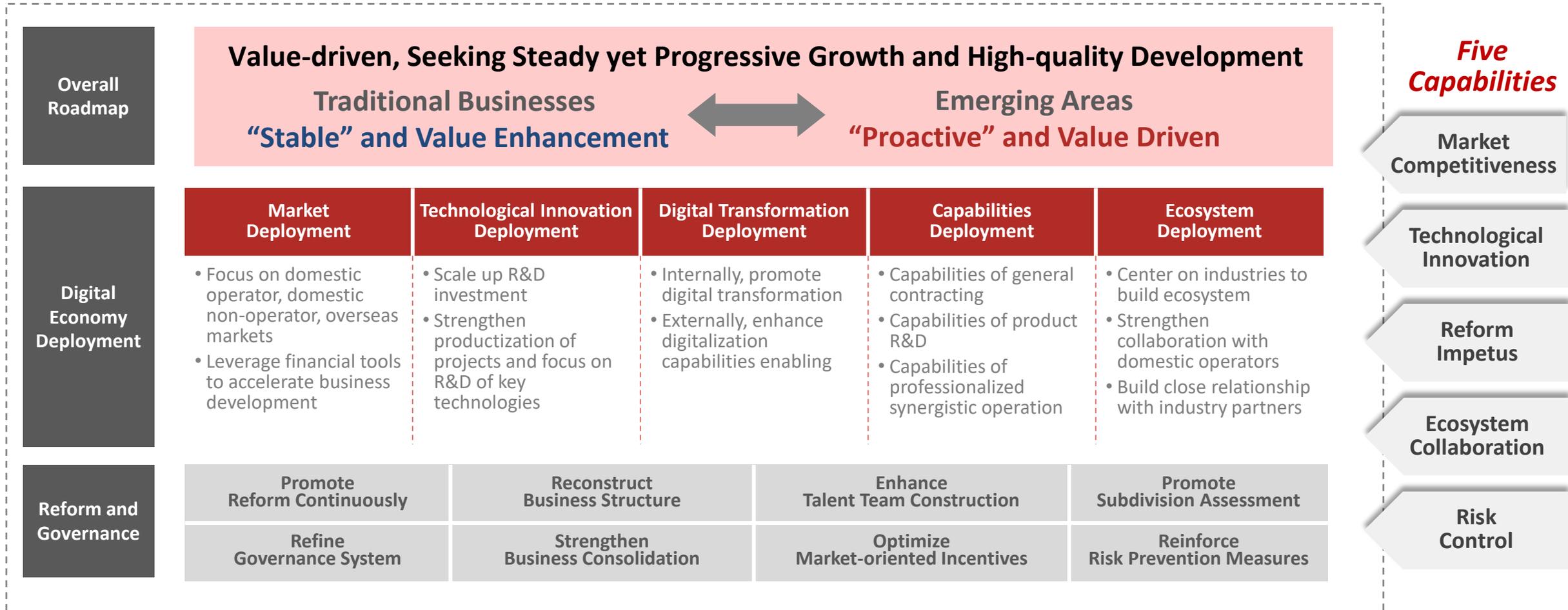
(RMB'M)



## Revenue Growth – By Business

(RMB'M)





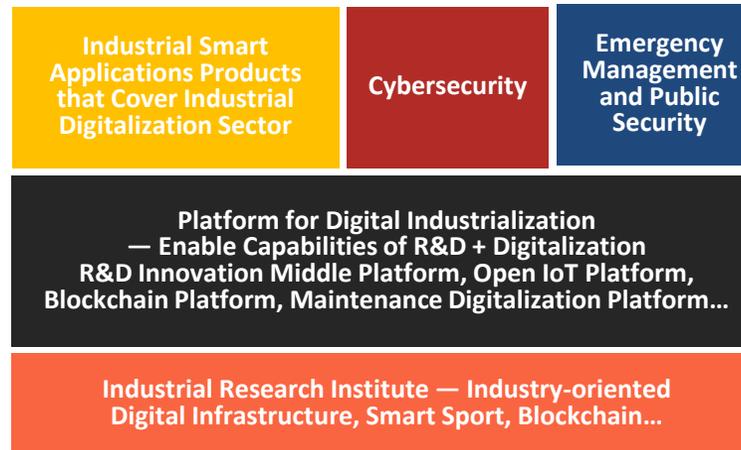
## Adopted a Market-oriented and Customer-oriented Approach & Directed by Planning Increased R&D Investment to Forge Competitive Products

- R&D investment in 1H2022 over **RMB1.92 bn**, R&D investment ▲over **18%**
- Established rolling plan and elevated the deployment in technological innovation to strengthen capabilities in focused areas
- Continued to announce strategic products\platforms: Cyberspace Asset Surveying and Mapping Product Portfolio, Maintenance Cloud, Open IoT Platform, R&D Innovation Middle Platform, Cloud Exhibition Hall...
- Commenced digitalization of technological innovation in middle platform, gradually realize the digitalized management and synergistic production of technological innovation

### Persisted in Investment in Technological Innovation, Reaped Results in Smart Products

- Since “13th Five-year Plan” Period, aggregate R&D investment exceeded **RMB20 bn**
- 2019-2021, led ACO business CAGR > **15%**
- Until 2021, accumulated patents: **2810**, accumulated software copyrights: **7158**
- Participated and awarded a total of **120** provincial level technology awards in recent 3 years
- **Ranked Top 5** in “100 Most Competitive Software & IT Service Enterprises” for three consecutive years, **ranked 4th in 2021**

