

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2025

## 1. PRINCIPAL ACTIVITIES

China Communications Services Corporation Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) is a leading service provider in the People’s Republic of China (the “PRC”) that provides integrated comprehensive smart solutions in the field of informatisation and digitalisation. The Group offers telecommunications infrastructure services, including design, construction and project supervision and management; business process outsourcing services, including management of infrastructure for information technology, general facilities management, supply chain and products distribution; and applications, content and other services, including system integration, software development and system support, and value-added services.

## 2. BASIS OF PREPARATION

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 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 IFRS Accounting Standards.

This interim financial report 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 International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*.

The interim financial report has been prepared in accordance with the same accounting policies and methods of computation adopted in the consolidated financial statements of the Group for the year ended 31 December 2024, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

## 3. CHANGES IN ACCOUNTING POLICIES

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

Amendments to IAS 21	The effects of changes in foreign exchange rates – Lack of exchangeability
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The adoption of above amendments in the current period has had no material effect on the Group’s interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### 4. SEGMENT REPORTING

The Group principally has one operating segment, which is the provision of integrated comprehensive smart solutions in the field of informatisation and digitalisation. Therefore, no additional segment information has been presented. Additional information about major customers and geographical areas of the Group has been disclosed in note 5.

#### 5. REVENUES

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

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue from telecommunications infrastructure services	38,272,609	37,666,188
Revenue from business process outsourcing services	22,382,937	22,162,474
Revenue from applications, content and other services	16,283,705	14,583,291
	76,939,251	74,411,953

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 2025 amounted to RMB25,826 million and RMB6,367 million, respectively (six months ended 30 June 2024 amounted to RMB27,082 million and RMB7,025 million, respectively), being 33.6% and 8.3% of the Group's total revenues, respectively (six months ended 30 June 2024: 36.4% and 9.4%, respectively). The revenues derived from areas outside Mainland China for the six months ended 30 June 2025 amounted to RMB2,151 million (six months ended 30 June 2024: RMB1,979 million).

## 6. COST OF REVENUES

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Subcontracting charges	42,932,050	41,233,277
Materials costs	13,341,575	12,336,999
Direct personnel costs	3,707,393	3,807,665
Direct costs of products distribution	1,560,609	1,098,458
Expense relating to short-term leases and leases of low-value assets	609,940	604,986
Depreciation and amortisation	498,208	505,257
Others	6,401,866	6,709,732
	69,051,641	66,296,374

## 7. OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest income	270,299	325,641
Dividend income from equity instruments at fair value through other comprehensive income	211,712	191,435
Management fee income	166,948	165,747
Government grants	93,034	87,807
Write-back of non-payable liabilities	27,869	11,116
Gain on disposal of property, plant and equipment, intangible assets and right-of-use assets	9,840	7,688
Input tax credits	2,750	29,241
Others	56,721	61,172
	839,173	879,847

## 8. FINANCE COSTS

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	20,419	31,503
Interest on lease liabilities	23,492	27,523
	43,911	59,026

For the six months ended 30 June 2025, no borrowing costs were capitalised in relation to construction in progress (six months ended 30 June 2024: nil).

## 9. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
(a) Staff costs:		
Salaries, wages and other benefits	6,833,056	7,308,835
Contributions to defined contribution retirement schemes	1,154,463	1,108,808
	7,987,519	8,417,643
(b) Other items:		
Amortisation	99,633	98,587
Depreciation	709,824	729,391
Write-down of inventories, net	27,729	18,604
Impairment losses recognised and reversed on accounts receivables, other receivables, contract assets and others, net	161,577	118,914

The selling expenses, general and administrative expenses, research and development costs and others of the Group are RMB1,193 million, RMB2,457 million, RMB2,184 million and RMB348 million for the six months ended 30 June 2025 respectively (six months ended 30 June 2024: RMB1,168 million, RMB2,711 million, RMB2,314 million and RMB349 million).

## 10. INCOME TAX

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax	244,762	296,994
Deferred tax	(10,639)	(89,839)
Total income tax	234,123	207,155

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit before tax	2,440,726	2,405,105
Expected income tax expense at a statutory tax rate of 25% (six months ended 30 June 2024: 25%)	610,182	601,276
Differential/preferential tax rates on subsidiaries' income (note (i)(ii))	(128,031)	(100,644)
Non-deductible expenses	30,947	24,891
Non-taxable income	(64,977)	(66,411)
Tax losses and other temporary differences not recognised	44,246	56,538
Utilisation of previously unrecognised tax losses	(9,067)	(11,670)
Adjustments in respect of current income tax of previous years	(9,329)	(4,330)
Additional deduction of research and development expenses (note (iii))	(239,848)	(292,495)
Income tax	234,123	207,155

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 2025 and 2024 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 2024: 15%, 15% and 20%).
- (iii) According to the PRC enterprise income tax law and its relevant regulations, certain research and development expenses of the Group's PRC subsidiaries are qualified for an additional deduction of 100% for tax reporting purpose (six months ended 30 June 2024: 100%).

