



New Generation Integrated Smart Service Provider



PRESIDENT

MR. HUANG XIAOQING

EXECUTIVE VICE PRESIDENT

MR. LIANG SHIPING

EXECUTIVE VICE PRESIDENT & CFO

MS. ZHANG XU



Overview



Business Review



Financial Results





Overview



Overall results achieved double-digit growth by seizing the opportunities arising from economic recovery in the first half of the year, New Infrastructure and digital transformation in society



Domestic non-operator market maintained a strong growth momentum and achieved development efficiency enhancement, making further contribution in driving profit growth



Domestic operator market resumed growth by persisting in “CAPEX & OPEX + Smart Applications” strategy



ACO business continued to realize rapid growth due to our continued investment in technological innovation and R&D, with capabilities well recognized by the industry



Successfully introduced strategic investors and continued to promote comprehensive enterprise reform and high-quality development

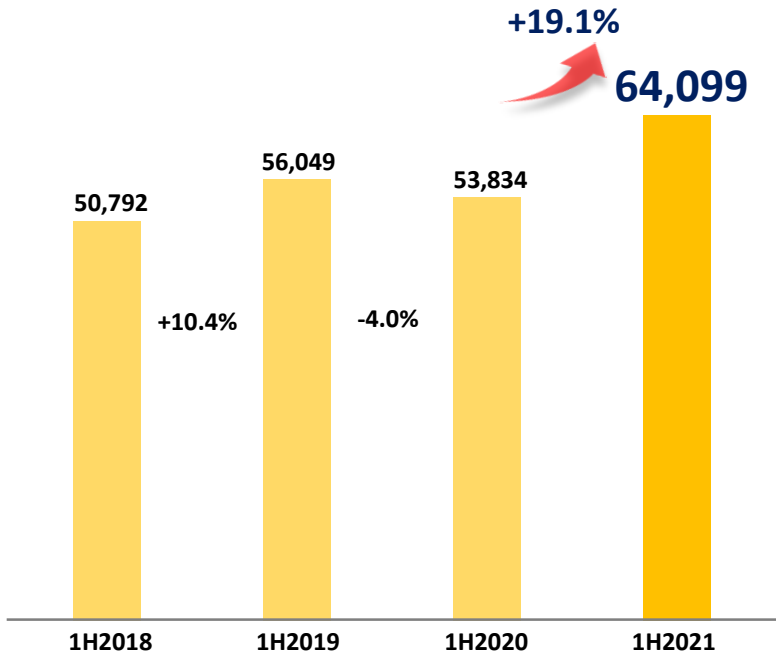


Leverage the strategic advantages as a “New Generation Integrated Smart Service Provider” and seize the vast opportunities from digital economy

Revenue and Net Profit Both Achieved Robust Growth

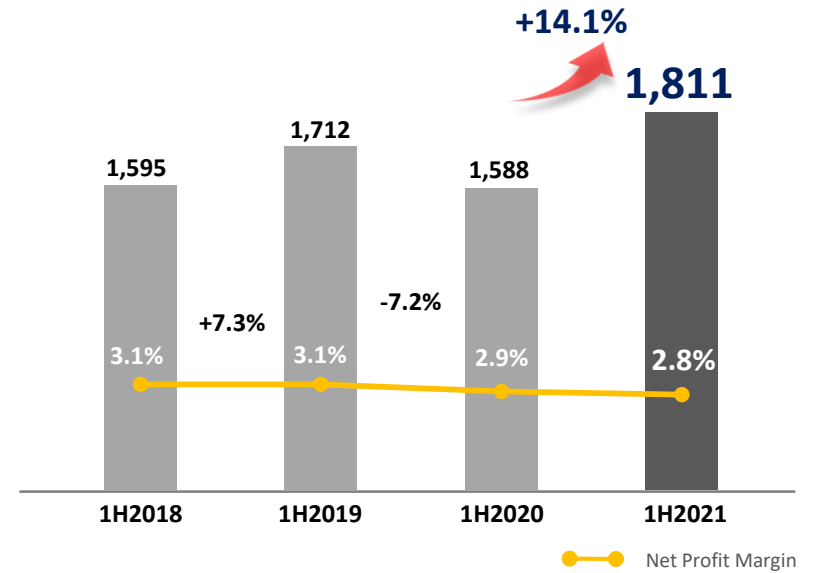
Revenue

(RMB'M)



Net Profit

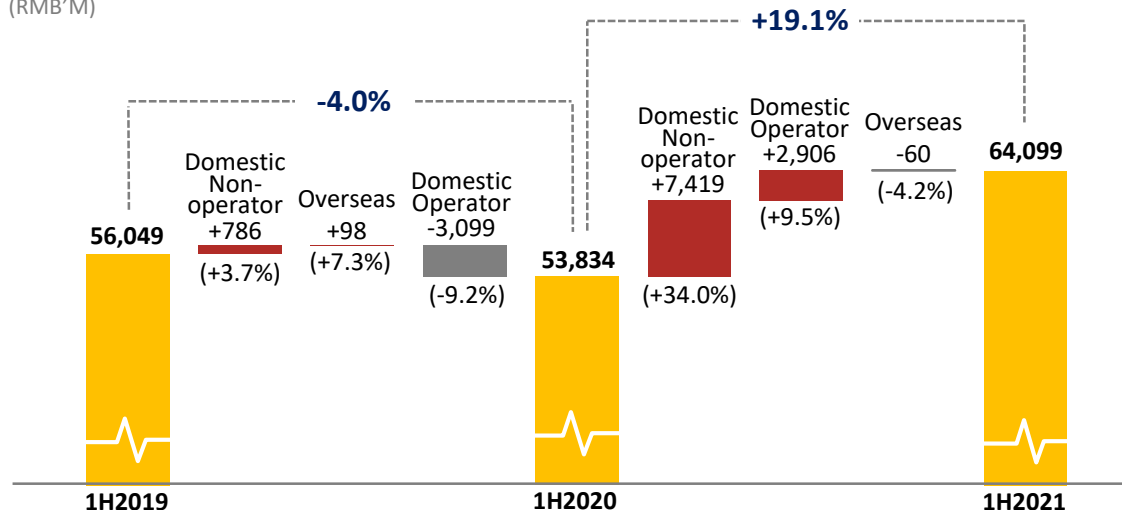
(RMB'M)



Growth of Each Major Source of Revenue Accelerated Notably

Revenue Growth – By Market

(RMB'M)

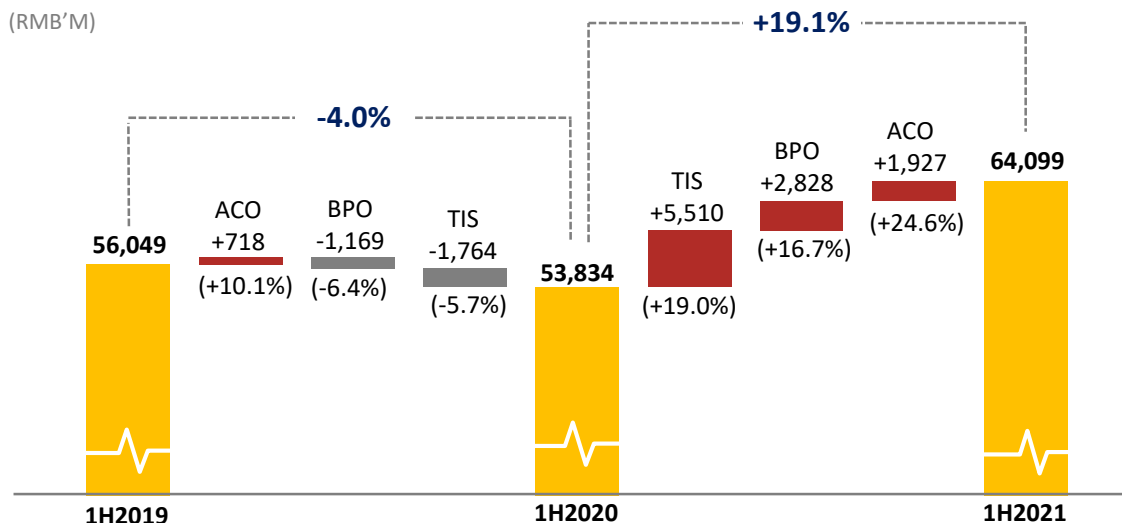


- Capturing opportunities from New Infrastructure and informatization construction, domestic non-operator market achieved acceleration in revenue growth and continued to be the largest growth momentum
- Driven by businesses such as 5G network construction, OPEX business and informatization construction, domestic operator market resumed growth

