

INNOVATION AND REFORM

VALUE CREATION



**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



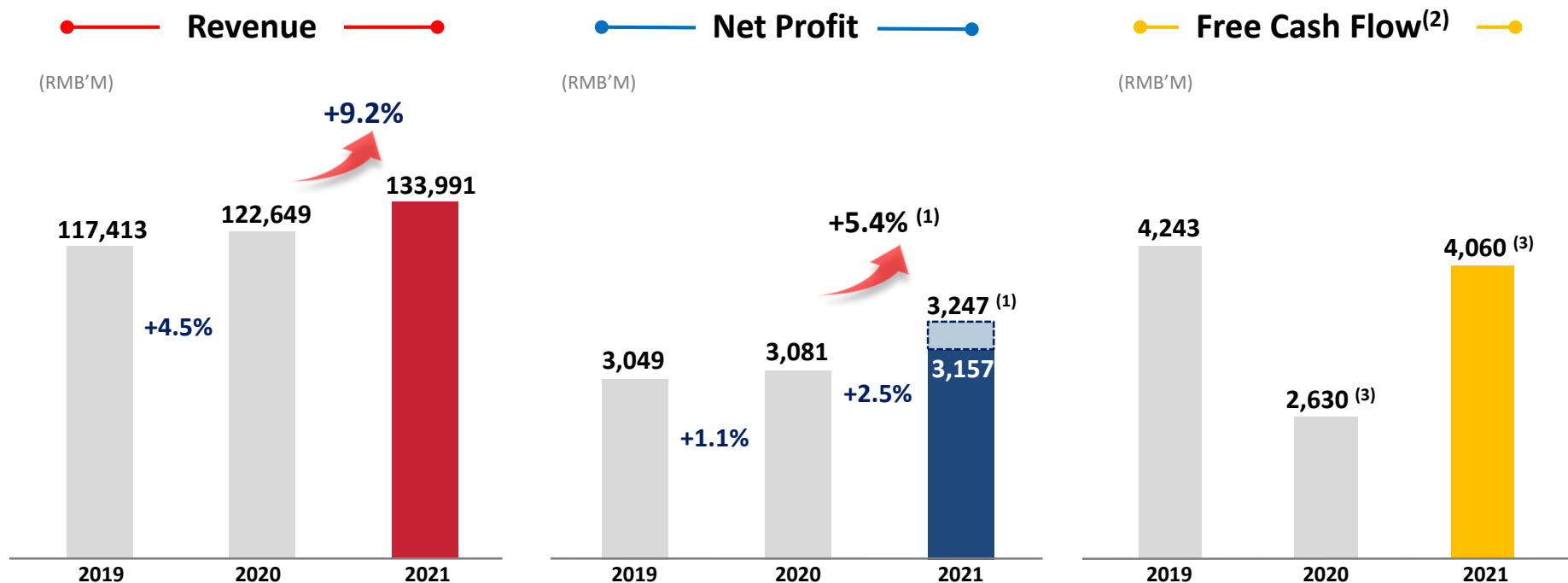


Overview

- ▶ Operating results achieved solid and progressive growth with an enhancement in development quality
- ▶ Market development saw enhancement in both scale and quality with further breakthroughs achieved in industrial smart solutions
- ▶ Increased investment in technological innovation R&D to enhance core capabilities in key fields
- ▶ SOE reform achieved substantive breakthroughs and strengthened our competitiveness and development momentum
- ▶ Increase dividend payout to raise shareholders' investment return
- ▶ Leverage differentiated advantages of "1 Positioning, 4 Roles" to seize the vast opportunities from digital economy

Solid and Progressively Growing Operating Results

- Operating results achieved favourable growth, free cash flow maintained at a robust level
- Remarkable working capital management drove accounts receivable turnover days hit 5-year low



⁽¹⁾ For a comparable analysis, the relevant data is the adjusted net profit and its year-on-year change. In relation to the property acquired in 2020 to serve as the bases for the smart production, operation and R&D, the corresponding depreciation of the property was excluded as it was transferred to fixed assets in Feb 2021. (2020: Nil)

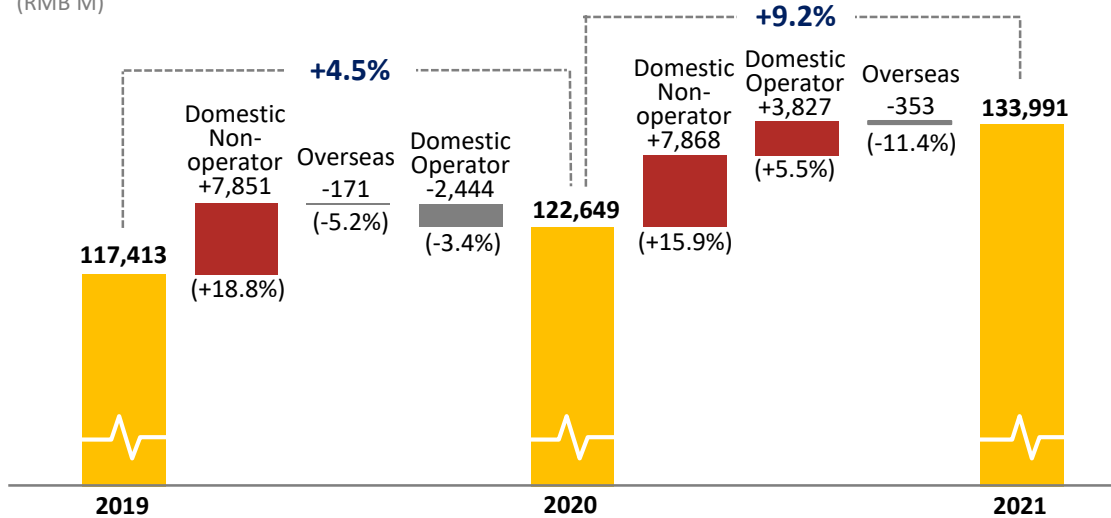
⁽²⁾ Free cash flow = profit for the year + depreciation & amortization – changes in working capital – CAPEX

⁽³⁾ For the above property, the Company made a payment of RMB2,527 million in 2020 and a balance payment of RMB663 million in 2021 respectively.

Each Major Source of Revenue Achieved Favourable Growth

Revenue Growth – By Three Markets

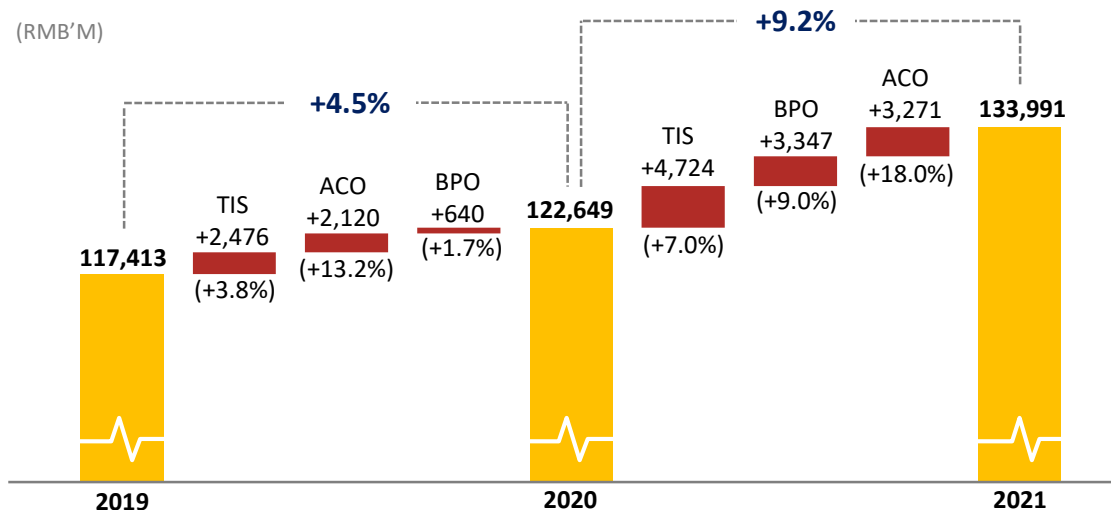
(RMB'M)



- Focused on New Infrastructure and industrial solutions, **domestic non-operator market** maintained a double-digit growth and continued to be the largest overall revenue growth driver
- Growth momentum of **domestic operator market** strengthened notably by seizing opportunities from 5G network construction and informatization services, driving the acceleration of overall revenue growth