## 11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2025 of RMB2,128,715 thousand (six months ended 30 June 2024: RMB2,124,984 thousand) and the number of shares in issue during the six months ended 30 June 2025 of 6,926,018 thousand shares (six months ended 30 June 2024: 6,926,018 thousand shares).

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during both periods.

## 12. OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Changes in fair value of equity instruments at fair value through other comprehensive income recognised during the period	526,396	670,820
Net deferred tax charged to other comprehensive income	(131,614)	(168,823)
Exchange differences on translation of financial statements	16,089	(14,030)
Other comprehensive income for the period	410,871	487,967

## 13. DIVIDENDS

### (a) Dividends attributable to the interim period

The Board of Directors did not propose the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved during the period of RMB0.2187 per share (2024: RMB0.2174 per share)	1,514,720	1,505,716

No final dividend or special dividend was paid during the six months ended 30 June 2025 and 2024.

## 14. OTHER NON-CURRENT ASSETS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Long-term receivables	505,086	521,668
Others	319,237	318,344
	824,323	840,012

## 15. ACCOUNTS AND BILLS RECEIVABLES, NET

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bills receivables	869,866	1,410,736
Accounts receivables	31,479,179	26,509,784
	32,349,045	27,920,520
Less: allowance for credit losses	(2,760,843)	(2,624,315)
	29,588,202	25,296,205

- (a) The amounts due from CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (see note 26) are unsecured, interest-free and are expected to be recovered within one year.
- (b) The ageing analysis of accounts and bills receivables (net of allowance for credit losses) based on credit terms is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Current	2,301,124	2,089,253
Within 1 year	23,185,072	19,334,238
After 1 year but less than 2 years	2,995,918	2,900,914
After 2 years but less than 3 years	843,399	718,462
After 3 years but less than 4 years	163,930	161,188
After 4 years but less than 5 years	49,564	43,676
Over 5 years	49,195	48,474
	29,588,202	25,296,205

## 16. CONTRACT ASSETS, NET

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Telecommunications infrastructure services	36,472,255	32,552,493
Business process outsourcing services	1,610,953	1,469,655
Applications, content and other services	5,015,331	4,271,528
	43,098,539	38,293,676
Less: allowance for credit losses	(538,668)	(525,867)
	42,559,871	37,767,809

The contract assets relate to the rights of the Group to considerations receivable for work completed and not billed because the rights are conditional upon the Group's future performance in achieving specified milestones on construction, design and other service contracts. The contract assets are transferred to accounts receivables when the rights become unconditional. The Group typically transfers the contract assets to accounts receivables within one year when the specific milestones are met.

## 17. CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash at bank and in hand	7,534,055	15,634,788
Cash at China Telecom Group Finance Co., Ltd ("China Telecom Finance") (note 26)	4,046,203	4,003,248
Cash and cash equivalents	11,580,258	19,638,036



## 18. INTEREST-BEARING BORROWINGS

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>RMB denominated</b>		
Borrowings from banks – unsecured	90,800	82,050
<b>USD denominated</b>		
Borrowings from banks – unsecured	–	178,991
<b>Other denominated</b>		
Borrowings from banks – unsecured	666,588	437,046
<b>Interest payable</b>	6,459	8,162
	<b>763,847</b>	<b>706,249</b>

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>RMB denominated</b>		
Borrowings from banks – unsecured	2.50%-3.10%	3.40%-3.70%
<b>USD denominated</b>		
Borrowings from banks – unsecured (floating interest rate)	N/A	Secured Overnight Financing Rate ("SOFR") +0.90%-1.08%.p.a
<b>Other denominated</b>		
Borrowings from banks – unsecured – unsecured (floating interest rate)	4.44%-6.96%	6.91%-7.12% Hong Kong Interbank Offered Rate ("HIBOR") +0.95% AND Saudi Arabia Interbank Offered Rate ("SAIBOR") +1.50%
	<b>Hong Kong Interbank Offered Rate ("HIBOR") +0.90%-0.95%</b>	