2-year CAGR	
➤ Domestic Non-operator	: +17.9%
➤ Domestic Operator	: -0.3%
➤ Overseas	: +1.4%

Revenue Growth – By Business

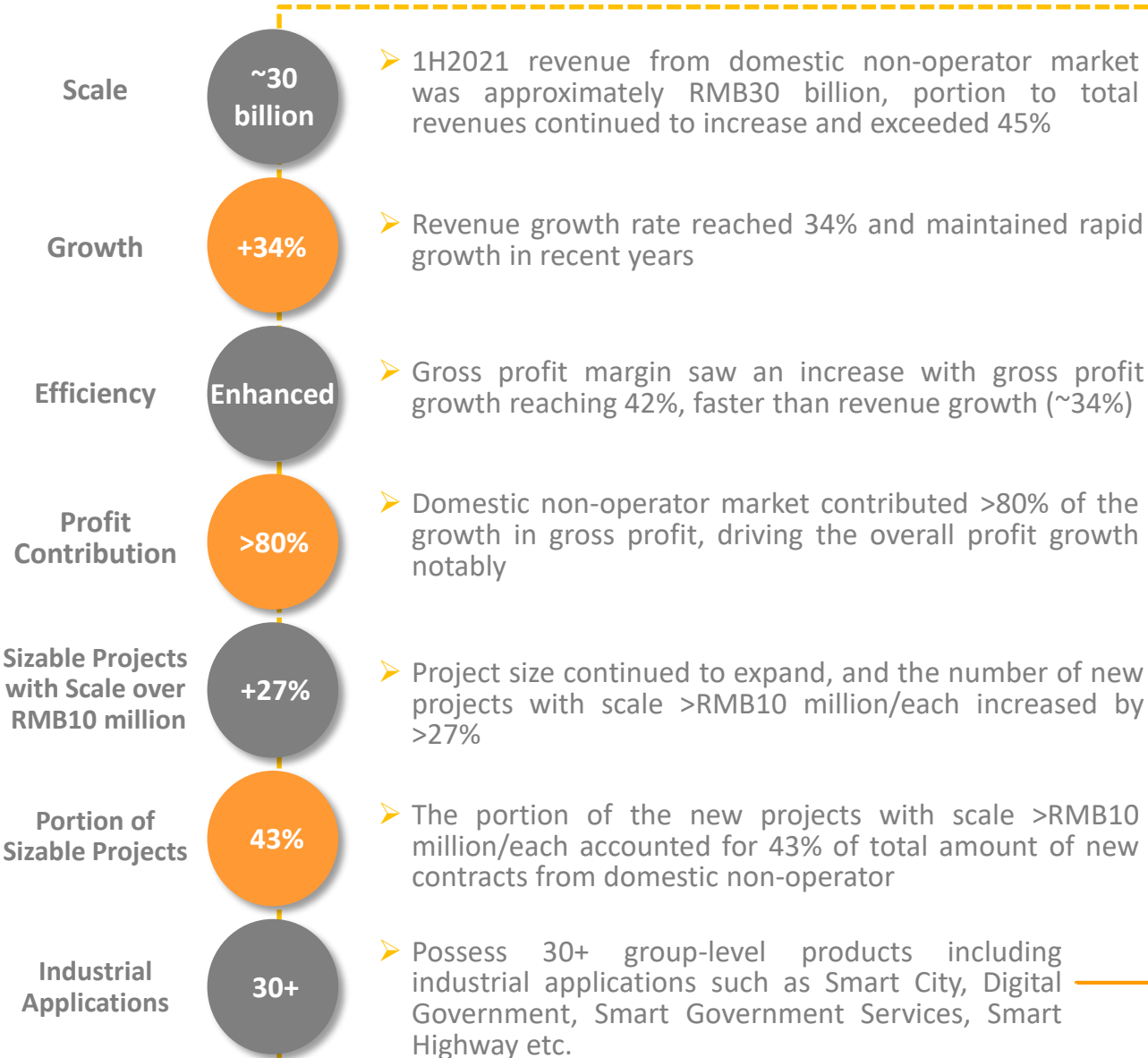
(RMB'M)



- TIS business shrugged off the pandemic impact in last year and grew notably
- ACO business maintained rapid growth, showing our technological innovation and R&D capabilities

2-year CAGR	
➤ TIS	: +5.9%
➤ BPO	: +4.5%
➤ ACO	: +17.1%

..... In Which Both Development Speed and Quality of Domestic Non-operator Market Enhanced

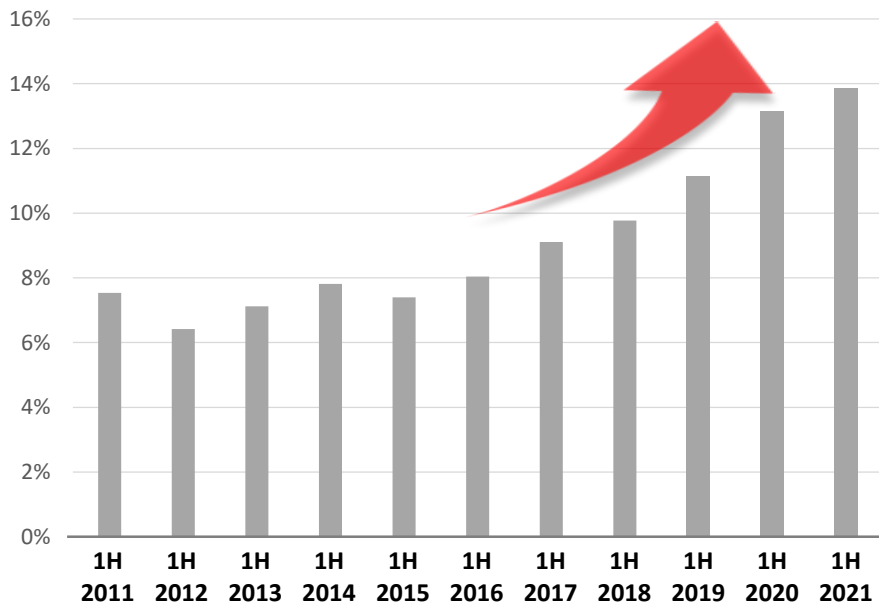


* The above data is from 1H2021 or comparison with 1H2020 in domestic non-operator market