Revenue Growth – By Three Businesses

(RMB'M)



- 5G and new information infrastructure construction facilitated **TIS business** growth acceleration
- Supply chain business maintained solid growth and drove **BPO business** development
- Further enhancement of technological innovation capabilities drove **ACO business** to sustain fast growth

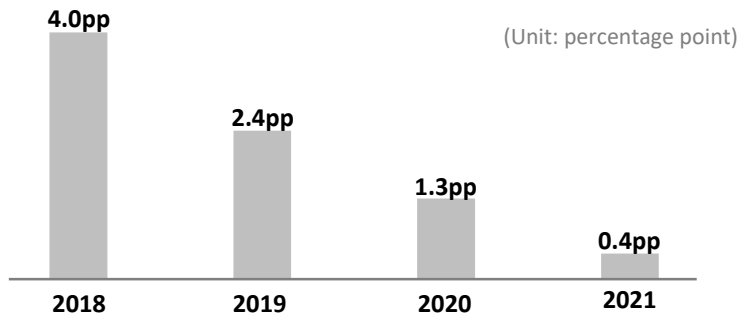
.....and Elevated Quality and Efficiency, Propelled an Improving Trend of Gross Profit Margin

Improved Gross Profit Margin through Various Measures

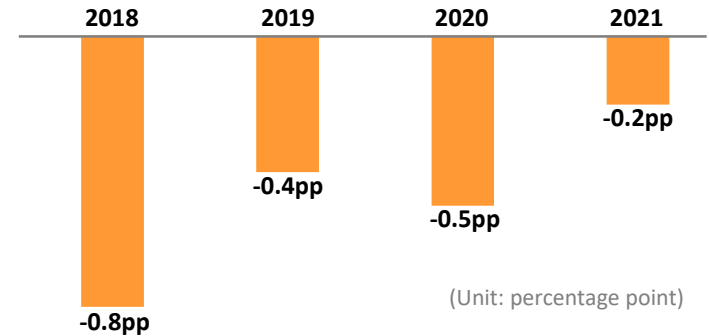
- Balanced speed and quality of business development through a more rigorous screening for high gross profit margin projects
- Motivated subsidiaries to develop projects of high gross profit margin through optimizing appraisal system
- Promoted subdivision assessment, enhanced project management, subcontracting process management and centralized procurement

Remarkable Results from Cost Control and Efficiency Enhancement

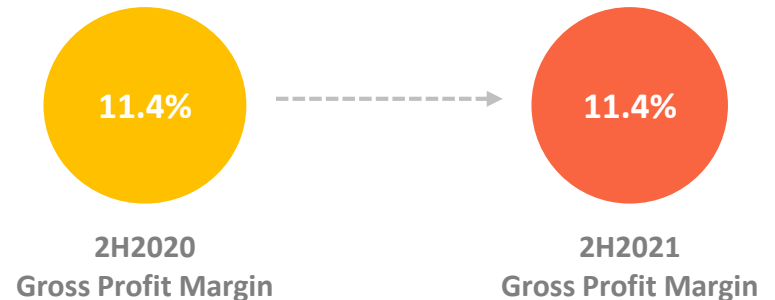
% of Revenue of 2 Major Costs
(Subcontracting Charges + Materials Costs)
Year-on-year Increase Moderated



Gross Profit Margin Year-on-year Change



Gross Profit Margin Decline Moderated, Gradually Stabilized



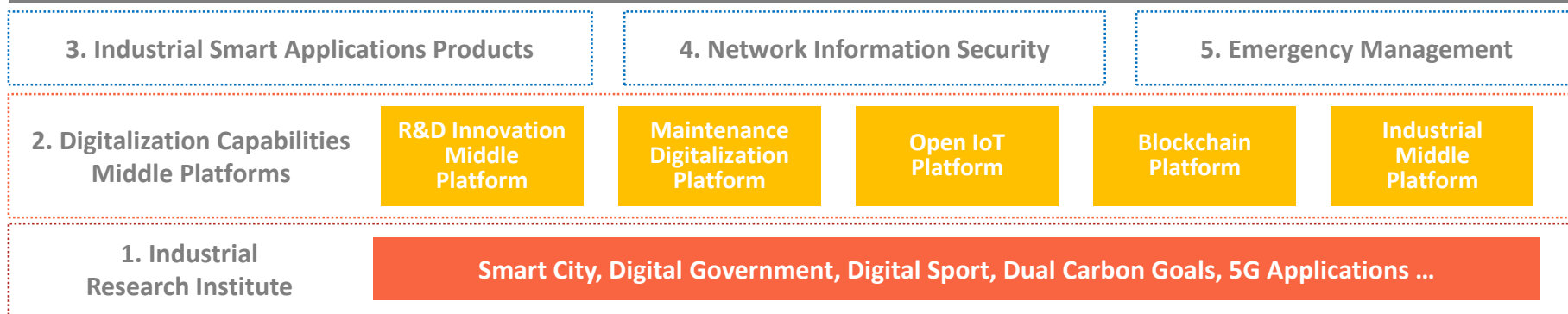
Elevate Technological Innovation Capabilities, Driving Relatively Fast Business Development

- R&D Investment during “13th Five-Year Plan” Period **Nearly Doubled & Reached RMB14.7 bn** (vs. “12th Five-Year Plan” Period of RMB7.4 bn)
- Domestic Non-operator Market and ACO Business Sustained **Relatively High Double-digit Growth over the Years**

“14th Five-Year Plan” Period: Continuous Elevation of Technological Innovation Capabilities, Transform towards Technology-oriented Enterprise

	Organization	Talents	Technology	Products	Brand
Targets	Build three-tier R&D management system: headquarters, province, professional companies; Deepen three-tier production system: General Research Institute, group-level product center, local R&D office	R&D and technology talents to exceed 10,000 by the end of “14th Five-Year Plan” Period; Form R&D management team of 100+ and technological innovation expert team of 100+	Possess proprietary core technologies in cybersecurity, blockchain, IoT, and based on the technologies to forge competitive products	Focus on industrial digitalization to forge 20+ capabilities platforms and vertical industrial products, accumulate 100+ smart solutions	Maintain industry-leading ranking in 100 Most Competitive Software & IT Service Enterprises; Continue to build sub-brands in the technology sector including CCS Cyber Security, CCS Emergency Management

Focus on Innovation of Key Technologies and Applications of “1 Positioning, 4 Roles”, with a Market-oriented Approach



Subsidiary Reform

- Supply Chain Company introduced 4 strategic shareholders including COSCO SHIPPING⁽¹⁾

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

Overall Reform

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

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

Incentive Mechanism

- Introduced Share Appreciation Rights Incentive Scheme⁽²⁾ and got approved

Initial Grant in total: **207 million shares** (2.993% of total issued shares) Exercise Price: **HK\$3.68**

- Introduced representatives of strategic shareholders to the boards to enhance governance standard and strategic cooperation
- Deepened business cooperation with State Grid in edge computing projects, explore new business opportunities in fields including Dual Carbon Goals and smart grid
- Leveraged share appreciation rights incentive scheme to optimize mid- to long-term incentive mechanism and improve overall remuneration system, motivate employees in order to support the realization of strategy

Mixed Ownership Drives Reform, Reform Increases Vitality, Thereby Enhancing Competitiveness and Growth Momentum

Deepen Strategic Cooperation

Enhance strategic deployment with strategic shareholders in the fields of power and supply chain

Strengthen Business Consolidation

Accelerate integration of other businesses, and further promote professionalization operation of Supply Chain Company

Improve Motivation and Restraint

Adhere to results-oriented approach for talents selection and remuneration mechanism reform

⁽¹⁾ The four strategic shareholders include Tianjin COSCO SHIPPING, Zhilian Shenzhen International, Shuangbai Fund and Orient Securities Sucheng. For details, please refer to the announcement made by the Company on 18 June 2021.

⁽²⁾ For details of the Share Appreciation Rights Incentive Scheme, please refer to the announcement made by the Company on 22 November 2021.