### 5 Major Deployment of Technological Innovation



### Smart Comservice Cloud Exhibition Hall

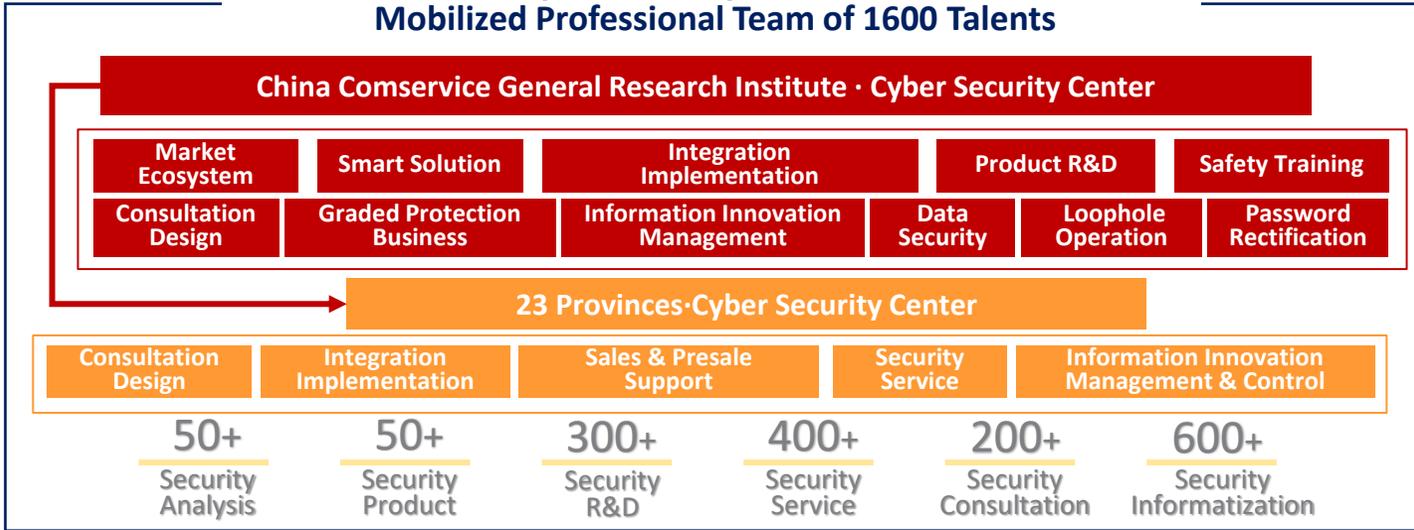


### Commenced the Digitalization of Technological Innovation In the Middle Platform



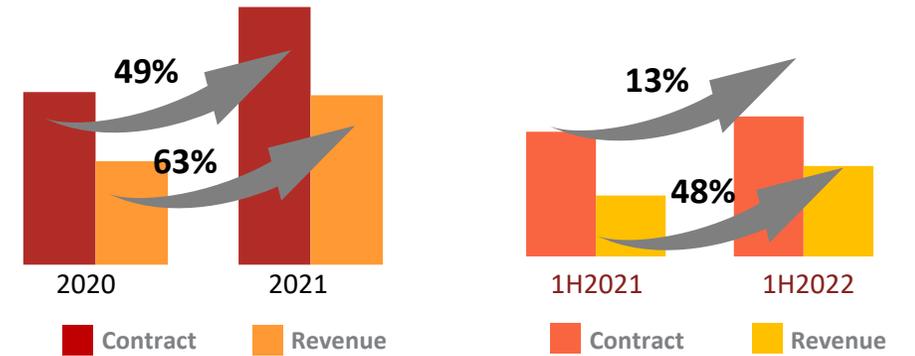
In the R&D Innovation Middle Platform, **~800** technological innovation organizations entered the Platform, with **8700+** technology and management staff, realizing the digitalization of technological innovation and full-cycle management and production of R&D projects

## CCS Cyber Security 2-level Center, Mobilized Professional Team of 1600 Talents

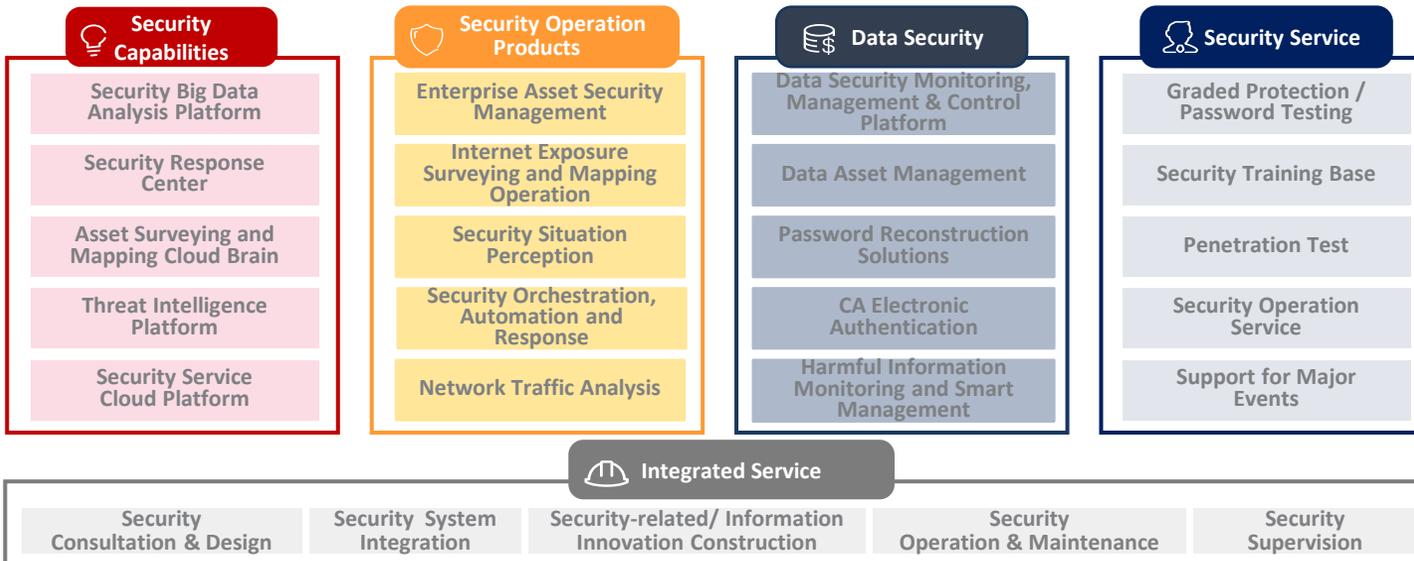


## Rapid Growth on Business Scale

- ✓ 2021 contract amount exceeded RMB4.8 bn, revenue exceeded RMB3.1 bn
- ✓ 1H2022 contracts exceeded RMB2.1 bn, revenue exceeded RMB1.4 bn



## Construct CCS Cyber Security Product Service New Matrix



## Market Influence Grew Remarkably

 <p><b>CAICT</b> 中国信通院</p> <ul style="list-style-type: none"> <li>✓ 1<sup>st</sup> Group of Cybersecurity Excellent Collaboration Partner</li> <li>✓ Member of Cybersecurity Skills Evaluation Working Group</li> <li>✓ Security Product Advanced Cybersecurity Skills Verification</li> </ul>	<p><b>Important Projects</b></p> <ul style="list-style-type: none"> <li>✓ An Important Project at National Level on Network Information Monitoring for the National Security Center</li> <li>✓ An Important Project at National Level on Cybersecurity for CAICT</li> </ul>
 <p><b>安全牛</b> ANQUANBAO</p> <ul style="list-style-type: none"> <li>✓ Ranked 12th in "Top 100 Cybersecurity Enterprises in China"</li> <li>✓ Included in 13 Subcategories of "2022 China Cybersecurity Industry Panoramic Map"</li> </ul>	<p><b>Security Evaluation</b></p> <ul style="list-style-type: none"> <li>✓ Asset Surveying and Mapping Product Deployed by China Telecom and Other Domestic Operators</li> </ul>
 <p><b>数世咨询</b> Digital World Consulting</p> <ul style="list-style-type: none"> <li>✓ "2022 China Digital Security Top 100" Leader Force</li> </ul>	<p><b>Design &amp; Consultation</b></p> <ul style="list-style-type: none"> <li>✓ 1<sup>st</sup> National Standard on Cybersecurity Construction Project: 1<sup>st</sup> National Standard on Network Cybersecurity Construction Project in the nation</li> </ul>
 <p><b>嘶吼</b> ROARTALK</p> <ul style="list-style-type: none"> <li>✓ Included in 10 Subcategories of "2022 China Cybersecurity Industry Panoramic Map" (4<sup>th</sup> Edition)</li> </ul>	<p><b>Data Security</b></p> <ul style="list-style-type: none"> <li>✓ Information Telecommunication Industry 5G Data Security Core Platform of MIIT Technology Division</li> </ul>