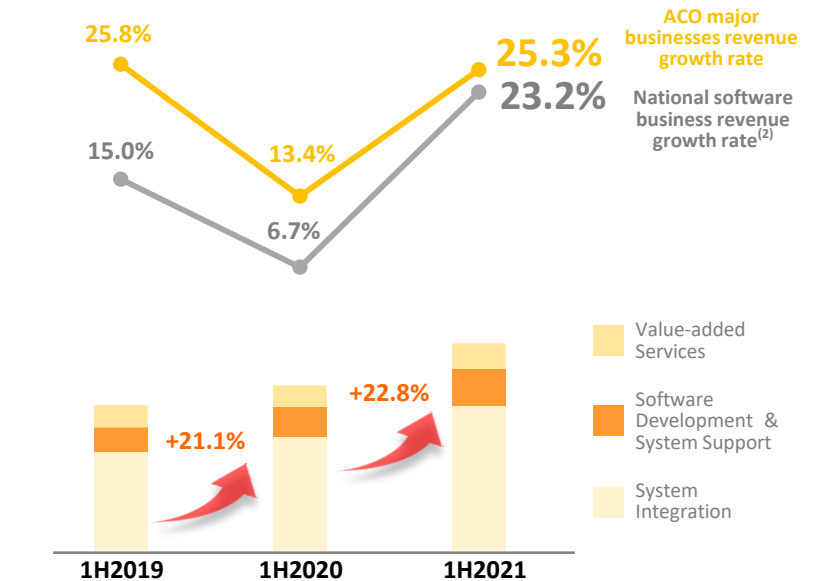
..... Development Momentum of ACO Business Notably Enhanced in Recent Years

Continuously satisfied the demand for informatization construction and industrial applications from customers, persisted in enhancing the R&D and platform construction in key fields such as IoT, cloud and information security, accelerated the iteration and upgrade of smart products and solutions

% of Revenue from ACO Major Businesses⁽¹⁾ to Total Revenues Rapidly Increased



Revenue Growth of ACO Major Businesses Surpassed National Software Business Revenue Growth Rate



⁽¹⁾ ACO major businesses include System Integration, Software Development & System Support and Value-added Services

⁽²⁾ Source: Software business revenue announced by MIIT

..... Technological Innovation and Integrated Capabilities Drove Our Development Remarkably

Domestic Operator

Domestic Non-operator

Overseas Customer

Technological Innovation Capabilities

Building Core Capabilities for a Technology-oriented Enterprise Continuously

<p>5G</p>	<ul style="list-style-type: none"> • Possessed multiple invention patents and professional publications for 5G; compiled 5G white paper • Engaged in multiple 5G demonstration projects 	<p>Innovation Middle Platform</p>	<ul style="list-style-type: none"> • “Innovation Middle Platform” certified by relevant enterprises in the industry • Formed strategic cooperation with 5 industry leading cloud product companies
<p>New Data Center</p>	<ul style="list-style-type: none"> • Possessed multiple industry-leading innovative green, energy-saving and low carbon technologies 	<p>IoT</p>	<ul style="list-style-type: none"> • “CCS IoT” was awarded with Best Product and Best Development Platform awards by various industrial institutions consistently
<p>Network Security</p>	<ul style="list-style-type: none"> • Included in industry-known Cybersecurity Industry Panorama 	<p>Blockchain</p>	<ul style="list-style-type: none"> • Published blockchain new field application white paper, built blockchain infrastructure platform, passed CAICT “Trusted Blockchain” evaluation

Enhancing Technological R&D Capabilities Consistently

- R&D investment during “13th Five-Year Plan” period exceeded RMB14 billion
- General Research Institute coordinates R&D, with 10+ research institutes and ~30 IT companies spreading across the nation
- 10,000+ R&D and technology talents
- 2,000+ patents, 6,000+ software copyrights

Increasing Industry Awareness

- Ranked 5th (1) for 2 consecutive years

2020 Rankings:

- 1st  HUAWEI
- 2nd  Tencent 腾讯
- 3rd  Alibaba Group 阿里巴巴集团
- 4th  Bai 百度
- 5th  中国通信服务 CHINA COMSERVICE

Integrated Capabilities

Possess the Top Qualification for the Highest-level and Most Comprehensive Integrated Delivery Services in the Informatization Field, and Full Life Cycle Management Service Capability Covering Consultation, Design, Software and Construction

TIS Business

BPO Business

ACO Business

Successfully Introduced Strategic Investors, Promoted High-quality Development

Continue to Progress on Comprehensive Reform, Unleash Enterprise Value, Enhance Competitiveness, Market Influence, Development Momentum and Profitability

Overall Reform

- China Comservice introduced State Grid ITT Group (subsidiary of State Grid) as strategic shareholder⁽¹⁾

Shareholding by

State Grid ITT Group: 0% → 2.40%
China Telecom Group: 51.39% → 48.99%

- Entered into Digital New Infrastructure Strategic Cooperation Agreement with State Grid ITT Group

Subsidiary Reform

- Supply Chain Company introduced 4 strategic shareholders including COSCO SHIPPING⁽²⁾

Shareholding by Strategic Shareholders: 26.015%
Capital Injection Amount: RMB900 million

Positive Impact

- Unleash enterprise intrinsic value (offering price by strategic shareholders for Supply Chain Company was ~14X 2020 P/E)
- Build Supply Chain Company into a leading enterprise of smart supply chain integrated services in the domestic ICT industry
- Enhance strategic deployment in the fields of electricity, supply chain etc.

Next Step

- Implement the details of cooperation with strategic shareholders and capture the opportunities arising from the new generation information technologies, New Infrastructure and Dual Carbon Goals
- Optimize governance structure
- Introduce share incentive scheme
- Promote overall reform by communicating with other potential strategic investors
- Promote reform on other subsidiaries
- Consider and pursue other reform matters

Introduction of Strategic Shareholders Optimizes Business Ecosystem and Accelerates Domestic Non-operator Market Development

Introduction of Strategic Shareholders Enables Diversity in Share Ownership and Enhances Governance Standard

Incentive Scheme Secures Talents for Enterprise Transformation and Development

Continue to Progress on the **Reform of Organizational Production Relations** (Subdivision Assessment) and **Internal System** (Incentive, Talents Management etc.)

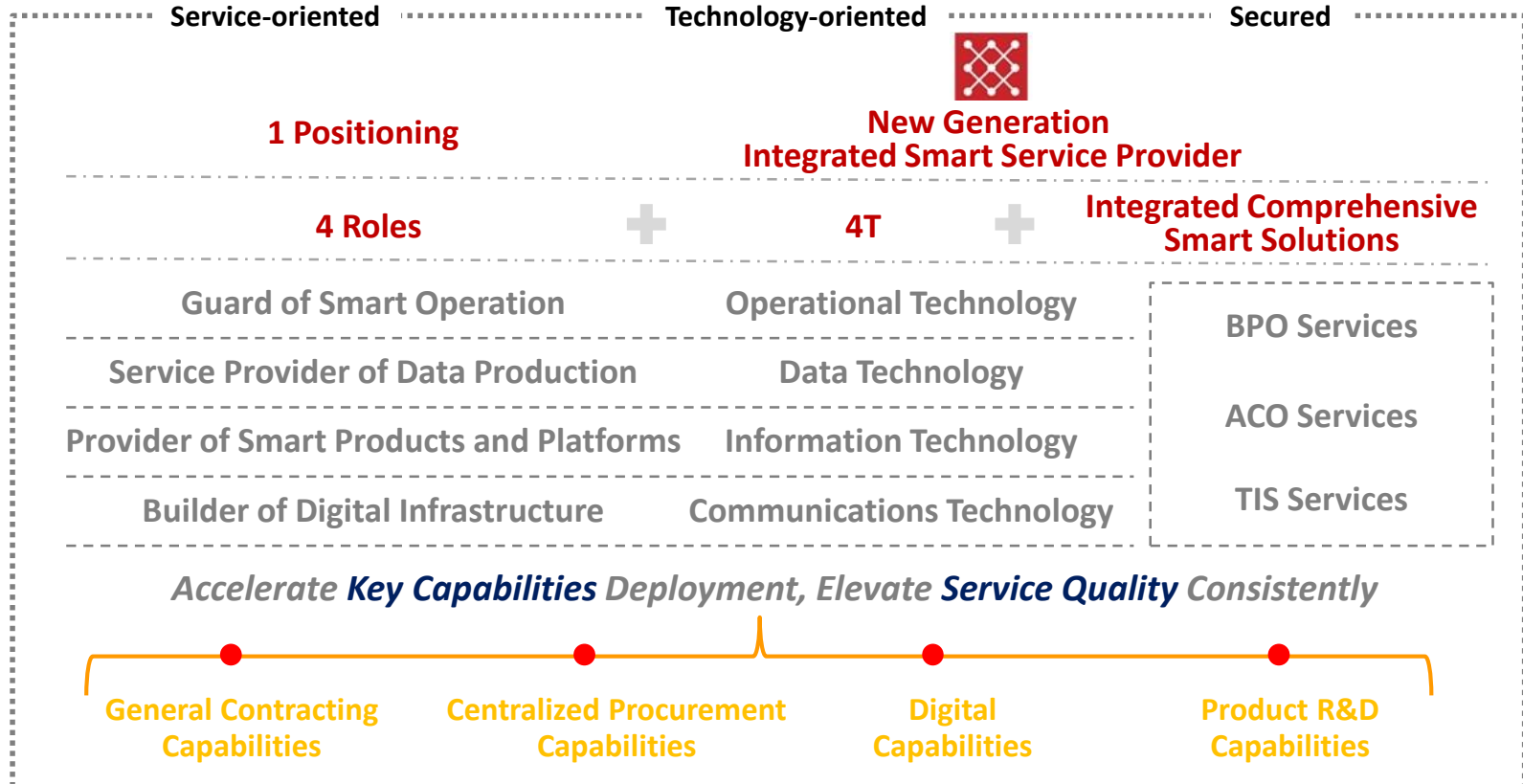
⁽¹⁾ The gratuitous transfer by China Telecom Group is subject to the approval by SASAC. For details please refer to the announcement made by the Company on 25 June 2021.