**The Added Value of Core Industries in Digital Economy will Increase to 10% of GDP,
 Digital Infrastructure Upgrade, Digital Transformation of Industries,
 Enhancement of Digital Public Services...**



Overall Roadmap
 Value-driven, Seeking Steady yet Progressive Growth and High-quality Development

Digital Economy Deployment	Market Deployment	Technological Innovation Deployment	Digital Transformation Deployment	Capabilities Deployment	Ecosystem Deployment
	Focus on domestic operator, domestic non-operator, overseas markets, leverage financial resources to accelerate external deployment	Deepen three-tier technological innovation system and coordinate “synergistic + dispersed” R&D to forge flagship products	Internally, promote digitalization to enhance management capabilities; Externally, enhance digitalization service capabilities to bolster market development	Elevate capabilities of general contracting, R&D, professionalization and operation to forge new capabilities based on market-oriented services	Integrate into ecosystem of operators, center on industries to build ecosystem, elevate market and technological innovation capabilities

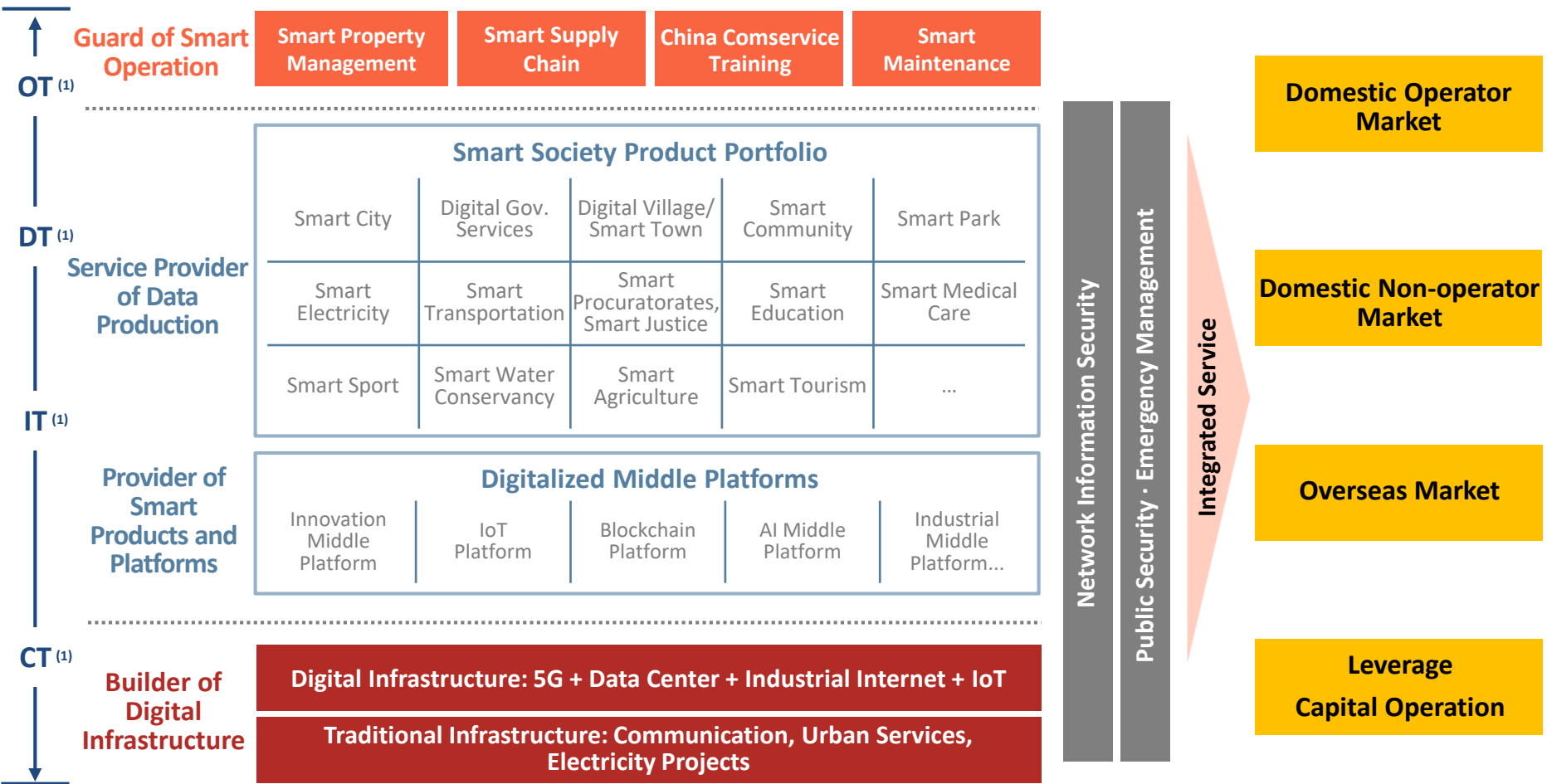
Reform and Governance

..... Leverage Differentiated Advantages of “1 Positioning, 4 Roles”

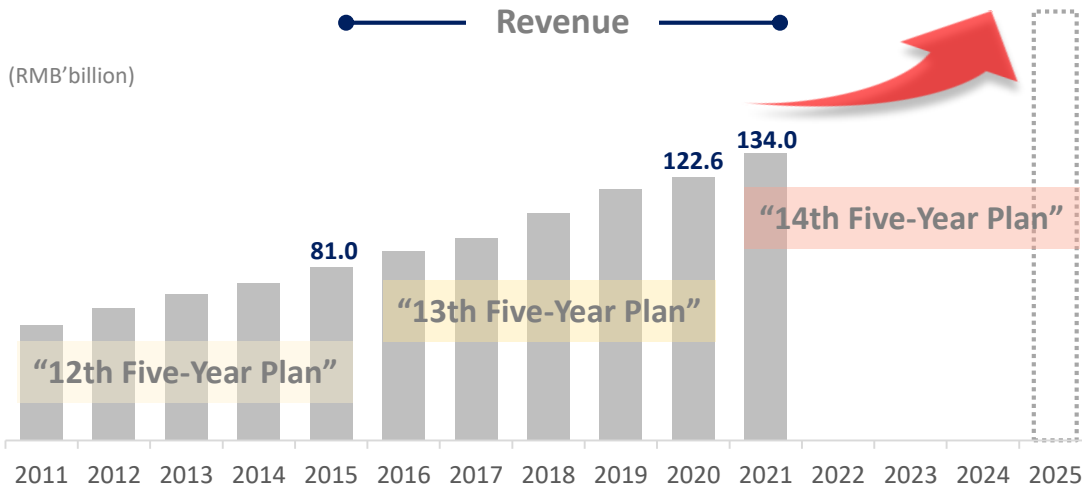
Underpinned by the “4 Roles” Position and 4T Capabilities Integration, Penetrate High-value Markets Such as Digital Infrastructure and Smart Services

New Generation Integrated Smart Service Provider

Key Markets



Successful Strategic Deployment and Effective Execution Facilitated Sustainable Development, Reaping Initial Success of Strategic Transformation and Laying a Solid Foundation for Seizing Opportunities from Digital Economy Development and Dual Carbon Goals



Targets

Revenue: **Maintain Steady Growth**

Structure: **% of High-value Business Increases Steadily**

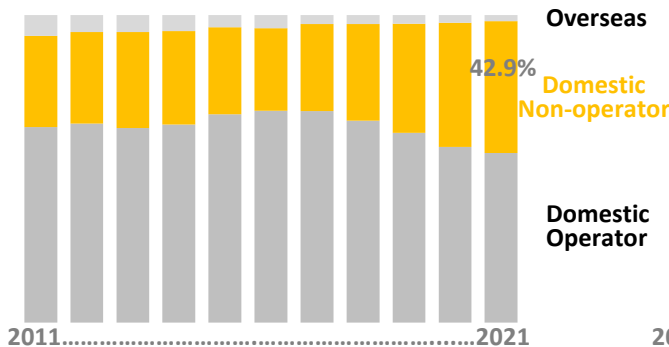
Gross Profit Margin: **Gradually Stabilize and Rebound**

ROE:

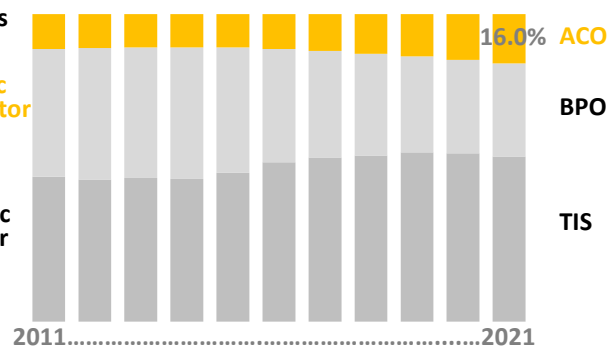
Year	2022	2023	2024
Target	>8.25%	>8.40%	>8.65%

Shareholders' Return Increases Steadily

Revenue Mix – Market



Revenue Mix – Business

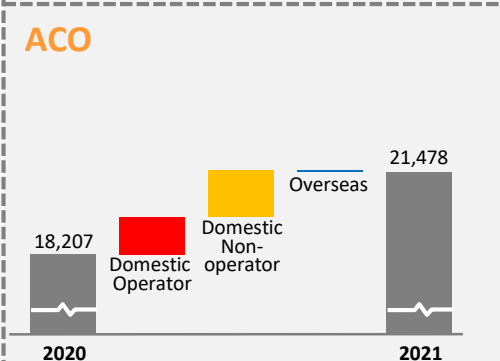
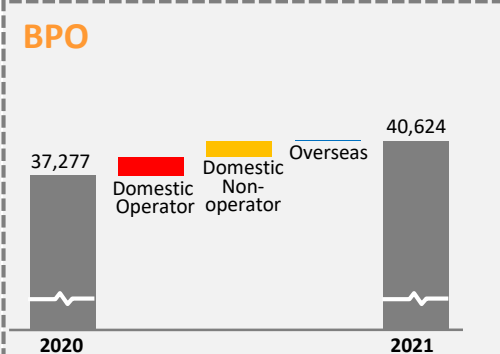
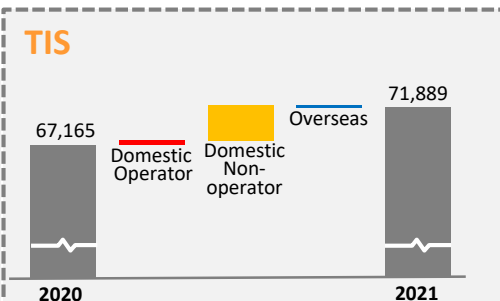




 ***Business Review***

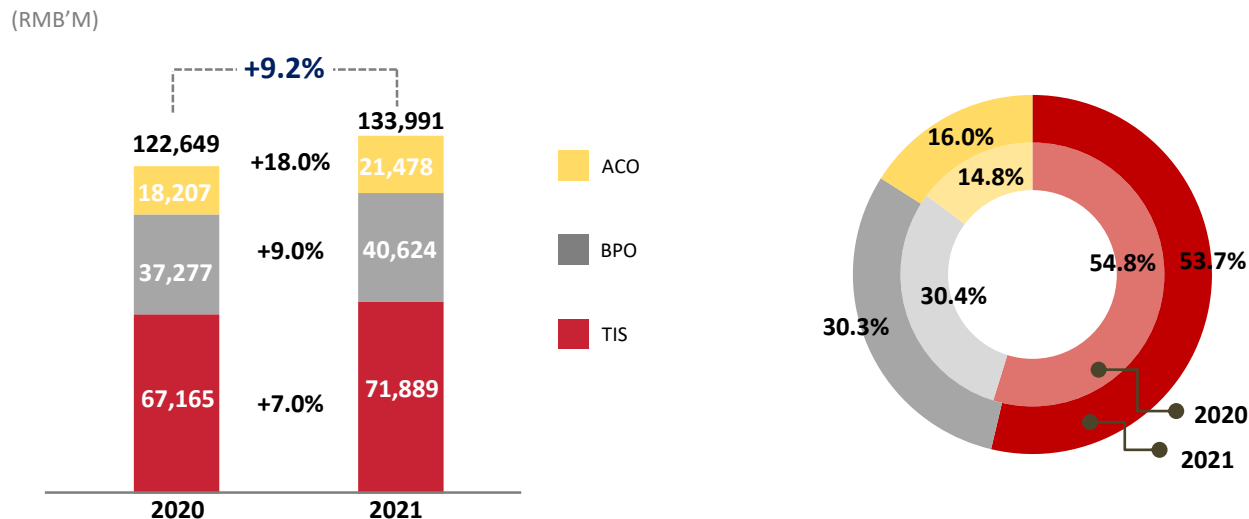
Business Revenue Breakdown

(RMB'M)	2020	2021	Change %	% of Revenue
TIS (Telecommunications Infrastructure Services)				
Design	10,372	10,521	1.4%	7.9%
Construction	52,953	57,310	8.2%	42.8%
Supervision	3,840	4,058	5.7%	3.0%
Subtotal	67,165	71,889	7.0%	53.7%
BPO (Business Process Outsourcing Services)				
Maintenance	15,794	16,678	5.6%	12.5%
Facilities Management	6,357	7,127	12.1%	5.3%
Supply Chain	10,871	11,964	10.1%	8.9%
Products Distribution	4,255	4,855	14.1%	3.6%
Subtotal	37,277	40,624	9.0%	30.3%
ACO (Applications, Content and Other Services)				
System Integration	11,180	13,278	18.8%	9.9%
Software Development & System Support	3,108	3,634	16.9%	2.7%
Value-added Services	1,963	2,386	21.5%	1.8%
Others	1,956	2,180	11.4%	1.6%
Subtotal	18,207	21,478	18.0%	16.0%
Total	122,649	133,991	9.2%	100%



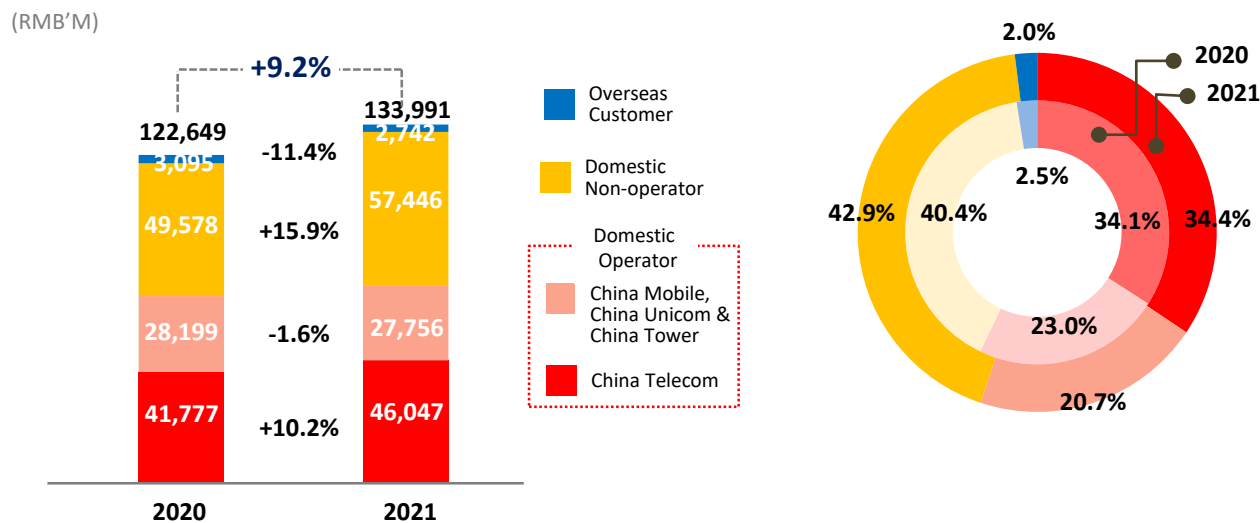
Overall Performance by Business and Market

By Business



➤ **Business Structure Continued to Optimize:** portion of revenue from ACO business continued to rise and reached 16%