## 18. INTEREST-BEARING BORROWINGS (continued)

The Group's borrowings were repayable as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	763,847	706,249

## 19. ACCOUNTS AND BILLS PAYABLES

Accounts and bills payables comprise:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Accounts payables	62,688,302	59,837,140
Bills payables	4,889,247	6,057,749
	67,577,549	65,894,889

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	64,920,272	63,309,727
After 1 year but less than 2 years	1,449,837	1,319,642
After 2 years but less than 3 years	439,340	492,037
Over 3 years	768,100	773,483
	67,577,549	65,894,889

The amounts due to CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (see note 26) are unsecured, interest-free and are expected to be settled within one year.

## 20. CONTRACT LIABILITIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Telecommunications infrastructure services	4,951,610	6,700,059
Other services	2,195,968	2,489,991
	<b>7,147,578</b>	<b>9,190,050</b>

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

## 21. ACCRUED EXPENSES AND OTHER PAYABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Deposits received from subcontractors	2,196,229	2,559,838
Wages and welfare payables	1,992,991	1,648,393
Output VAT payables	1,380,924	1,335,552
Amounts due to CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (note (i))	1,315,784	563,047
Dividend payables	781,206	4,761
Other taxes payables	688,871	897,915
Advance lease payments received	30,114	35,740
Payables for construction and purchase of property, plant and equipment	3,498	2,756
Others (note (ii))	3,890,023	4,372,955
	<b>12,279,640</b>	<b>11,420,957</b>

Notes:

- (i) The amounts due to CTC Group, associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (see note 26) are unsecured, interest-free and are expected to be settled within one year, among which dividend payables balance is RMB769 million (31 December 2024: RMB17 million).
- (ii) The amounts mainly include payables to suppliers for purchases on behalf of CTC Group and others.

## 22. OTHER NON-CURRENT LIABILITIES

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

## 23. SHARE CAPITAL

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>Registered, issued and fully paid:</b>		
4,534,598,160 (31 December 2024: 4,534,598,160)		
Domestic shares of RMB1.00 each	4,534,598	4,534,598
2,391,420,240 (31 December 2024: 2,391,420,240)		
H shares of RMB1.00 each	2,391,420	2,391,420
	6,926,018	6,926,018

## 24. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

As at 30 June 2025, the Group had capital commitments for acquisition and construction of property, plant and equipment and other non-current assets as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted for but not provided	56,863	54,189

### (b) Contingent liabilities

As at 30 June 2025, the Group had no material contingent liabilities and financial guarantees issued.

## 25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### (i) Financial instruments carried at fair value on a recurring basis

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

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

	At 30 June 2025			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial Assets</b>				
Financial Assets at fair value through other comprehensive income	5,026,161	–	1,053	5,027,214
Financial assets at fair value through profit or loss (note (i))	–	–	416,345	416,345
	At 31 December 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial Assets</b>				
Financial Assets at fair value through other comprehensive income	4,499,765	–	1,053	4,500,818
Financial assets at fair value through profit or loss (note (i))	–	–	385,070	385,070

Note:

- (i) The invested entities in Level 3 were private companies. At 30 June 2025, the Group appointed an external valuer to determine the fair value of the invested entity in Level 3 based on discounted cash flows. The future cash flows had been estimated based on long-term revenue growth rates, taking into account management's experience and knowledge of market conditions.

**25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)****(ii) Reconciliation of level 3 fair value measurement**

	<b>Equity instruments at fair value through other comprehensive income RMB'000</b>	<b>Equity instruments at fair value through profit or loss RMB'000</b>
As at 1 January 2025	<b>1,053</b>	<b>385,070</b>
Purchases	–	<b>16,162</b>
Total gains – in profit or loss	–	<b>15,113</b>
As at 30 June 2025	<b>1,053</b>	<b>416,345</b>

  

	<b>Equity instruments at fair value through other comprehensive income RMB'000</b>	<b>Equity instruments at fair value through profit or loss RMB'000</b>
As at 1 January 2024	12,511	342,301
Purchases	–	14,540
Disposals/settlements	(11,458)	(500)
Total gains – in profit or loss	–	28,729
As at 31 December 2024	1,053	385,070

**(iii) Fair values of financial instruments carried at other than fair value**

The fair values of financial assets and financial liabilities recorded at amortised cost are not materially different from their carrying amounts, which are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

## 26. RELATED PARTIES

The Group has undertaken significant transactions and maintained relationships with members of CTC Group, the material related party transactions are as below:

### (a) Transactions with CTC Group

Because of the relationship between the Group and the CTC Group, the terms of these transactions were negotiated between the Group with GTC Group.