⁽²⁾ The four strategic shareholders include Tianjin COSCO SHIPPING, Zhilian Shenzhen International, Shuangbai Fund and Orient Securities Sucheng. The operating revenue and net profit of Supply Chain Company for the year of 2020 were RMB7,598 million and RMB245 million, respectively. For details please refer to the announcement made by the Company on 18 June 2021.

Cyberpower, Digital China and Smart Society Bring Extensive Room of Development for Digital Transformation in Society

New Infrastructure 5G Construction Industrial Internet
 New Data Center Network Security Industrial Applications

Leverage China Comservice's Capabilities and Advantages as a
 "New Generation Integrated Smart Service Provider",
 Promote High-quality Development through Both Organic and External Development



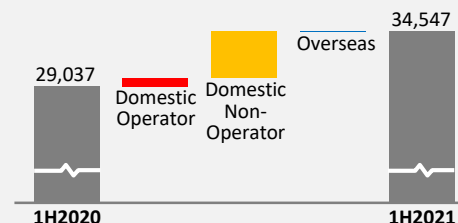


Business Review

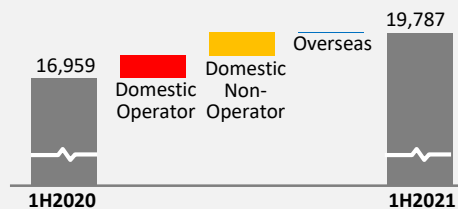
Business Revenue Breakdown

(RMB'M)	1H2020	1H2021	Change %	% of Revenue
TIS (Telecommunications Infrastructure Services)				
Design	4,757	5,093	7.1%	7.9%
Construction	22,610	27,480	21.5%	42.9%
Supervision	1,670	1,974	18.2%	3.1%
Subtotal	29,037	34,547	19.0%	53.9%
BPO (Business Process Outsourcing Services)				
Maintenance	7,320	7,914	8.1%	12.4%
Facilities Management	2,839	3,316	16.8%	5.2%
Supply Chain	4,984	6,433	29.1%	10.0%
Products Distribution	1,816	2,124	16.9%	3.3%
Subtotal	16,959	19,787	16.7%	30.9%
ACO (Applications, Content and Other Services)				
System Integration	4,893	6,215	27.0%	9.7%
Software Development & System Support	1,278	1,569	22.8%	2.4%
Value-added Services	912	1,093	19.8%	1.7%
Others	755	888	17.6%	1.4%
Subtotal	7,838	9,765	24.6%	15.2%
Total	53,834	64,099	19.1%	100%