By Market

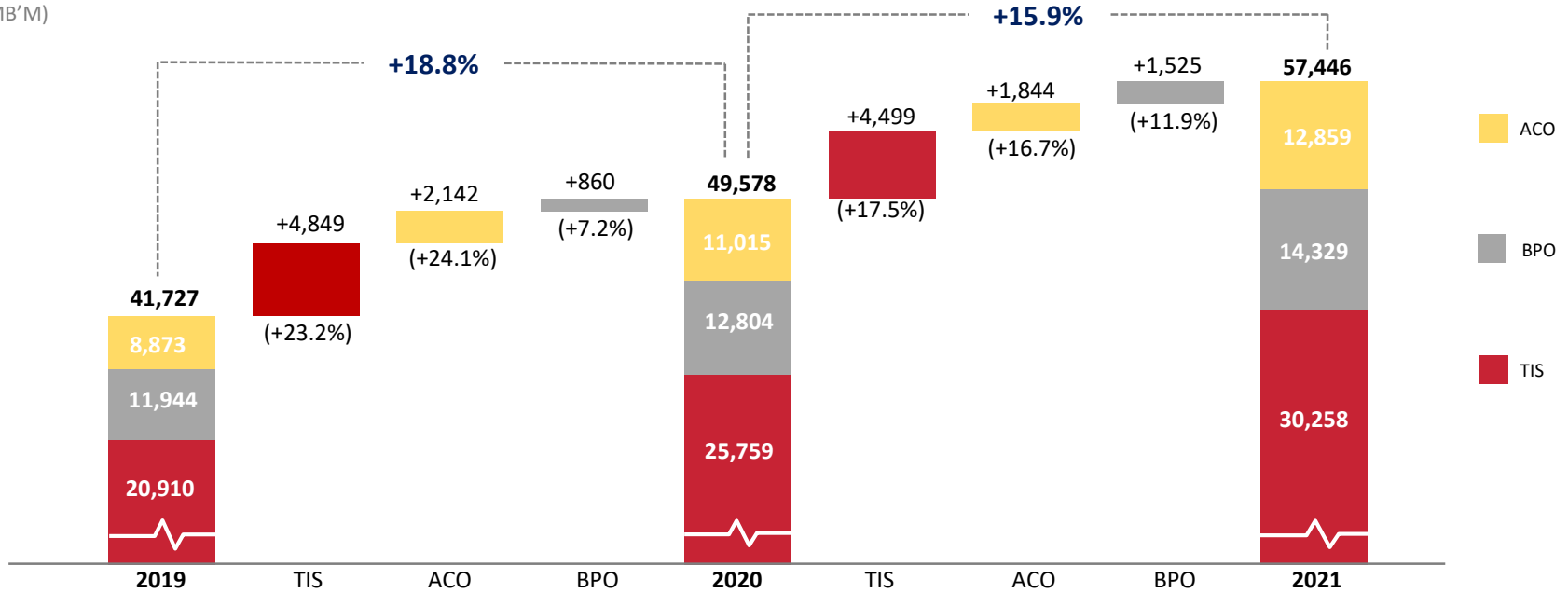


➤ **Market Structure Became More Balanced:** portion of revenue from domestic non-operator further increased to approximately 43%

Domestic Non-operator Market (1): Transformed Development towards High-value Fields

Revenue Growth Drivers

(RMB'M)



Focus on Digital Economy, Seize Opportunities from Industrial Digitalization, Digital Infrastructure etc.

Leveraging top-level design and planning (TIS - Design and Consultation) and ACO core products, dedicated to providing integrated comprehensive smart solutions for customers

Penetrate High-value Industries

- Strengthening our fundamentals in industries of **government, transportation, electricity, construction and Internet & IT**, expediting breakthroughs in fields of **education, medical care** etc.

Develop High-value Businesses

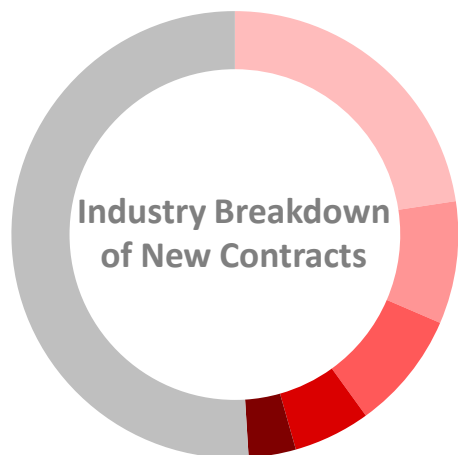
- Digital Infrastructure: **Data Center, 5G customized network, Industrial Internet**
- Key Tracks: **Cybersecurity, Blockchain...**
- Government's Governance: **Digital Government, Emergency Management**

Deploy in High-value Regions

- Focus on the **Beijing-Tianjin-Hebei area, Yangtze River Delta, the Guangdong-Hong Kong-Macao area** and the **Chengdu-Chongqing area**

Domestic Non-operator Market (2): Focused on Key Fields, Provided Industrial Smart Solutions

2021 New Contracts in Domestic Non-operator Market Amounted to **> RMB76.3 billion**, Increased by **>10% yoy**

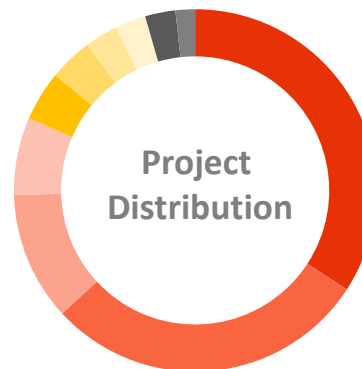


Government Construction Internet & IT
Transportation Electricity Other Industries⁽¹⁾

For Smart Product Cases, please refer to:



Projects with Size over RMB100 million Amounted to **>RMB6 billion**



Informatization Infrastructure Construction Smart Hospital
New Infrastructure (Data Center) Smart Town
Smart Park Smart Electricity
Smart Campus Smart City
Intelligent Building Smart High Speed Rail

In which

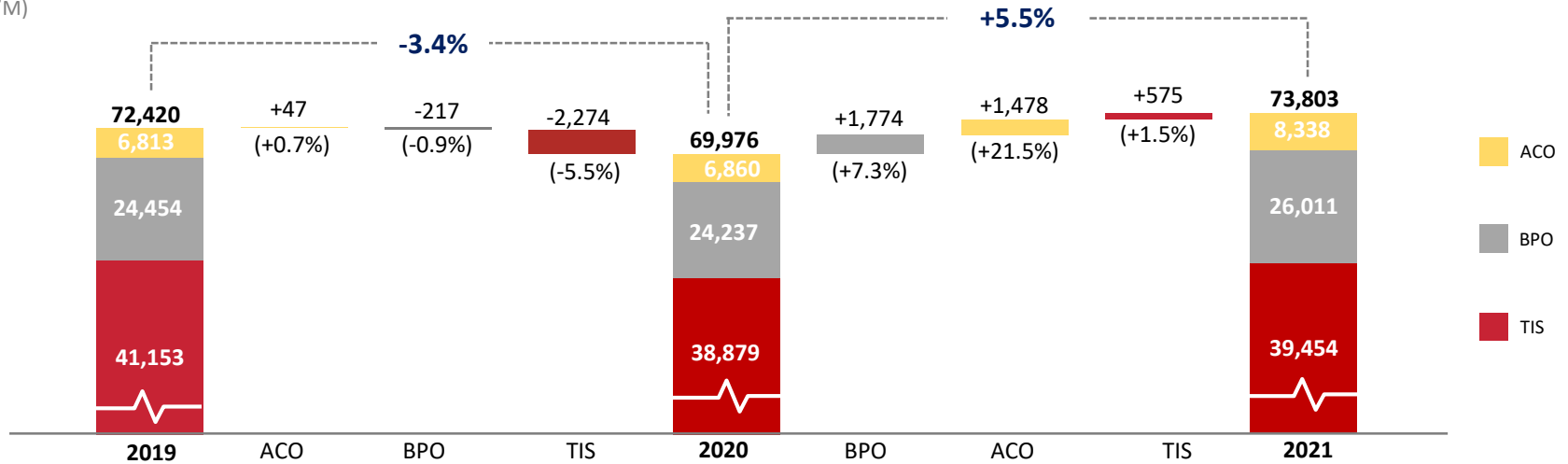
Project Samples

Data Center	Guangdong Province Humeng 5G Data Exchange Center Project, Dr. Peng Data Center Project in Kunshan, Xiong'an City Supercomputing Cloud Center
Smart Campus	Beijing Normal University Hanzhong School Smart System Construction Project, Smart Campus Project for a School in Hainan Province
Intelligent Building	Ningbo International Convention and Exhibition Center Intelligentization Subcontracting Project for Design, Construction and Procurement
Smart Hospital	Information Infrastructure and Smart Management & Control Platform Construction Project of the First Affiliated Hospital, Sun Yat-sen University (Nansha)
Smart Electricity	Tangxia Electricity Operation and Maintenance Monitoring Center Construction and Operation Service Framework Project
Smart High Speed Rail	Yancheng Railway Integrated Passenger Terminal Informatization Project