Industrial Digitalization  
Builds New Advantageous Fields

- **Traditional advantageous industries:** building intelligentization (contracts amounted to **RMB5.24 bn, +51.7%** ) and Internet & IT (contracts amounted to **RMB3.18 bn, +11.5%**) maintained continuous steady growth
- **Electricity:** achieved breakthrough in transformation from traditional fields towards Dual Carbon / new energy, contract amount grew by **29.7%**
- **Education:** achieved full-coverage on university, college and primary level, provides informatization integrated solution, contract amount grew by **26.6%**
- **Finance:** accomplished new breakthrough in market, contract amount grew by **17.1%**

## Enhance Competitiveness in Digitalization Businesses

### Enhance Integrated Service Capabilities to Serve Digital Economy

General Contracting	Consultation Planning	Design	Construction	Integration	Software	Maintenance	Supply Chain
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### Build Platforms for Digital Industrialization

Innovation Middle Platform	IoT Platform	Blockchain Platform	AI Middle Platform	Cybersecurity Platform	Industry Middle Platform
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# Captured New Opportunities from “East-To-West Computing Resources Transfer” to Becoming a Leading Enterprise of Digital Infrastructure

<b>Market Opportunities</b>	<ul style="list-style-type: none"> <li>● “East-To-West Computing Resources Transfer” has resulted in the new built data centers and the reconstruction, green/ low-carbon, energy-saving upgrade of existing data center, bringing exciting opportunities ahead</li> </ul>
<b>CCS Position</b>	<ul style="list-style-type: none"> <li>● Be the front-runner of integrated general contractor for IDC, becoming the leading enterprise of digital infrastructure</li> </ul>
<b>Core Capabilities</b>	<div style="display: flex; justify-content: space-around; text-align: center;"> <div style="background-color: #e0e0e0; padding: 10px;">Integrated General Contracting</div> <div style="background-color: #e0e0e0; padding: 10px;">Full Life Cycle BIM Management</div> <div style="background-color: #e0e0e0; padding: 10px;">Green, Low-Carbon</div> </div>
<b>1H2022 Results</b>	<ul style="list-style-type: none"> <li>● 1H2022 contract amount of new contracts in IDC was approximately <b>RMB7.6 bn, ▲36%</b> Domestic Operators: <b>▲23%</b>, Domestic Non-operators: <b>▲48%</b></li> </ul>

## Selected Successful Cases

- Xiong’an City (Supercomputing) Cloud Center
- Xiangyang Internet + Innovation and Entrepreneurship Industrial Park EPC General Contracting Project
- Western Sichuan Industry Park Electromechanical General Contracting Project
- Qiandao Lake (AliCloud) Data Center
- Gansu Jiuquan Cloud Computing Center
- Yangtze River Upstream Data Center Project
- .....

**China Telecom Zhejiang Information Industrial Park (Hangzhou Big Data Center)**



- **Project Scale:** Total construction area of project: 220,000m<sup>2</sup>
- **Project Type:** EPC general contracting
- **Project Amount:** RMB767.14 million

**Xiangyang Internet + Innovation and Entrepreneurship Industrial Park Phase 2 Project**



- **Project Scale:** Total construction area of project: 91,297m<sup>2</sup>
- **Project Type:** EPC general contracting
- **Project Amount:** RMB602.28 million

**Bank of China Head Office Financial Technology Center Horinger New Area Project**



- **Project Scale:** Total construction area of project: 414,800m<sup>2</sup>
- **Project Type:** Feasibility study design
- **Project Amount:** RMB40 million

## Build up 5 Key Capabilities of Dual Carbon, Focus on "4 + 1" Sectors

Introduced State Grid ITT Group as Strategic Shareholder, and Deepened Business Cooperation and Capabilities Enhancement in Electricity Sector

Build Capabilities for Dual Carbon, and Develop "4+1" Sectors

<b>New Infrastructure Energy-saving Service</b> <ul style="list-style-type: none"> <li>Green and Low-Carbon Data Center</li> <li>Green Base Station</li> <li>Retrofit of old machine room</li> </ul>	<b>New Energy</b> <ul style="list-style-type: none"> <li>Photovoltaic</li> <li>Wind Power</li> <li>Hydropower</li> </ul>	<b>Digitalized Energy-saving</b> <ul style="list-style-type: none"> <li>Dual Carbon Management</li> <li>Energy Consumption Monitoring</li> <li>Carbon Asset Management</li> </ul>
<b>Consultation Service and Training Certification</b> <ul style="list-style-type: none"> <li>Carbon Investigation</li> <li>Carbon Consultation</li> <li>Carbon Trade</li> <li>Training Certification</li> </ul>	<b>Energy Management Contract and Production Manufacturing Disposal</b> <ul style="list-style-type: none"> <li>Energy Management Contract</li> <li>Return and Recycle, Disposal, Auction of Old Equipment</li> <li>Production of High-efficiency Cooling Equipment</li> </ul>	

- Energy and Electricity
- Property and Construction
- Industrial Manufacturing
- Transportation
- Information and Communications

### Selected Successful Cases

● <b>Electricity Engineering</b>	— 10 kilovolt capacity expansion construction of a 35 kilovolt substation of State Grid
● <b>Electricity Informatization</b>	— Construction and Operation Service for Electricity Operation, Maintenance & Monitoring Center in Tangxia — Guangdong Power Grid Production & Dispatching Center Intelligentization Engineering Project
● <b>New Energy</b>	— Centralized Photovoltaic Poverty Alleviation Power Station Construction Project in Dege, Sichuan — H5# Offshore Wind Farm, Booster Station Project in Rudong, Jiangsu
● <b>Digitalized Energy Saving</b>	— Beijing Telecom Ciqu Data Center Energy-saving Reconstruction Project — Smart Energy Management Platform in Changsha Huanghua International Airport

Specific Case Description

### Smart Energy Management Platform in Changsha Huanghua International Airport



Effectiveness	2020	2021
Energy Consumption Reduction	>12%	>18%
Standard Coal Saving	>1800 tons	>2900 tons
Lowered Carbon Emission	>4600 tons	>7300 tons

## Supply Chain Company Undertook Mixed-ownership Reform in 2021

Introduced 4 strategic investors  
Enhanced capital resources and capabilities of technology, business and customer collaboration

- 1H2022 operating results achieved **double-digit growth**, average revenue and average net profit per employee on an upward trend
- Revenue from domestic operator market **up by 30%**
- Newly acquired **20+** core communications equipment manufacturer customers

## Deepened Reform

- Optimized team structure and brought in professionals to bolster meticulous management and incentives
- Strengthened synergistic operation of warehouse logistics, built an extensive warehouse and distribution network to achieve delivery within 2 hours at 85% county level area