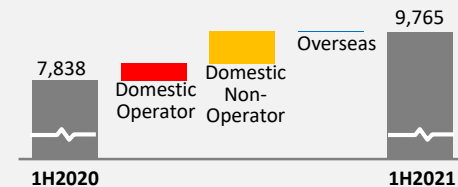
TIS



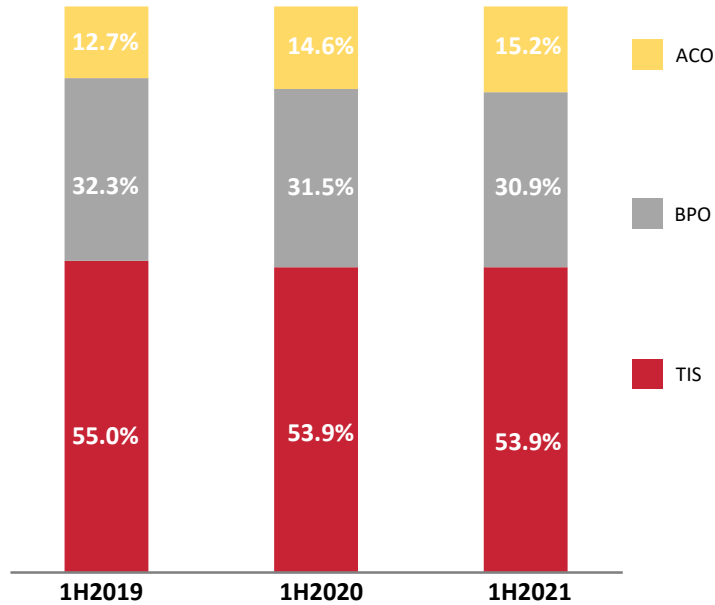
BPO



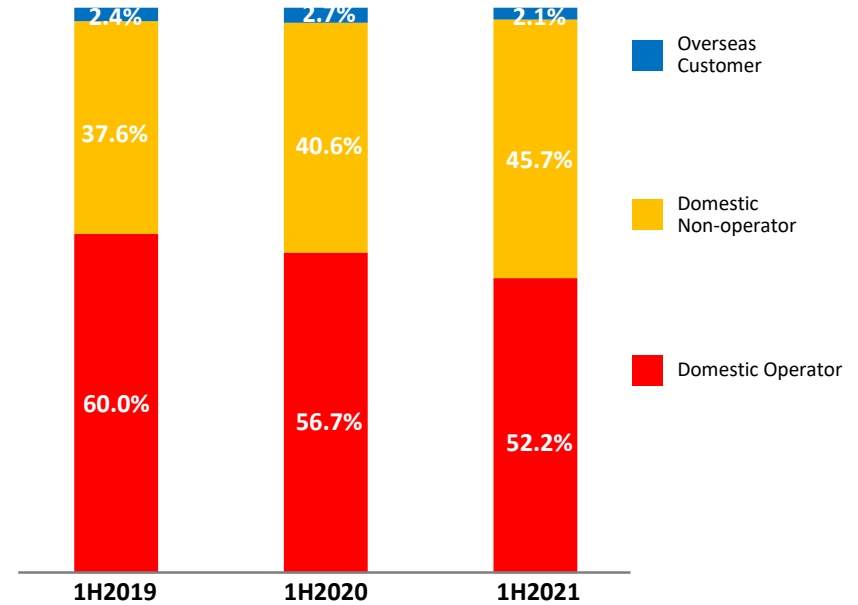
ACO



By Business



By Market



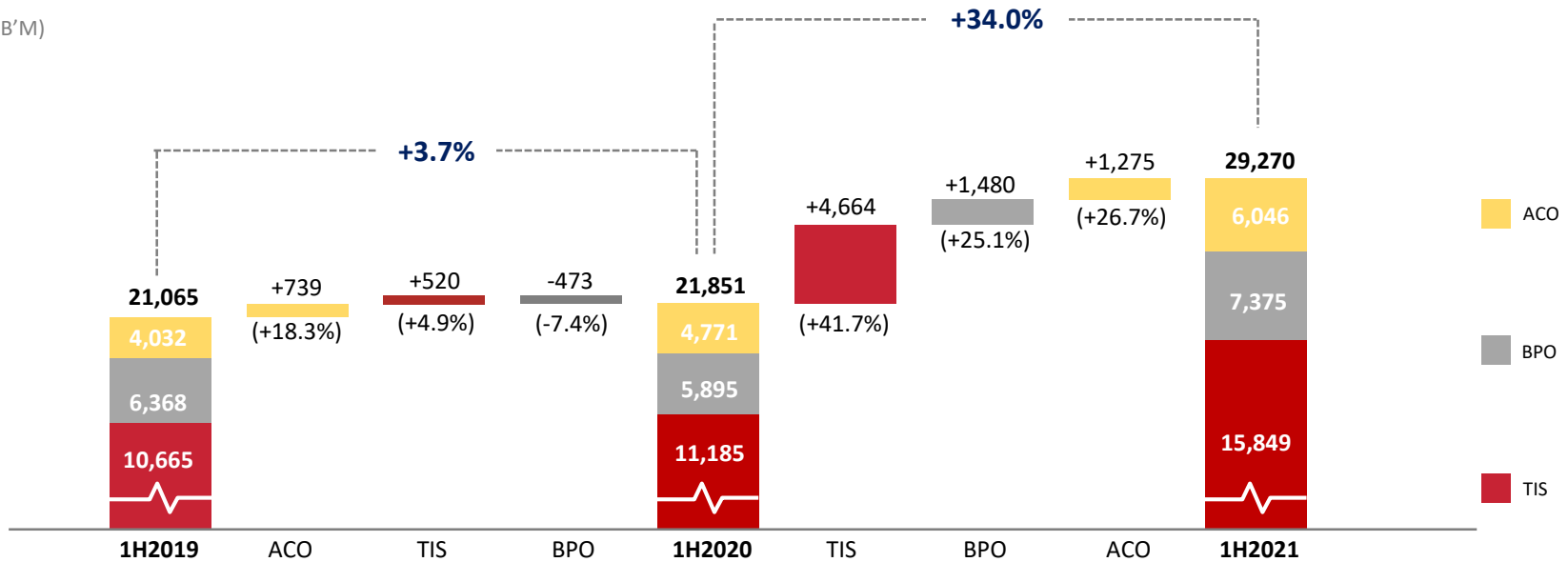
➤ **Business Structure Continued to Optimize:** portion of revenue from **ACO business** continued to rise and **exceeded 15%**

➤ **Market Structure Further Diversified:** portion of revenue from **domestic non-operator** further increased and **exceeded 45%**

Domestic Non-operator Market (1/2): Achieved Remarkable Results in Market Deployment, Each Business Attained Strong Growth

Revenue Growth Drivers

(RMB'M)



Seized Opportunities from Digital Economy, New Infrastructure, Smart Society, 5G Industrial Applications etc.

- Overcame the pandemic impact on businesses such as construction in last year, TIS and BPO businesses recovered notably and ACO business maintained a robust growth
- Leveraging top-level design and planning (TIS - Design and Consultation) and ACO core products, dedicated to providing integrated comprehensive smart solutions for customers to drive development of various businesses
- Continuously promoted technological innovation and R&D, forged industrial applications and underwent continuous iteration and upgrade of smart products
- Focused on key fields and leveraged internal coordination capabilities for swift replication, made constant breakthroughs in major project development

Domestic Non-operator Market (2/2) : Focus on Key Fields, Provide Industrial Solutions

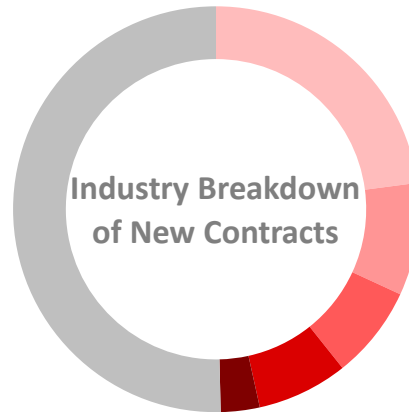
Government

- Focus on demand for Smart City, Digital Government, Smart Government Services etc., forge **digital consultation and planning**, system integration and general contracting capabilities
- Forge relevant products and solutions for industrial applications such as **Cloud, Security, Big Data** and **Emergency Management**

- Focus on key fields such as **highway, rail transit, airport, water transport**
- Develop informatization construction projects such as Smart Highway, Smart Transportation, Smart Airport

Transportation

1H2021 New Contracts in Domestic Non-operator Market Amounted to > **RMB38.5 billion**, Increased by ~20% yoy



Government Construction Internet & IT
Transportation Electricity Other Industries⁽¹⁾

For Smart Product Cases, please refer to:



Electricity

- Further study relevant policies on **“Carbon Peak, Carbon Neutrality”**, build up customer relationship with power supply bureaus and integrated energy enterprises
- Focus on **Digital Grid, Intelligentization of New Energy, 5G+Smart Electricity** to forge industrial applications and products

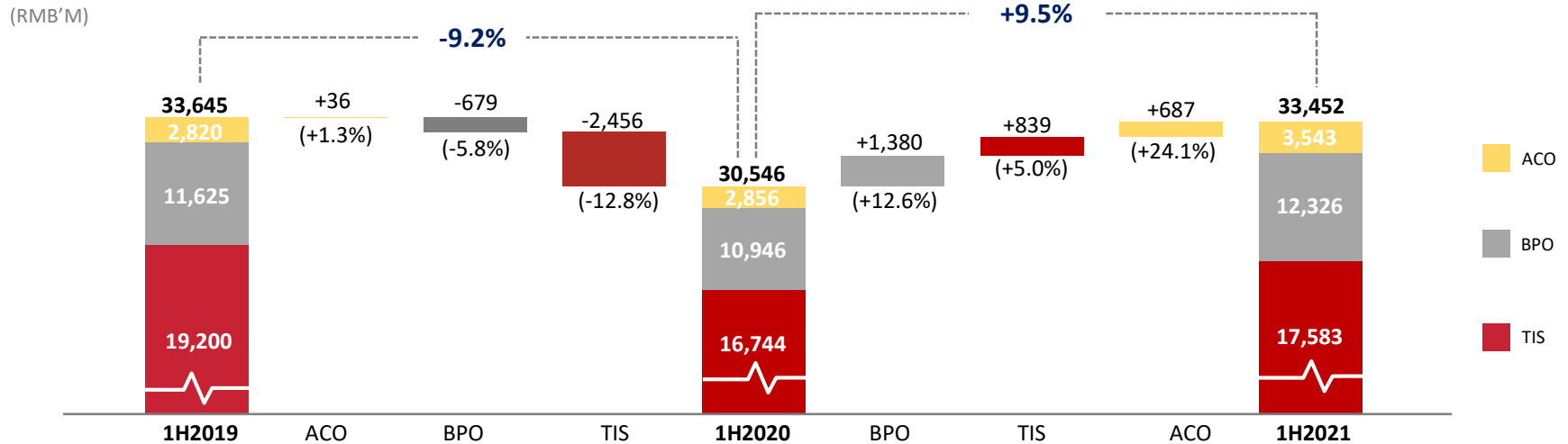
- Focus on government office buildings, large-scale enterprise headquarters and other commercial buildings, etc
- Leverage CCS IoT Platform to **forge integrated solutions for Smart Construction, Smart Building**