Domestic Operator Market: Developed Market through Multiple Measures, Growth Momentum Enhanced

Revenue Growth Drivers

(RMB'M)



Effectively Implemented “CAPEX + OPEX + Smart Applications” Strategy

TIS

TIS business resumed stable growth with market share remained largely stable by seizing opportunities from 5G network construction

BPO

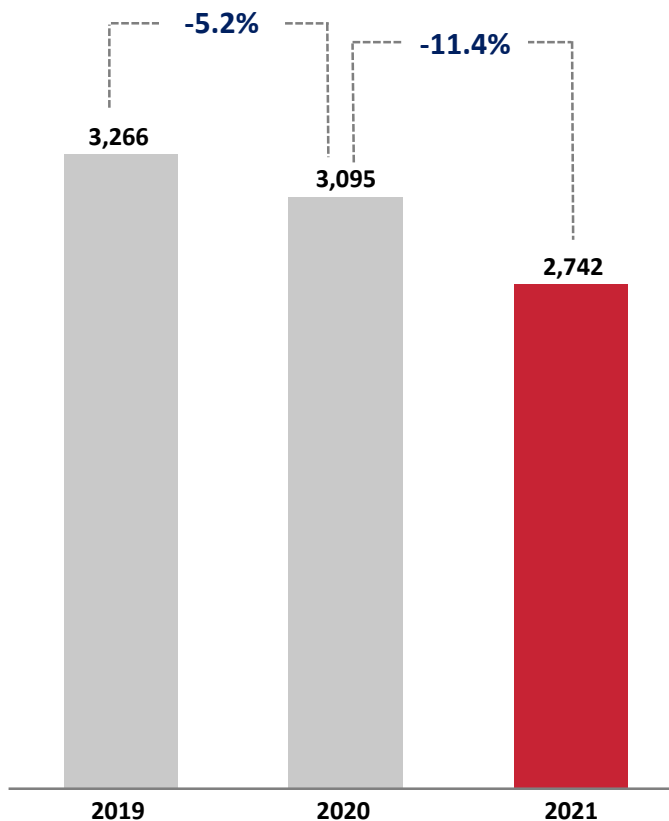
BPO business contributed noticeable revenue growth by penetrating OPEX market such as maintenance and supply chain

ACO

ACO business recorded fast growth and its revenue growth contribution notably increased by satisfying the demand for informatization services from operators' transformation

Revenue from Overseas Market

(RMB'M)



- The pandemic affected the development and implementation of overseas projects and caused volatility in revenue
- Continued the implementation of major projects in the Middle East and Southeast Asia and constructed broadband and wireless networks for local operators, government and enterprise customers
- Strengthened the overseas synergistic development with “Go Abroad” Chinese enterprises, continued the undertaking and implementation of major IDC and electricity projects

Adapt to the New Development Paradigm of Dual-circulation with Domestic and International Development, Promote Safe and Efficient Development as well as Business Recovery in Overseas Market

Opportunities

- ◆ Continual advancement of the “Belt & Road” Initiative
- ◆ RCEP agreement brings new development drivers to Asia Pacific Market
- ◆ The 3 domestic operators invest in communication infrastructure facilities overseas
- ◆ Global 5G network construction accelerates with new opportunities from CAPEX investment
- ◆ Digital Economy stimulates the surge of demand for smart products, and ICT business has great potential

Leverage Differentiated Core Capabilities, Seize Opportunities from Digital Economy.....

➤ Expedite Digital Information Infrastructure Construction

Being a major service provider in 5G network construction, **China Comservice** has served domestic telecom operators in China for over 60 Years

➤ Deepen Cloud-network Integration, Expedite “East-To-West Computing Resources Transfer” Project

As a major constructor of data centers, **China Comservice** possesses industry-leading innovative green, energy-saving, low-carbon technologies and applications

➤ Strengthen Cybersecurity Defending Capabilities

As a listed SOE with hundred-billion revenue scale, **China Comservice** proactively implements national cybersecurity strategy and provides cybersecurity services in many major projects



➤ Promote Intelligent Upgrade of Infrastructure

➤ Enhance Digital Public Services, Strengthen Government’s Digital Governance Capabilities

➤ Progress on Industrial Digital Transformation, Facilitate Industrialization of Digital Technology

China Comservice participated in top-level design, planning and implementation of 200+ smart city projects. By centering on 16 smart areas, forged 30+ smart products and ~100 smart solutions



5G

5G

Major Service Provider that Constructs the **Largest** 5G Commercial Network

300,000+ 5G base stations construction

First 5G SA Premium Network

First 5G/4G Spectrum Sharing Station

100+ 5G Industrial Solutions

First case of 5G Electricity Pilot

Innovated 5G Electricity Dedicated Network Slicing Management Platform

Major Service Provider in the Construction of Communications Network Infrastructure

The Farthest

Antarctica Ground station



The Highest

Everest Base Camp



The Deepest

Cross-ocean Fiber Optic Cables



Differentiated Core Capabilities - 5G

Constructor of the Largest 5G Commercial Network in the World

Technology Research

Closely follow leading 5G technology research

- 5G network progression strategies, network construction technology research
- **First** 5G network construction project whitepaper in the industry
- Publications on 5G network design and construction

5G Whitepaper



5G Publications



On-site Pilot

Undertook large scale 5G on-site pilot from NDRC

- **First** 5G base station of China Telecom
- **First** 5G SA Premium Network
- **First** 2.1GHz dynamic spectrum sharing base station

First SA Premium Network



First 5G DSS Station



Large-scale Network Construction

Constructed **300,000+** 5G base stations

- Multi-profession integrated capabilities
- Local service capabilities
- Whole-process project management and EPC general contracting model

300,000+ 5G Commercial Construction



Differentiated Core Capabilities – Data Center

Served **3000+** Customers in Total, Build **1 million+** Cabinets



Operators	China Telecom
	China Mobile
	China Unicom

Internet	Huawei
	Alibaba
	Tencent
	3rd Party IDC Enterprises

Government Enterprise Customer	Government and Department in various Levels
	Energy Industry
	Financial Industry
	Technology Industry

2021 Data Center New Contracts of China Comservice: approx. RMB11.5 billion

Differentiated Core Capabilities – Data Center

Possess Industry-leading, Green, Energy-saving, Low-carbon Technologies and Applications

Most Comprehensive Execution Capabilities System





- Possess “1 Core, 2 Wings” Informatization and Security Capabilities
- Nationwide Business Support System and Security Technology Team, including Security Team of 2600+
- Integrated Security Services and Security Operation Center Product Portfolio Covering Full Life Cycle
- Possess the Top and Comprehensive Security Qualifications in the Industry
- Undertook Cybersecurity Projects for Many Major Events
- Forge Network Information Security “Real” Ecosystem
- Shortlisted in “Top 100 Cybersecurity Enterprises in China” Industry Report by AQNIU for 3 Consecutive Years

Integrated Security Products and Services Matrix

Integrated security services and security operation center product portfolio covering full life cycle

Security Capabilities	Security Operation Products	Data Security	Security Service
Security Big Data Platform	Enterprise Asset Security Management Platform	Data Security Monitoring, Management & Control Platform	Security Protection Level/Password Evaluation
Security Response Center	Internet Exposure Surveying and Mapping Cloud	Data Asset Management	Security Training Base
Asset Surveying and Mapping Cloud Brain	Security Situation Perception	Password Reconstruction Solutions	Penetration Test
Threat Intelligence Platform	Security Orchestration, Automation and Response	CA Electronic Authentication	Security Operation Service
Security Service Cloud Platform	Network Traffic Analysis	Harmful Information Monitoring and Smart Management	Support for Major Events

Integrated Service				
Security Consultation & Design	Security System Integration	Security Project Implementation	Security Maintenance & Response	Security Supervision

Nationwide Business Support System and Security Technology Team

2600+ Security Talents

200+ Security Analysts **400+** Security R&D Staff

600+ Security Consultants and Designers

1000+ Security/Informatization Staff **400+** Security Service Staff

850+ Professional technological talents with international and national information security professional qualifications such as CISP, CISSP, CISA, CISAW, CISE and security protection level evaluators and architects

Security Protection for Major National Events



Differentiated Core Capabilities – Smart City



- Expert team with ~10,000 consultation and planning professionals
- Industry-wide consultation and planning service capabilities
- Possess the top and comprehensive qualifications in the industry

- Accumulated experience from various fields such as Smart City, transportation, electricity, agriculture, water conservancy
- Possess ~100 Smart vertical industry smart solutions including CCS IoT, CCS Cyber Security

- Possess 10 major project management knowledge systems
- PMO project management
- Localized operation and maintenance service

200+ Digital Government/ Smart City Top Level Planning and Implementation

Strong Integrated Service Capabilities: Consultation and planning, survey and design, cost evaluation, construction and supervision, maintenance...