The principal transactions with CTC Group which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Engineering related services revenue (note (i))	8,873,056	10,859,686
IT application services revenue (note (ii))	4,027,013	3,318,436
Provision of ancillary telecommunications services revenue (note (iii))	9,483,198	9,193,971
Provision of operation support services revenue (note (iv))	2,055,761	2,074,889
Supplies procurement services revenue (note (v))	1,309,231	1,553,999
Property leasing revenue (note (vi))	77,332	80,548
Management fee income (note (vii))	166,948	165,747
Property leasing charges (note (viii))	51,628	46,579
IT application services charges (note (ix))	421,654	162,913
Operation support services charges (note (x))	620,120	703,312
Supplies procurement services charges (note (xi))	1,897,974	1,704,146
Interest expenses (note (xii))	12,612	11,663
Net deposits (withdrew from)/placed with China Telecom Finance (note (xiii))	(124,945)	245,757
Interest income of deposits placed with China Telecom Finance (note (xiv))	57,741	67,583

## 26. RELATED PARTIES (continued)

### (a) Transactions with CTC Group (continued)

Notes:

- (i) The amount represents telecommunications infrastructure services such as design, construction and project management provided to CTC Group.
- (ii) The amount represents the telecommunications network support services, software and hardware development and other IT related services provided to CTC Group.
- (iii) The amount represents ancillary telecommunications services such as maintenance of network facilities (including optical ducts and cables, exchange buildings and base stations), operation of distribution channels, fixed line and wireless value-added service, internet content and information services provided to CTC Group.
- (iv) The amount represents the facilities management, advertising, conferencing services and certain repair and leasing of equipment services provided to CTC Group.
- (v) The amount represents supplies procurement service such as warehousing, transportation and installation and other related services provided to CTC Group.
- (vi) The amount represents rentals from operating leases in respect of business premises leased to CTC Group.
- (vii) The amount represents management fee in respect of headquarters management function services ("Centralised Services") provided to CTC Group.
- (viii) The amount represents rentals from short-term leases in respect of business premises paid and payable to CTC Group.
- (ix) The amount represents the charge paid and payable to CTC Group for basic telecommunications service, value-added service and information application service.
- (x) The amount represents the charge paid and payable to CTC Group for logistics, labor resources, cultural, educational, hygiene and other supporting services.
- (xi) The amount represents the charge paid and payable to CTC Group for supplies procurement services, warehousing, transportation and installation services.
- (xii) The amount represents the interest paid and payable to CTC Group in respect of the loans and lease liabilities from CTC Group.
- (xiii) The amount represents net deposit/(withdrawal) under deposit services provided by China Telecom Finance.
- (xiv) The amount represents the interest income from deposit services provided by China Telecom Finance.



## 26. RELATED PARTIES (continued)

### (a) Transactions with CTC Group (continued)

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash and cash equivalents	4,046,203	4,003,248
Short-term bank deposits and restricted cash	9,661	10,065
Accounts and bills receivables, net	10,623,283	11,921,985
Contract assets, net	16,697,859	15,169,839
Current portion of deposits at financial institutions with original maturity more than one year	27,443	232,036
Prepayments and other current assets	2,389,420	2,310,214
Deposits at financial institutions with original maturity more than one year	3,557,182	3,484,891
Other non-current assets	4,563	349,900
<b>Total amounts due from CTC Group</b>	<b>37,355,614</b>	<b>37,482,178</b>
Accounts and bills payables	2,517,155	1,315,148
Contract liabilities	894,511	668,971
Accrued expenses and other payables	1,190,835	451,355
Current portion of lease liabilities	166,062	173,789
Lease liabilities	518,749	530,101
<b>Total amounts due to CTC Group</b>	<b>5,287,312</b>	<b>3,139,364</b>

As at 30 June 2025, the credit losses balance in respect of amounts due from CTC Group is of RMB407 million (31 December 2024: RMB413 million).

For the six months ended 30 June 2025, additional amount of RMB72 million of right-of-use assets had been recognised under new lease contracts entered into with CTC Group (six months ended 30 June 2024: RMB93 million).

The directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business and the terms are reasonable so far as the shareholders of the Company are concerned.