Construction

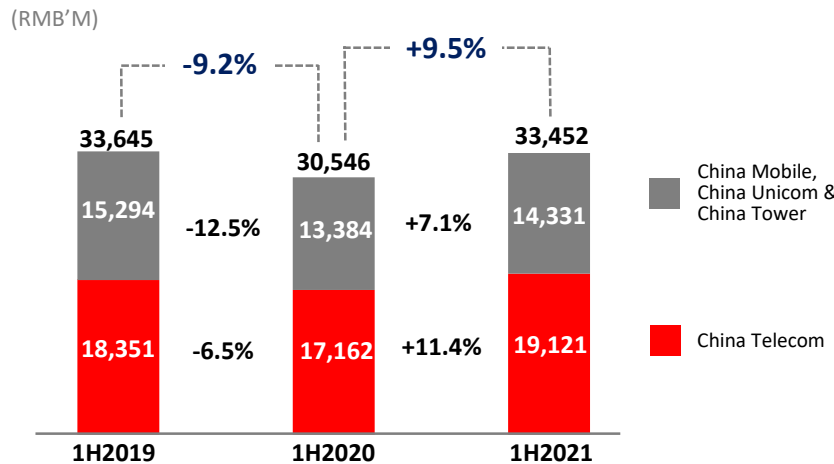
⁽¹⁾ Other industries include SMEs, finance, manufacturing, trading, water conservancy, agriculture etc.

Domestic Operator Market: Developed Market through Multiple Measures, Revenue Resumed Growth

Revenue – By Business



Revenue – By Customer



Effectively implemented “CAPEX & OPEX + Smart Applications” strategy

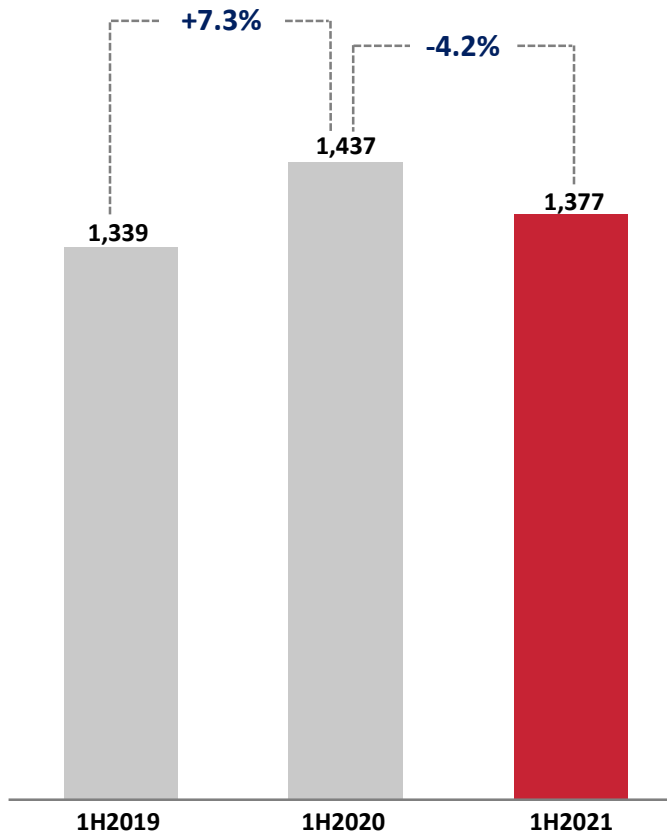
- TIS business resumed growth, demonstrating the drive of 5G network construction
- BPO business showed obvious growth contribution by penetrating OPEX market
- ACO business recorded fast growth by satisfying the demand for informatization services from operators' transformation

Revenue from all operators recorded positive growth despite the decrease of CAPEX investment by operators

Overseas Market : Achieved Business Breakthroughs in Key Fields despite the Pandemic Impact

Revenue from Overseas Market

(RMB'M)



- The pandemic affected the construction and delivery of overseas projects and caused volatility in revenue
- Leveraged successful domestic experience and exported smart products overseas, achieved breakthroughs in overseas power sector, smart projects, data center projects etc.
- Strengthened the overseas synergistic development with “Go Abroad” Chinese enterprises and obtained more projects in the fields of telecom network construction, data center, smart product and electricity

Certain Recent In-progress Projects in Key Regions Saudi Arabia

National Broadband Network

Local Telecom Operator

Provide services such as exterior survey, design, materials procurement, on-site implementation etc.

Smart Meter

Power Company from China

Install, adjust and test, integrate, operate and maintain over 2 million local smart meters

Smart Exhibition Hall

Local Government Agency

Provide general contracting services for exhibition hall, including the infrastructure modification, design, procurement, installation, adjustment and test, operation and maintenance

Keep up with Recent Developments, Leverage our Advantages to Capture Important Opportunities 5G, Network Security

National Policies

➤ 5G Application “Sailing” Action Plan

- Forge new ecosystem that deeply integrates IT, CT, OT
- Forge 100+ 5G application benchmarks in each key industry

➤ Cybersecurity Industry High-quality Development Three-Year Action Plan

- Cybersecurity industry scale exceeds RMB250 billion, CAGR>15% by 2023
- Key industries such as telecommunications devote ~10% of informatization investment to cybersecurity



China Comservice Capabilities

China Comservice 5G+ Capabilities System

Enables 5G Network Construction and Application Innovation Comprehensively

OT-DT-IT-CT-integrated service capabilities

Planning and design, implementation, operation and maintenance integrated service capabilities

Thorough comprehension on multiple industry scenarios

One of the Major Service Providers that Constructs the Largest 5G Commercial Network in the World



Possess Various 5G+ Industrial Applications Solutions

Technology Research

- ✓ **First** 5G network construction project whitepaper in the industry
- ✓ **300,000+** 5G base station construction
- ✓ **First** 5G SA Premium Network
- ✓ **First** 5G/4G Spectrum Sharing Station
- ✓ **First case** of 5G Electricity Pilot
- ✓ **Innovated** 5G electricity dedicated network slicing management platform

On-site Pilot

Large-scale Network Construction

5G+Smart Electricity
(5G Smart Grid Application in Shenzhen)



5G+Smart City
(Digital Government in Guangdong)



5G+Smart Logistics
(Logistics Park in Jiangsu)



Network Security

- ✓ **2500+** security team, including 850+ technical experts with international and national qualifications
- ✓ **60+** network information security qualifications, **10+** communications network security service qualifications...
- ✓ **Integrated security services** and **security operation center product portfolio** covering full life cycle
- ✓ Undertook security protection for major national events and national network information security projects



Industry Recognition



2021&2020
AQNIU “China Cybersecurity Industry Panorama”



2021&2020
CCSIP “China Cybersecurity Industry Panorama”

National Policies

➤ New Data Center Development Three-Year Action Plan

- The scale of data center cabinet to maintain an annual growth rate of ~20% by 2023
- PUE of new large data center reduces to <1.3

➤ “Carbon Peak, Carbon Neutrality” Goals

- Strive to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060



China Comservice Capabilities

As a **Major Constructor** of Data Centers, **China Comservice** has been in **Industry-leading Position**

➤ Accumulated Years of Experience in Data Center Construction:

- Serve **3000+** Customers in Total
- **1 million+** Cabinets
- **> RMB 5 billion** New Contracts (1H2021)

➤ Provide Full Life Cycle Integrated General Contracting Solutions:

- Consultation & Design
- BIM/Construction Management
- Project Management /Construction
- EPC General Contracting
- Operation & Maintenance /Evaluation

➤ Possess Industry-leading Innovative Technologies and Applications: Green, Energy-Saving, Low-carbon

- Evaporative Cooling Technology
- New A/C Terminals
- New Energy Storage
- Liquid-based Cooling for Servers
- Natural Cold Sources Utilization
- New A/C Cold Sources
- New Uninterruptible Power Supply System