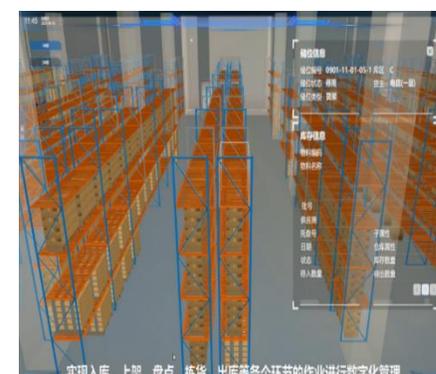
## Technological Innovation

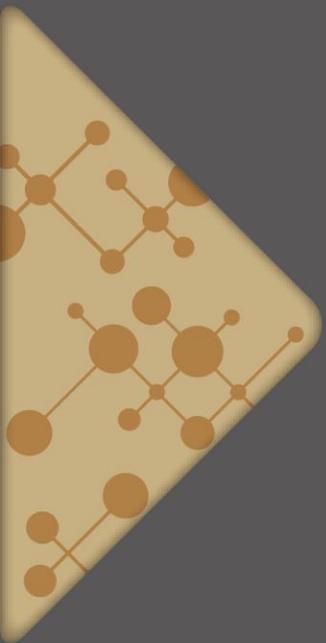
- Upgraded information system to achieve full-process digital management for logistics and warehousing, procurement, inspection and repair, recycle and disposal
- Increased R&D investment to build technology products such as digital twin warehouse and smart, fully automated warehouse

## Supply Chain Company Business Distribution



## Supply Chain Company Digital Twin Warehouse





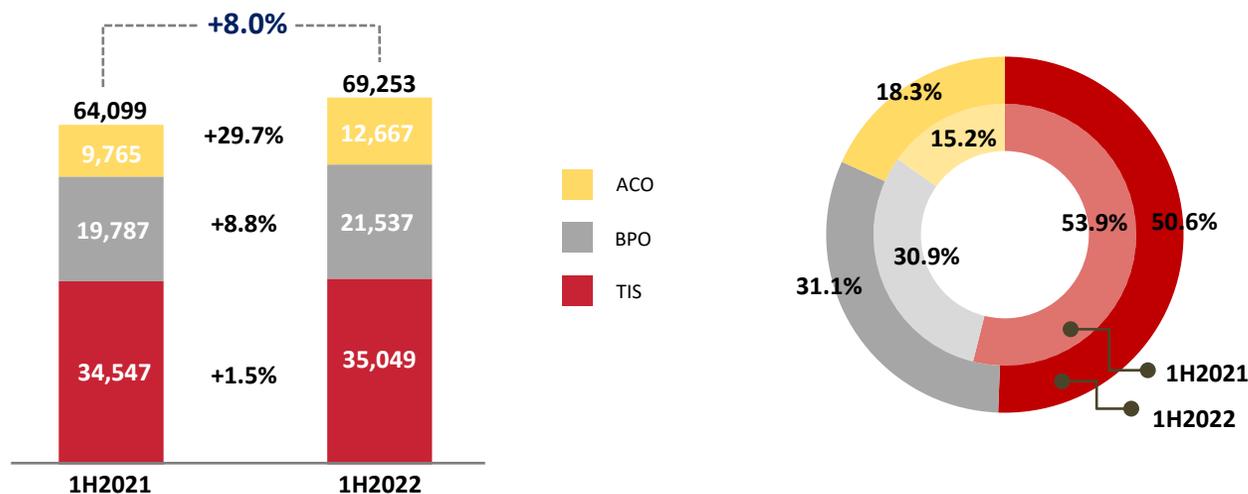
*Business  
Review*



(RMB'M)	1H2021	1H2022	Change %	% of Revenue
<b>TIS (Telecommunications Infrastructure Services)</b>				
Design	5,093	4,508	-11.5%	6.5%
Construction	27,480	28,608	4.1%	41.3%
Supervision	1,974	1,933	-2.1%	2.8%
<b>Subtotal</b>	<b>34,547</b>	<b>35,049</b>	<b>1.5%</b>	<b>50.6%</b>
<b>BPO (Business Process Outsourcing Services)</b>				
Maintenance	7,914	8,910	12.6%	12.9%
Facilities Management	3,316	3,706	11.8%	5.3%
Supply Chain	6,433	6,781	5.4%	9.8%
Products Distribution	2,124	2,140	0.7%	3.1%
<b>Subtotal</b>	<b>19,787</b>	<b>21,537</b>	<b>8.8%</b>	<b>31.1%</b>
<b>ACO (Applications, Content and Other Services)</b>				
System Integration	6,215	8,360	34.5%	12.1%
Software Development & System Support	1,569	1,987	26.6%	2.9%
Value-added Services	1,093	1,369	25.2%	2.0%
Others	888	951	7.1%	1.3%
<b>Subtotal</b>	<b>9,765</b>	<b>12,667</b>	<b>29.7%</b>	<b>18.3%</b>
<b>Total</b>	<b>64,099</b>	<b>69,253</b>	<b>8.0%</b>	<b>100%</b>

## By Business

(RMB'M)



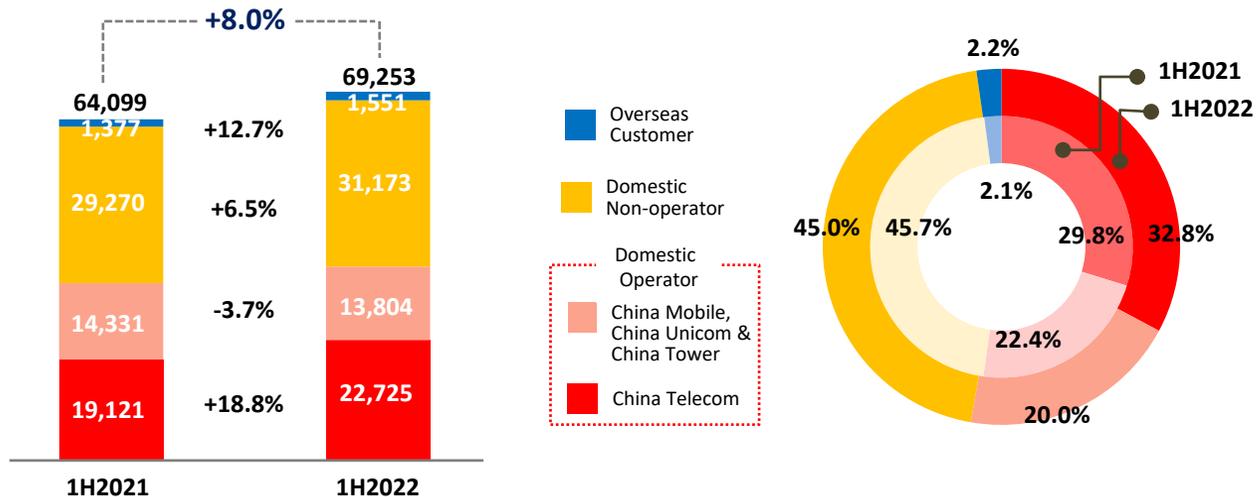
### Business Structure

Portion of revenue from ACO business continued to rise and reached 18%

**Continued to Accelerate Business Transformation, Strengthening Driver Force of Technology**

## By Market

(RMB'M)