National Signature projects and implementation: Digital Guangzhou, Digital Sichuan, Guiyang Digital Twin City, Smart Nanjing, Smart Xiong'an, Smart Shenzhen, Smart Qianhai ...



Digital Guangzhou Digital Dongguan Digital Sichuan Guiyang Digital Twin City



Smart Xiong'an Smart Shenzhen Smart Nanjing Smart Qianhai

Provide Customers from Various Industries with Comprehensive Smart Product Portfolio that could be Disassembled or Combined



Smart City/Digital Government

- Smart Shenzhen
- Smart Nanjing
- Smart Wuhan
- Guiyang Big Data Expo Avenue
- Digital Guangzhou
- Digital Dongguan
- Digital Hefei
- Digital Zhanjiang

Intelligent Building

- National Radio and Television Administration Intelligent Building
- Fuzhou Haixi Commercial Building
- Inner Mongolia Power Generation, Dispatch and Command Centre

Smart Highway

- Hunan Province Smart Highway Integrated Management Platform
- Changsha Peripheral Expressway Smart Management and Control System
- Hunan Province Real-time Traffic Monitoring System

Cloud Computing Project

- Qiantao Lake (AliCloud) Data Center
- Xiangyang Internet + Innovation and Entrepreneurship Industrial Park (Phase 2) Project
- Gansu Jiuquan Cloud Computing (Big Data) Center (Phase 1)
- Western Sichuan Industry Park

Smart Town

- Smart Agriculture Project in Changjie Town, Ninghai County, Ningbo, Zhejiang
- Beautiful Town Project of Anchang Ancient Town, Shaoxing, Zhejiang
- Digital Village Informatization Project of Dazhou Town, Quzhou, Zhejiang

Smart Airport

- Beijing Capital International Airport
- Xiamen Xiang'an International Airport
- Wuhan Tianhe International Airport

Smart Emergency Management

- Safe Production Risk Monitoring and Early Alert Platform in Anhui Province
- Integrated Smart Monitoring and Dispatch Platform for City Operation in Nanjing
- Emergency Management, Rescue and Command Platform in Lanzhou

Industrial Internet

- Industrial Big Data Platform in Chongqing
- Industrial Internet Big Data and Cloud Service Platform in Shanghai
- Industrial Internet Application Platform in Guangdong Province

Smart Park

- Beijing Horticultural Expo
- Shenzhen World Exhibition & Convention Center
- Beijing Wenyu River Park



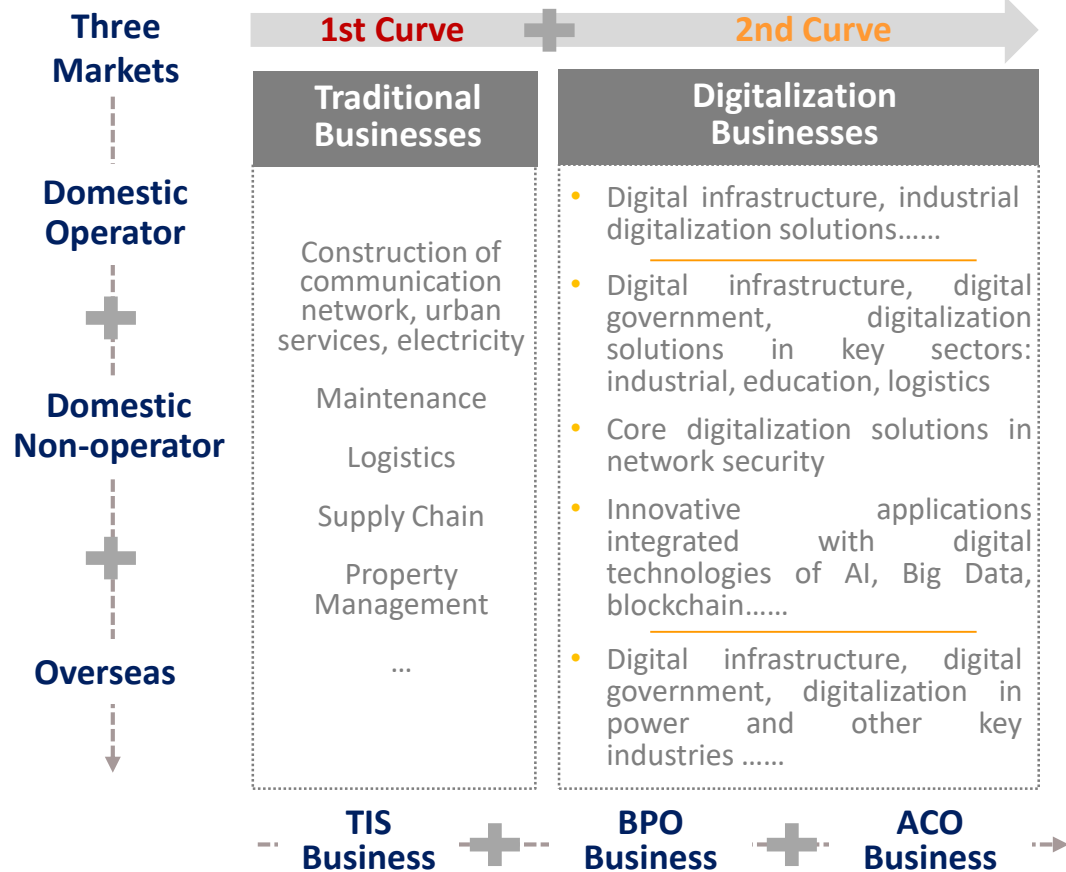
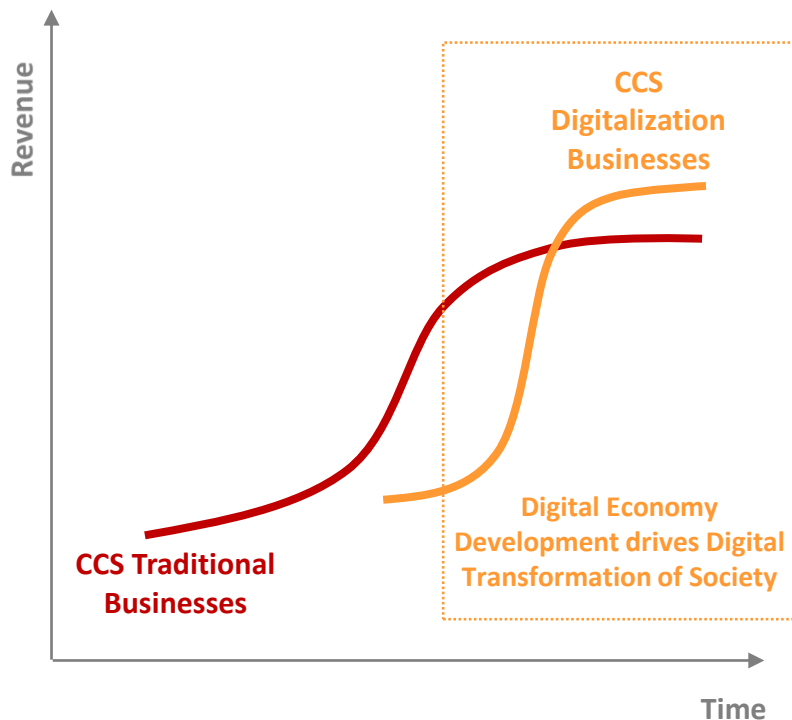
Through “Synergistic + Dispersed” R&D Mechanism and Establishment of Core Platforms, Construct Synergistic Collaborative R&D Capabilities to Swiftly Penetrate Industry Demand, Replicate and Promote