Data Center Signature Projects

• Large Scale

➤ China Telecom Cloud Computing Center in Inner Mongolia

- >100K server cabinets
- Adopted “air-conditioning with half energy consumption” technology that controlled PUE within 1.3

• Green

➤ China Telecom Cloud Computing Information Park of Guizhou

- Adopted full fresh air conditioning to **provide free cooling for >200 days/year**
- **Western Sichuan Industry Park**
 - All electricity is generated from hydroelectric power station, **utilization rate of renewable energy was 100%**
 - Obtained **Carbon Neutrality Certificate for Data Center**

• Low PUE

➤ Xiong'an City Supercomputing Cloud Center

- Utilized new energy-saving technologies such as “full-immersion and cold plate liquid cooling technology”
- **Lowest PUE was 1.09**, energy consumption fell to industry-lowest

Building Smart Society, Boosting Digital Economy, Serving a Good Life



New Generation Integrated Smart Service Provider

Leverage **“1 Positioning, 4 Roles”**, Focus on Main Development Tracks, Expedite Technological Innovation, Optimize Ecological Cooperation, Continuously Progress on Reform, Reinforce Value Creation, Promote Sustainable, Healthy, High-quality Development

Domestic Operator Market



- Persist in “CAPEX & OPEX + Smart Applications” strategy
- Achieve overall stability in such market by seizing the New Infrastructure opportunities and penetrating the traditionally advantageous fields, supporting the new service demand from transformation of domestic operators, and enhancing service quality

Domestic Non-operator Market



- Ride on the opportunities arising from digital upgrade in society, industries and governance, explore market potential in integration of new and traditional infrastructure
- Focus on key industries and fields, enhance synergistic development in key regions
- Enhance product coordination capabilities and optimize marketing system to expedite deployment

Overseas Market



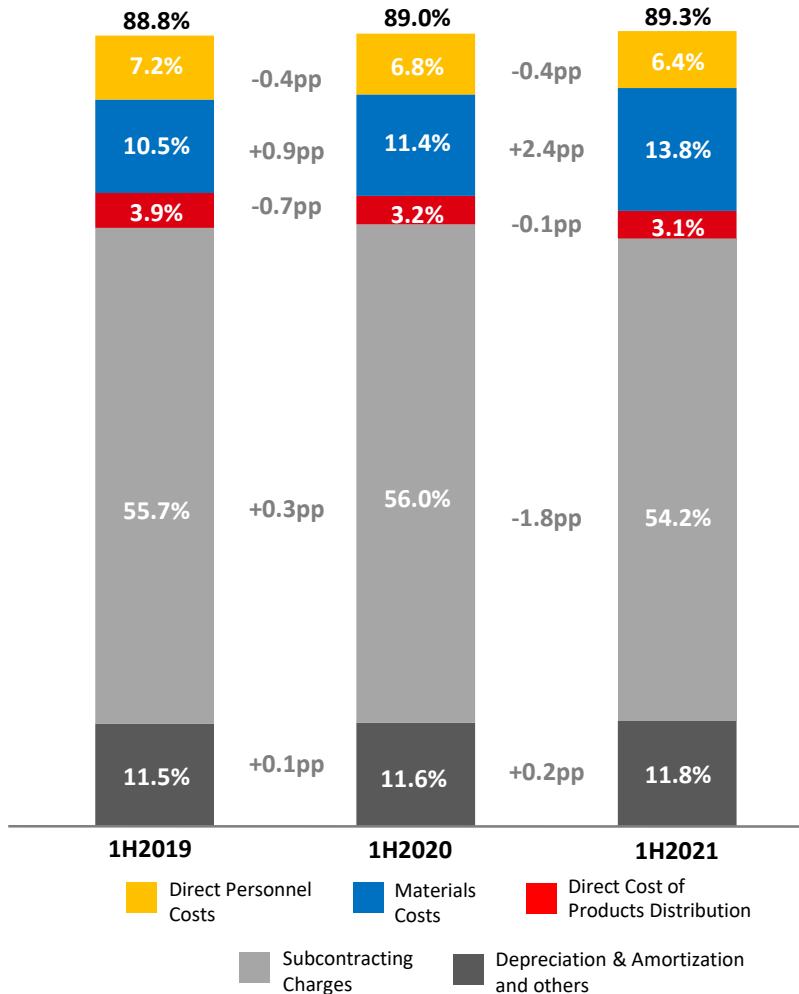
- On the basis of building the baseline for pandemic prevention and risk control overseas, enhance synergy and collaboration with a focus on Chinese enterprises, regions, and countries of “Belt and Road” to develop major projects
- Focus on fields including overseas New Infrastructure, data centers and electricity, export our smart products overseas and promote transformation and upgrade



Financial Results

(RMB'M)	1H2020	1H2021	Change %	% of Revenue
Revenue	53,834	64,099	19.1%	100%
Cost of Revenue	47,931	57,266	19.5%	89.3%
Direct Personnel Costs	3,670	4,123	12.3%	6.4%
Materials Costs	6,155	8,830	43.5%	13.8%
Direct Cost of Products Distribution	1,718	2,027	17.9%	3.1%
Subcontracting Charges	30,126	34,747	15.3%	54.2%
Depreciation and Amortization	395	428	8.4%	0.7%
Others	5,867	7,111	21.2%	11.1%
Gross Profit	5,903	6,833	15.8%	10.7%
SG & A Expenses	4,785	5,497	14.9%	8.6%
Net Profit	1,588	1,811	14.1%	2.8%
EPS (RMB)	0.229	0.262	14.1%	-

Cost of Revenue as a % of Revenue



Dedicated to Cost Control and Management Efficiency Enhancement through Comprehensively Enhancing Cost Control Measures, Whole Process Management on Projects, Subcontracting Management, Centralized Procurement, Subdivision Assessment and Digital Management

Direct Personnel Costs

By utilizing subcontracting resources adaptively and controlling total staff number, direct personnel costs as a % of revenue kept declining

Materials Costs

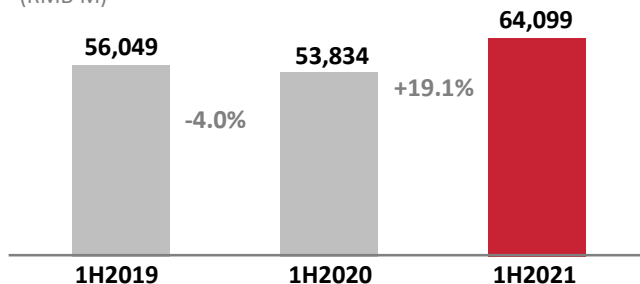
Optimized business model and undertook major projects with general contracting model proactively; and the rapid growth of construction, supply chain and system integration businesses drove the faster increase in materials costs

Subcontracting Charges

Through enhancing the full-process management on subcontracting and management on system, technology and labour, subcontracting charges were effectively controlled and its portion to revenue fell notably

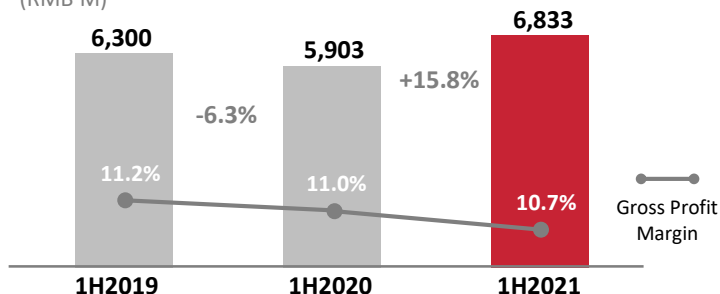
Revenue

(RMB'M)