### Market Structure

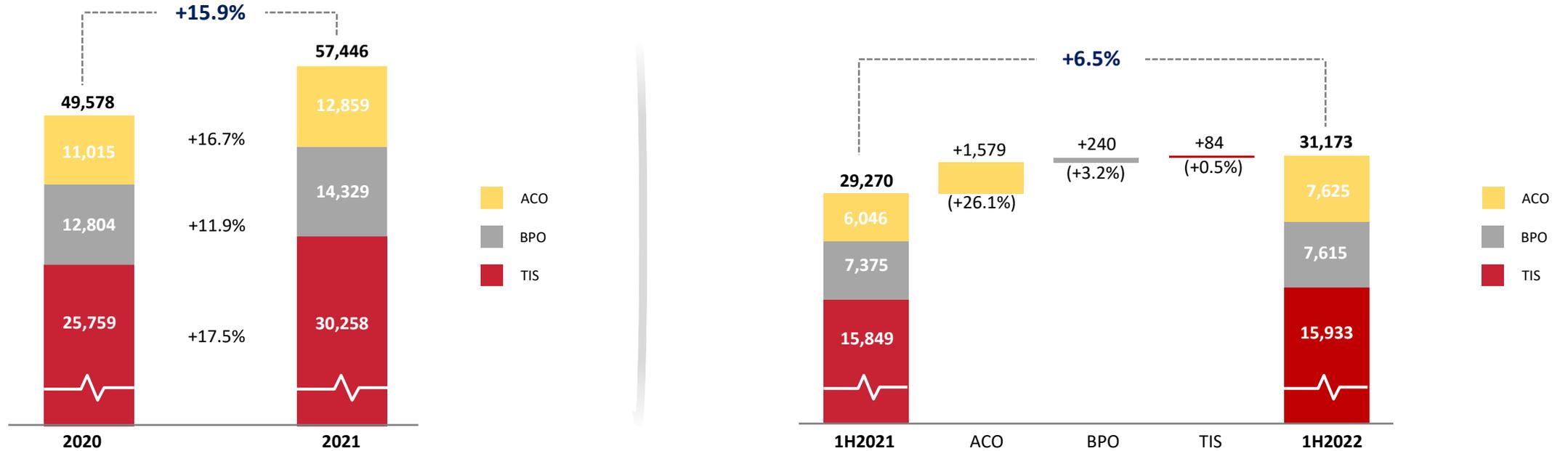
Portion of revenue from operator and non-operator (domestic non-operator + overseas markets) Each accounted for approximately 50%

**Two Motivators to Drive Revenue Growth**

# Domestic Non-operator Market (1/2): Transformed Development towards High-value Fields, Optimized Business Structure

## Revenue Growth Drivers

(RMB'M)



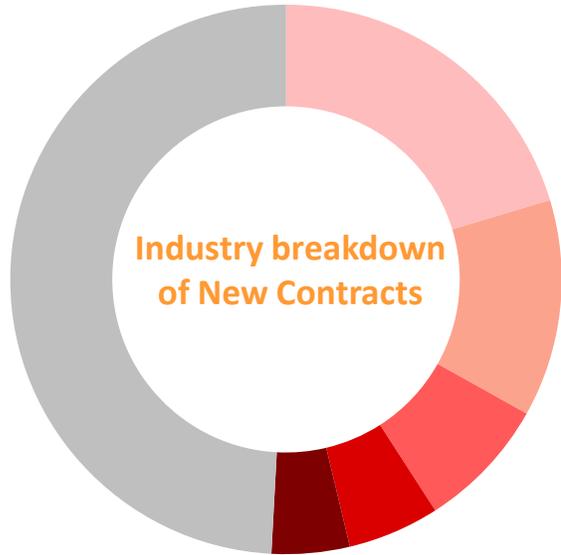
- Domestic non-operator market recorded stable revenue growth amid pandemic impact and business structure adjustment
- By focusing on mature sectors such as digital government, smart city, smart transportation, ACO business, as the major growth driver of the market, continued its fast growth at +26.1% yoy
- Firmly grasped the demand for data center, and actively developed new businesses related to Dual Carbon (electricity) and digital transformation of enterprises

HoH revenue growth resumed to double-digit <sup>(1)</sup>, indicating an improving trend

<sup>(1)</sup> The revenue of domestic non-operator market in 1H2022 increased by 10.6% compared to 2H2021.

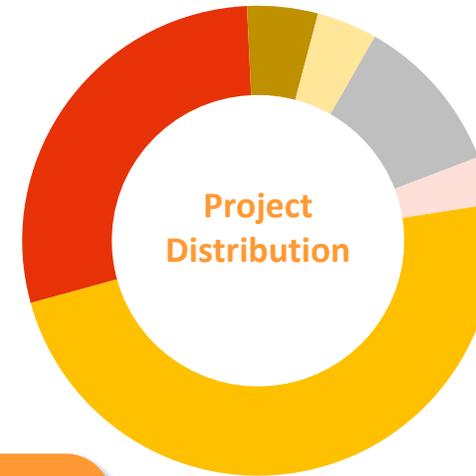
# Domestic Non-operator Market (2/2): Achieved Good Results in Penetrating Focused Areas

1H2022 New Contracts in Domestic Non-operator Market Amounted to **>RMB40.9 bn**, Increased by **~6% yoy**



- Government
- Construction
- Internet & IT
- Transportation
- Electricity
- Other industries<sup>(1)</sup>

Projects with Size over RMB100 million Amounted to **>RMB3.6 bn**



- Industrial Digitalization Projects**

  - Smart Park
  - Smart City
  - Smart Campus
  - Smart Transportation
- Cloud, Data Center
  - Informatization Infrastructure Construction Projects

in which

## Selected Projects with Size over RMB100 million in 1H2022

**Cloud Computing Project Data Center**

- ▶ JD Cloud & AI Hybrid Cloud Center General Contracting Project
- ▶ Lanzhou New Area Big Data Industrial Park (Phase 2) No.3 Data Room Equipment Procurement, Integration, and Installation Project
- ▶ CAC Telecom Company "International Data Transmission Hub" General Contracting Project in Guangzhou Nansha, Guangdong – Hong Kong – Macao Greater Bay Area
- ▶ Foshan Kepler Big Data Center Project

**Smart Park**

- ▶ Hangzhou Xixi Park Phase 5 Intelligentization Construction Project

**Smart Campus**

- ▶ Smart Campus and Building Intelligentization General Contracting Project for the Tianfu Campus of Civil Aviation Flight University