## 26. RELATED PARTIES (continued)

### (b) Transactions with associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties

The Group has entered into transactions with associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties can exercise significant influence. The transactions entered into by the Group and above related parties are as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Engineering related service revenue (note (i))	2,215,672	2,216,278
IT application service revenue (note (ii))	236,908	135,145
Provision of ancillary telecommunications service revenue (note (iii))	999,400	990,514
Provision of operation support service revenue (note (iv))	81,414	59,370
Supplies procurement service revenue (note (v))	122,117	108,762
Property leasing service revenue (note (vi))	3,075	1,982
Property leasing service charges (note (vii))	176	949
IT application service charges (note (viii))	663,557	1,073,331
Operation support service charges (note (ix))	971,073	992,065
Supplies procurement service charges (note (x))	425,871	193,477
Interest expenses (note (xi))	5	5

Notes:

- (i) The amount represents telecommunications infrastructure services such as design, construction and project management provided to associates and joint ventures of CTC Group.
- (ii) The amount represents telecommunications network support services, software and hardware development and other IT related services provided to associates and joint ventures of the Group, associates and joint ventures of CTC Group.
- (iii) The amount represents ancillary telecommunications services such as maintenance of network facilities (including optical ducts and cables, exchange buildings and base stations); operation of distribution channels; fixed line and wireless value-added services; internet content and information services provided to associates and joint ventures of the Group, associates and joint ventures of CTC Group and other related parties.
- (iv) The amount represents facilities management, advertising, conferencing services and certain repair and leasing of equipment services provided to associates and joint ventures of the Group, associates and joint ventures of CTC Group and other related parties.
- (v) The amount represents supplies procurement services such as warehousing, transportation and installation and other related services provided to associates and joint ventures of CTC Group.
- (vi) The amount represents rental receivables from operating leases in respect of business premises entered into with associates and joint ventures of the Group, associates and joint ventures CTC Group.

## 26. RELATED PARTIES (continued)

### (b) Transactions with associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties (continued)

Notes: (continued)

- (vii) The amount represents rentals from short-term leases in respect of business premises paid and payable to associates and joint ventures of CTC Group.
- (viii) The amount represents charges paid and payable to associates and joint ventures of the Group, associates and joint ventures of CTC Group and other related parties for basic telecommunications services, value-added services and information application services.
- (ix) The amount represents the charges paid and payable to associates and joint ventures of the Group, associates and joint ventures of CTC Group for logistics, labour resources, cultural, educational, hygiene and other supporting services.
- (x) The amount represents the charges paid and payable to associates and joint ventures of the Group, other related parties for supplies procurement services, warehousing, transportation and installation services.
- (xi) The amount represents interest paid and payable to associates and joint ventures of CTC Group in respect of lease liabilities due to associates and joint ventures of CTC Group.

Amounts due from/to associates and joint ventures of the Group, associates and joint ventures of CTC Group, and other related parties included in respective account balances are summarised as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Accounts and bills receivables, net	828,943	644,618
Contract assets, net	1,005,070	664,640
Prepayments and other current assets	1,573,683	1,286,523
<b>Total</b>	<b>3,407,696</b>	2,595,781
Accounts and bills payables	2,638,540	3,091,262
Contract liabilities	160,014	219,777
Lease liabilities	160	210
Current portion of lease liabilities	90	79
Accrued expenses and other payables	124,949	111,692
<b>Total</b>	<b>2,923,753</b>	3,423,020

The directors of the Company are of the opinion that the above transactions undertaken with related parties were conducted on normal commercial terms in the ordinary course of business.

## 26. RELATED PARTIES (continued)

### (c) Transactions with other government-related entities in the PRC

The Company is a state-controlled enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC through government authorities, agencies, affiliations and other organisations (collectively referred to as "government-related entities").

Apart from transactions with parent company and its affiliates (note 26(a)), the Group has collectively, but not individually significant transactions with other government-related entities, which include but are not limited to the following:

- Rendering and receiving services, including but not limited to telecommunications services
- Sales and purchases of goods, properties and other assets
- Leasing of assets
- Depositing and borrowing money
- Use of public utilities

These transactions are conducted in the ordinary course of the Group's business on terms comparable to the terms of transactions with other entities that are not government-related. The Group prices its telecommunications services rendered and products sold based on government-regulated tariff rates, where applicable, or based on commercial negotiations. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

### (d) Transactions with key management personnel

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	3,321	3,806
Stock appreciation rights	—	3,434
Retirement benefits	1,598	1,590
Discretionary bonuses	7,739	5,678
	<b>12,658</b>	14,508

Total remuneration is included in "Staff costs" in note 9(a).