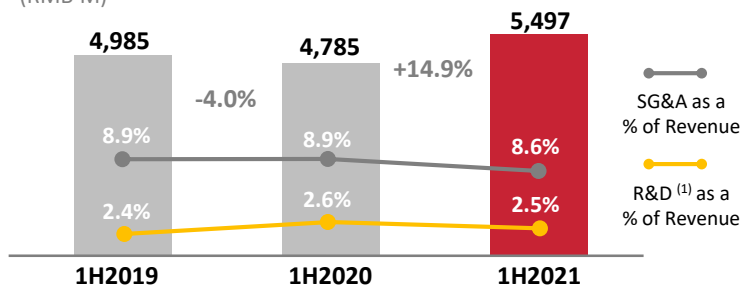
Gross Profit

(RMB'M)



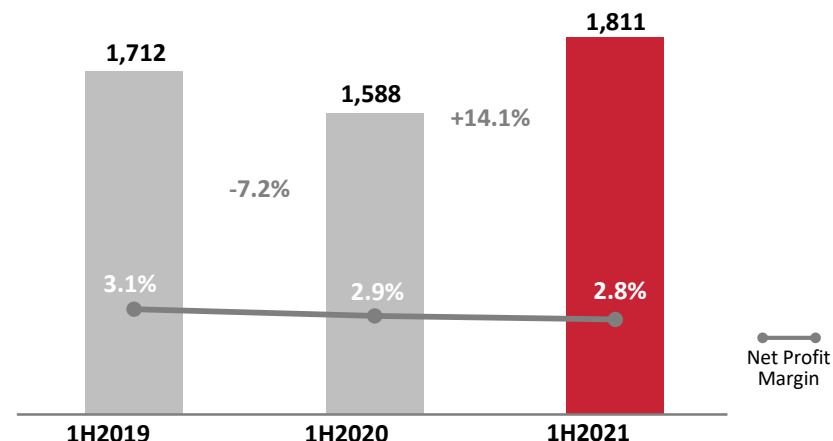
SG & A Expenses

(RMB'M)



Net Profit

(RMB'M)



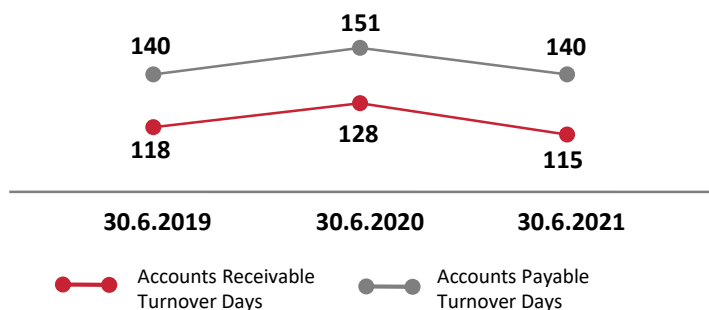
➤ Gross profit margin:

- As domestic operators persisted in strengthening cost control, which led to decrease in unit price, gross profit margin continued to face pressure
- The rise of gross profit margin in domestic non-operator market alleviated the downward pressure

➤ SG&A as a % of revenue: enhanced cost control led to the decrease of SG&A as a % of revenue

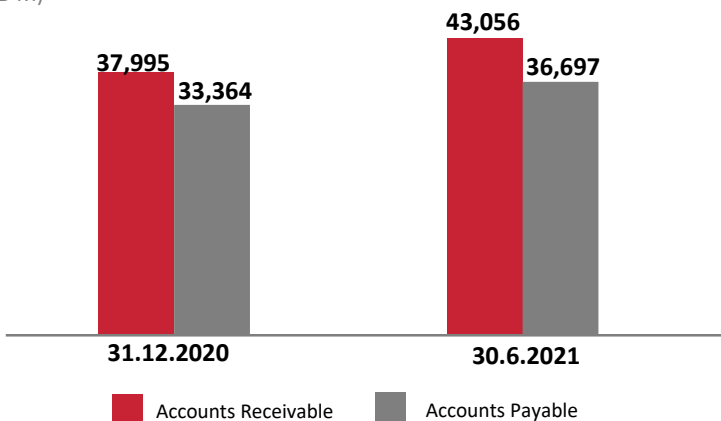
➤ Net profit margin: the downward trend moderated and maintained relatively stable year-on-year

Accounts Receivable⁽¹⁾ and Accounts Payable Turnover Days



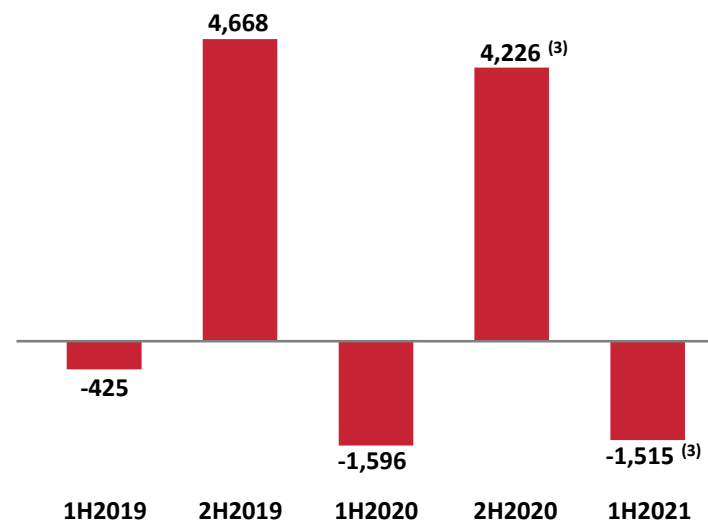
Accounts Receivable⁽¹⁾ and Accounts Payable

(RMB'M)



Free Cash Flow⁽²⁾

(RMB'M)



- Achieved notable results in working capital management, accounts receivable turnover days decreased
- Excluding the impact of non-comparable factor on property acquisition⁽³⁾, **free cash flow improved**

⁽¹⁾ The amount of accounts receivable is the sum of "Accounts and bills receivable, net" and "Contract assets, net" in financial statements. For details, please refer to financial statements.

⁽²⁾ Free cash flow = profit for the year + depreciation & amortization – changes in working capital – CAPEX

⁽³⁾ Such amounts include the CAPEX on property acquisition that the Company announced in July 2020 to serve as the bases for the smart production, operation and R&D, which comprise RMB2,527 million (paid in 2H2020) and balance payment of RMB663 million (paid in 1H2021).

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)	31.12.2020	30.6.2021
Total Assets	94,489	99,430
In which: Cash and Deposits	23,874	19,734
Accounts Receivable and Contract Assets	37,995	43,056
Total Liabilities	57,302	60,797
In which: Accounts Payable and Contract Liabilities	44,341	46,502
Interest-bearing Liabilities	704	765
Equity Attributable to Equity Shareholders	36,718	37,439
Total Liabilities / Total Assets (%)	60.6%	61.1%
Debt-to-Capitalization Ratio (%)	1.9%	2.0%

Thank you!



**Institutional
Investor**
**2021 ASIA
EXECUTIVE TEAM**



Appendix

Business Revenue Breakdown – By Market

(RMB'M)	1H2020	1H2021	Change	Change %
TIS (Telecommunications Infrastructure Services)				
Domestic Operator	16,744	17,583	839	5.0%
Domestic Non-operator	11,185	15,849	4,664	41.7%
Overseas Customer	1,108	1,115	7	0.6%
Subtotal	29,037	34,547	5,510	19.0%
BPO (Business Process Outsourcing Services)				
Domestic Operator	10,946	12,326	1,380	12.6%
Domestic Non-operator	5,895	7,375	1,480	25.1%
Overseas Customer	118	86	-32	-27.1%
Subtotal	16,959	19,787	2,828	16.7%
ACO (Applications, Content and Other Services)				
Domestic Operator	2,856	3,543	687	24.1%
Domestic Non-operator	4,771	6,046	1,275	26.7%
Overseas Customer	211	176	-35	-16.6%
Subtotal	7,838	9,765	1,927	24.6%
Total	53,834	64,099	10,265	19.1%

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 in China, 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.