**Smart City**

- ▶ Wuchuan County New Smart City Construction General Contracting Project

**Smart Transportation**

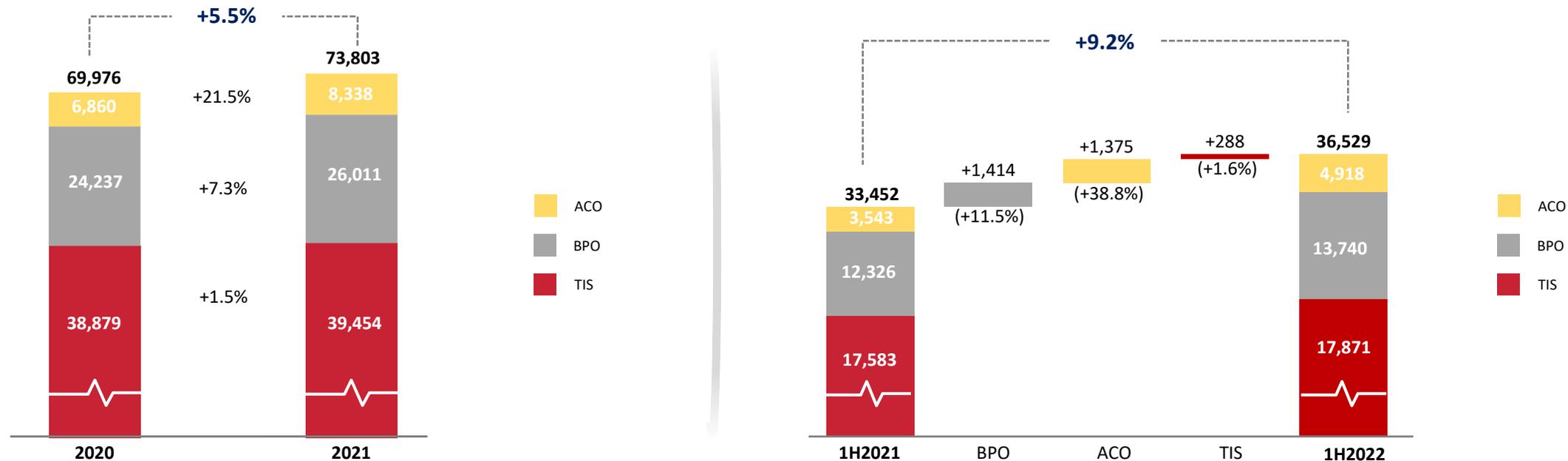
- ▶ Changzhi City Smart Highway "Free-flow Toll" System Project

<sup>(1)</sup> Other industries include SMEs, finance, education, manufacturing, water conservancy, agriculture etc.

# Domestic Operator Market: Grasped the Opportunity of Its Accelerating Development, Drove Expedited Revenue Growth

## Revenue Growth Drivers

(RMB'M)



### Persisted in "CAPEX + OPEX + Smart Applications" Strategy

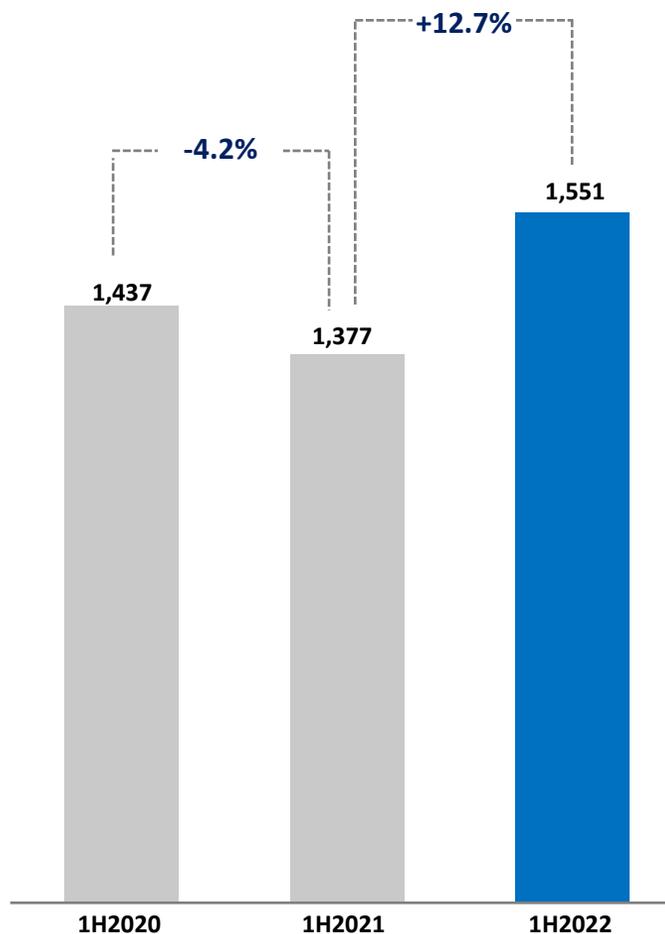
- Deeply participated in businesses such as cloud-network construction, data centers, green transformation of old machine rooms, forged competitive advantages, maintained relatively stable market share in TIS business
- BPO business achieved steady growth by actively expanding comprehensive maintenance service and integrated service of construction, maintenance and optimization
- ACO business growth accelerated, at 38.8%, by seizing opportunities from operators' expedited development in government and enterprise business and industrial digitalization business

Despite domestic operators' investment on 5G network had passed its turning point, **revenue maintained relatively fast growth**

# Overseas Market: Overcame Pandemic, Revenue Returned to Stable

## Revenue from Overseas Market

(RMB'M)



## Opportunities and Challenges Coexist in Overseas Market

### Opportunities

Continuous advancement of the “Belt & Road” Initiative, strengthened collaboration with “Go Abroad” Chinese enterprises.....

### Challenges

Slowdown of global economic growth, changing dynamics of international situations, pandemic in overseas continued.....

- **Development in 1H2022:** promoted the implementation of major projects such as the telecom and broadband network construction as well as the smart meter projects in regions including the Middle East and Southeast Asia, driving revenue growth

Optimize deployment in overseas market, pursue steady development and penetrate targeted markets

**Facilitate High-quality Development**

Leverage the opportunities of strengthening cooperation with domestic operators and “Go Abroad” Chinese enterprises

**Build External Cooperation Ecosystem**

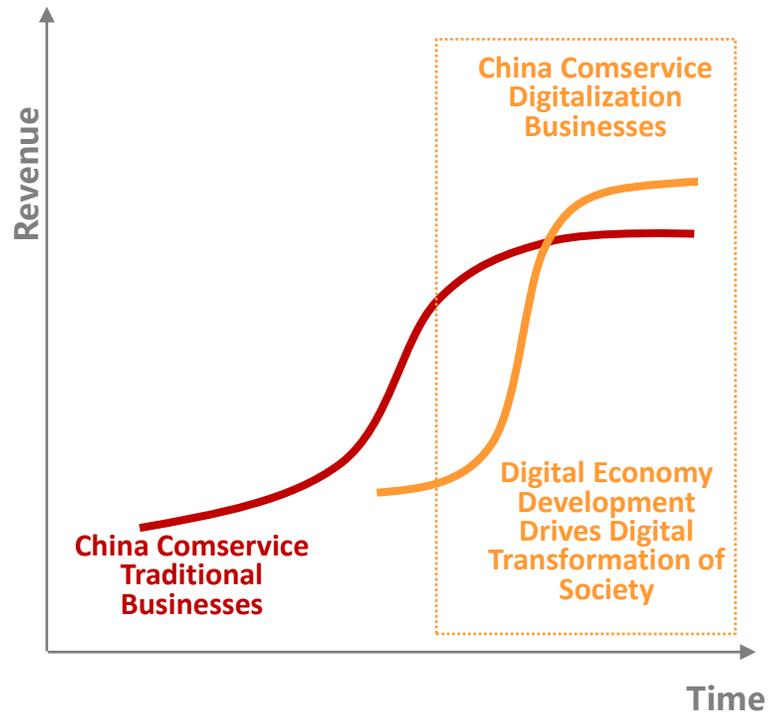
Strengthen risk management and improve governance mechanism to prevent risks

**Promote Safe Development Overseas**

Leverage Resources and Capabilities of the “1 Positioning, 4 Roles” of China Comservice

Capitalize on our Technological Innovation & Reform, Step up Digitalization Capabilities Incubation

## Two Growth Curves to Boost Revenue Growth



1<sup>st</sup> Curve

2<sup>nd</sup> Curve

**Traditional  
Businesses**

**Digitalization Businesses**

Construction of communication network, urban services, electricity

- Digital infrastructure
- Digital government, digitalization solutions in key sectors: electricity, construction, transportation, education, etc.

Maintenance

Supply Chain

- Core digitalization solutions in network security

Property Management

- Innovative applications integrated with digital technologies of AI, Big Data, blockchain.....

...

**TIS  
Business**

**BPO  
Business**

**ACO  
Business**

## Three Main Tracks

**Domestic Operator Market**

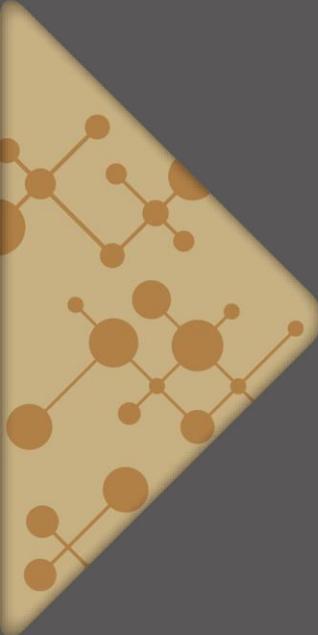
Grasp construction opportunities of data centers, gigabit optical networks, machine room reconstruction, and actively develop emerging markets including network security, Dual Carbon (energy-saving and upgrade)

**Domestic Non-operator Market**

Seize opportunities from industrial digital transformation, focus on key areas including smart applications, smart operation, digital infrastructure, Dual Carbon, network security, emergency management

**Overseas Market**

Focus on key countries, customers, businesses, expand overseas market proactively and cautiously



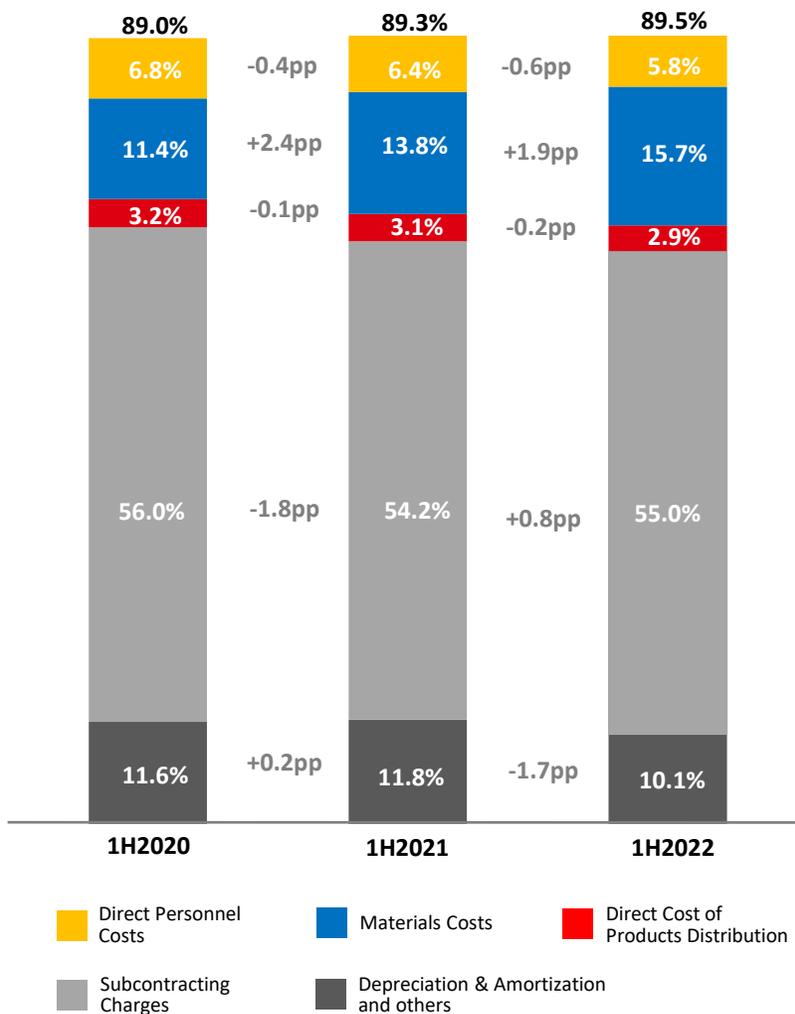
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*Financial  
Results*



(RMB'M)	1H2021	1H2022	Change %	% of Revenue
<b>Revenue</b>	<b>64,099</b>	<b>69,253</b>	<b>8.0%</b>	<b>100%</b>
<b>Cost of Revenue</b>	<b>57,266</b>	<b>61,960</b>	<b>8.2%</b>	<b>89.5%</b>
Direct Personnel Costs	4,123	4,030	-2.3%	5.8%
Materials Costs	8,830	10,896	23.4%	15.7%
Direct Cost of Products Distribution	2,027	2,033	0.3%	2.9%
Subcontracting Charges	34,747	38,063	9.5%	55.0%
Depreciation and Amortization	428	470	9.7%	0.7%
Others	7,111	6,468	-9.0%	9.4%
<b>Gross Profit</b>	<b>6,833</b>	<b>7,293</b>	<b>6.7%</b>	<b>10.5%</b>
<b>SG &amp; A Expenses</b>	<b>5,497</b>	<b>5,920</b>	<b>7.7%</b>	<b>8.5%</b>
<b>Net Profit</b>	<b>1,811</b>	<b>1,896</b>	<b>4.6%</b>	<b>2.7%</b>
<b>EPS (RMB)</b>	<b>0.262</b>	<b>0.274</b>	<b>4.6%</b>	-
<b>Free Cash Flow</b>	<b>-1,515</b>	<b>-2,607</b>	-	-

Cost of Revenue as a % of Revenue



Through Comprehensively Strengthening Cost Management, Including Whole Process Projects Management, Subcontracting Management, Centralized Procurement, Subdivision Assessment and Digital Management

**Dedicated to Control Costs**

**Direct Personnel Costs**

- Controlled total staff number to enhance labour productivity

**Materials Costs**

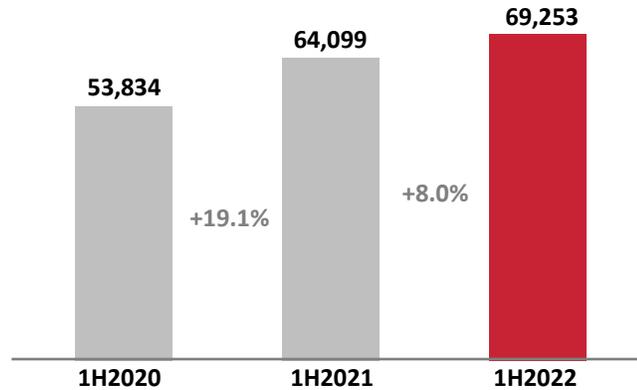
- Business model transformation (undertook major projects with general contracting model proactively) and rapid growth of system integration businesses drove relatively fast increase in materials costs. Strengthened the control of materials costs by establishing internal procurement system and implementing centralized procurement, etc.

**Subcontracting Charges**

- Through optimizing management system, constructing full-functional IT system and strengthening costs analysis, enhanced full-process management on subcontracting and controlled subcontracting costs

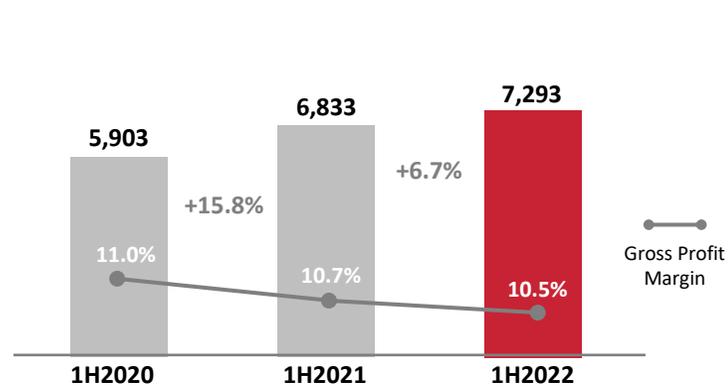
## Revenue

(RMB'M)



## Gross Profit

(RMB'M)



**Implemented Efficiency Enhancement Measures to Enhance Operating Efficiency**

Practised high-quality development strategy and managed projects with low gross profit margin, and implemented measures for efficiency enhancement and costs reduction  
**Gross Profit Margin Showed Moderate Decline**



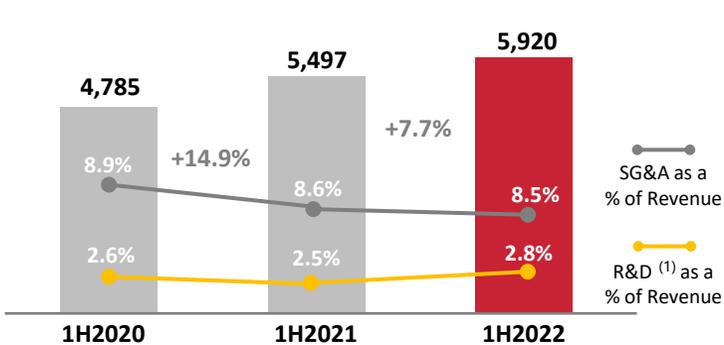
Enhanced control on selling and administrative expenses  
**SG&A as a % of Revenue Declined Continuously**



Enhanced capital management and tax planning  
**Interest Income Increased and Tax Burden Reduced**

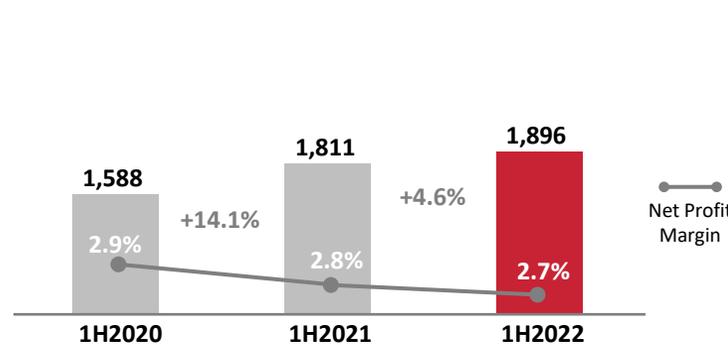
## SG & A Expenses

(RMB'M)



## Net Profit

(RMB'M)

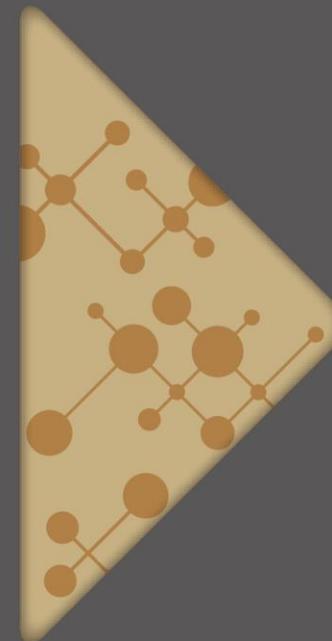


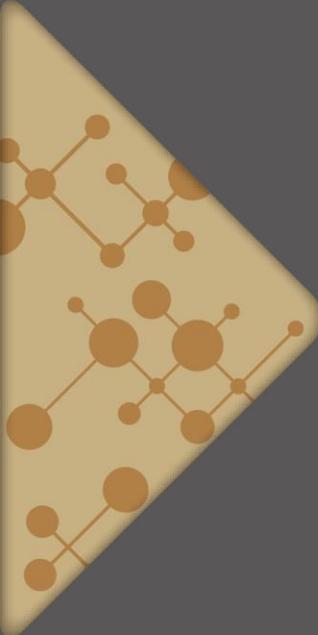
**Profit Margin (Including Non-controlling Interests) was 2.8% Maintained Largely Stable**

***Solid Financial Position is Favourable for the Company to Capture Opportunities from Digital Economy and Digital Transformation of Society as well as Facilitating the Long-term Sustainable Development***

(RMB'M)	31.12.2021	30.6.2022
<b>Total Assets</b>	100,028	107,005
In which: Cash and Deposits	23,528	19,386
Accounts Receivable and Contract Assets	39,789	47,763
<b>Total Liabilities</b>	60,418	66,497
In which: Accounts Payable and Contract Liabilities	47,769	51,772
Interest-bearing Liabilities	813	850
<b>Equity Attributable to Equity Shareholders</b>	38,407	39,242
<b>Total Liabilities / Total Assets (%)</b>	60.4%	62.1%
<b>Debt-to-Capitalization Ratio (%)</b>	2.1%	2.1%

◆◆◆ *Thank you!* ▶▶▶ ◆◆◆





◆◆◆ *Appendix* ▶▶▶ ●●●

# Business Revenue Breakdown – By Market

(RMB'M)	1H2021	1H2022	Change	Change %
<b>TIS (Telecommunications Infrastructure Services)</b>				
Domestic Operator	17,583	17,871	288	1.6%
Domestic Non-operator	15,849	15,933	84	0.5%
Overseas Customer	1,115	1,245	130	11.8%
<b>Subtotal</b>	<b>34,547</b>	<b>35,049</b>	<b>502</b>	<b>1.5%</b>
<b>BPO (Business Process Outsourcing Services)</b>				
Domestic Operator	12,326	13,740	1,414	11.5%
Domestic Non-operator	7,375	7,615	240	3.2%
Overseas Customer	86	182	96	111.2%
<b>Subtotal</b>	<b>19,787</b>	<b>21,537</b>	<b>1,750</b>	<b>8.8%</b>
<b>ACO (Applications, Content and Other Services)</b>				
Domestic Operator	3,543	4,918	1,375	38.8%
Domestic Non-operator	6,046	7,625	1,579	26.1%
Overseas Customer	176	124	-52	-29.7%
<b>Subtotal</b>	<b>9,765</b>	<b>12,667</b>	<b>2,902</b>	<b>29.7%</b>
<b>Total</b>	<b>64,099</b>	<b>69,253</b>	<b>5,154</b>	<b>8.0%</b>

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 development of 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.