Forge Two Growth Curves, Promote Sustainable Enterprise Development

Leverage Existing Resources and Capabilities of “1 Positioning, 4 Roles”

Capitalize on our Technological Innovation & Reform, Step up New Digitalization Capabilities Incubation,
Forge “Three Markets, Two Curves” Business Structure of China Comservice in the “14th Five-Year”

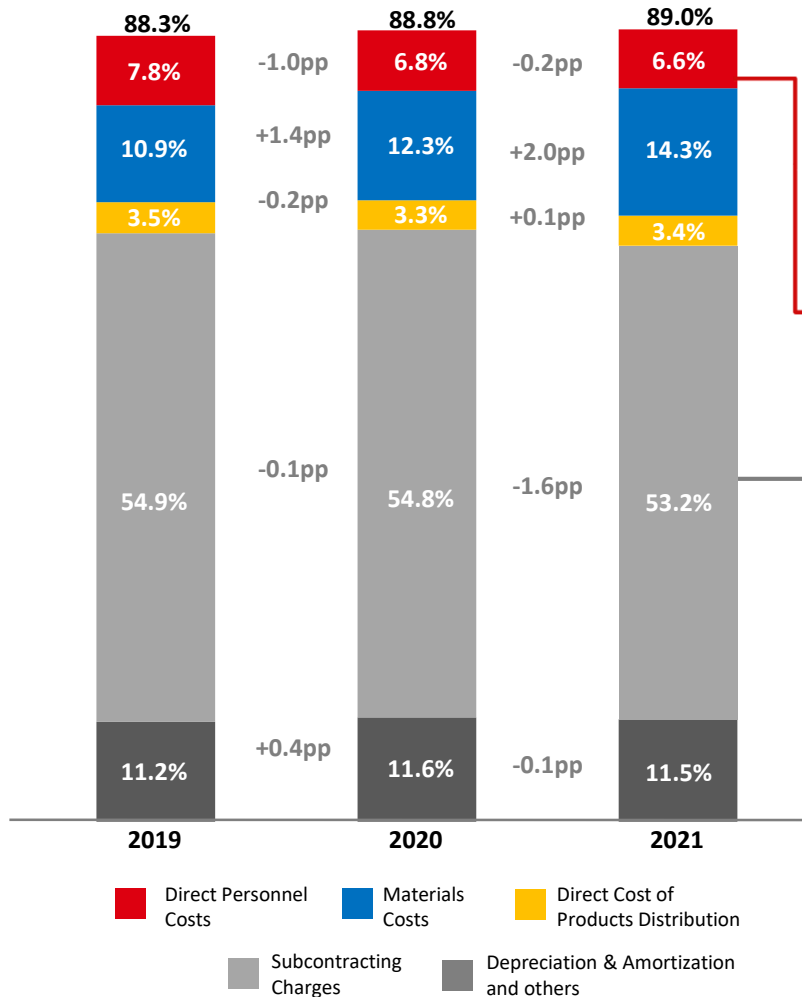
Two Growth Curves to Boost Revenue Growth



Financial Results

(RMB'M)	2020	2021	Change %	% of Revenue
Revenue	122,649	133,991	9.2%	100%
Cost of Revenue	108,911	119,207	9.5%	89.0%
Direct Personnel Costs	8,300	8,805	6.1%	6.6%
Materials Costs	15,057	19,166	27.3%	14.3%
Direct Cost of Products Distribution	4,068	4,614	13.4%	3.4%
Subcontracting Charges	67,166	71,240	6.1%	53.2%
Depreciation and Amortization	827	908	9.8%	0.7%
Others	13,493	14,474	7.3%	10.8%
Gross Profit	13,738	14,784	7.6%	11.0%
SG & A Expenses	11,826	12,952	9.5%	9.7%
Net Profit	3,081	3,157	2.5%	2.4%
EPS (RMB)	0.445	0.456	2.5%	-

Cost of Revenue as a % of Revenue



Cost Reduction and Efficiency Enhancement Measures

Enhance management efficiency through whole process management on projects, subdivision assessment and digital management

■ **Direct Personnel Costs:** By utilizing subcontracting resources and controlling total staff number, direct personnel costs as a % of revenue kept declining

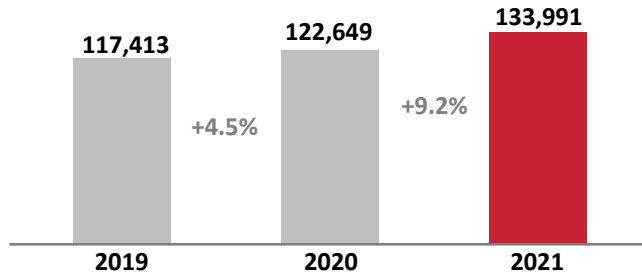
■ **Subcontracting Charges:** By strengthening supervision of the full process on subcontracting through system control, IT control and personnel management, subcontracting charges were effectively controlled and its portion to revenue fell notably

Direct Personnel Costs and Subcontracting Charges' portion to revenue further decreased by 1.8 pp yoy (2020: Down by 1.1 pp)

■ **Materials Cost:** the relatively fast growth was due to the optimized business model, where more major projects were undertaken in general contracting model, and the rapid growth of construction, supply chain and system integration businesses

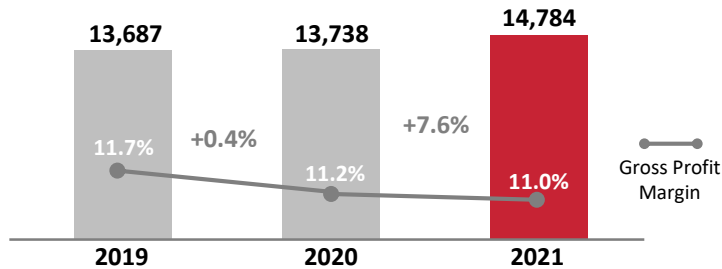
Revenue

(RMB'M)



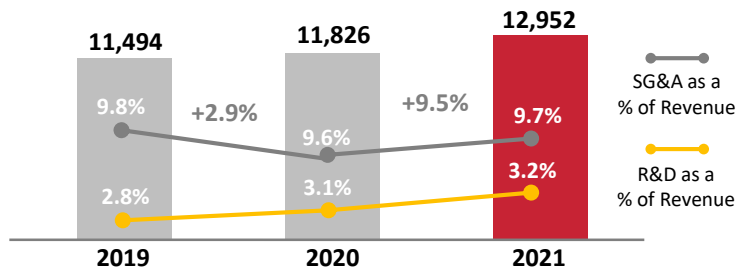
Gross Profit

(RMB'M)



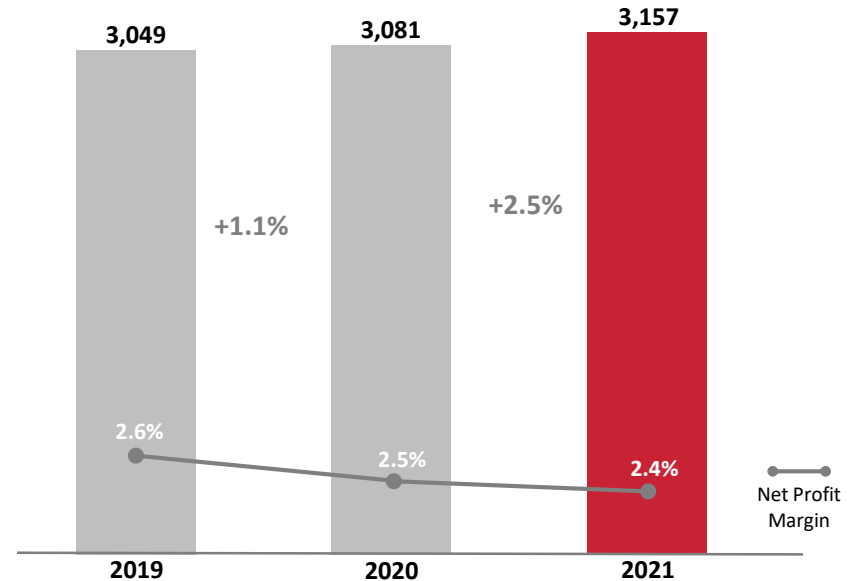
SG & A Expenses

(RMB'M)



Net Profit

(RMB'M)

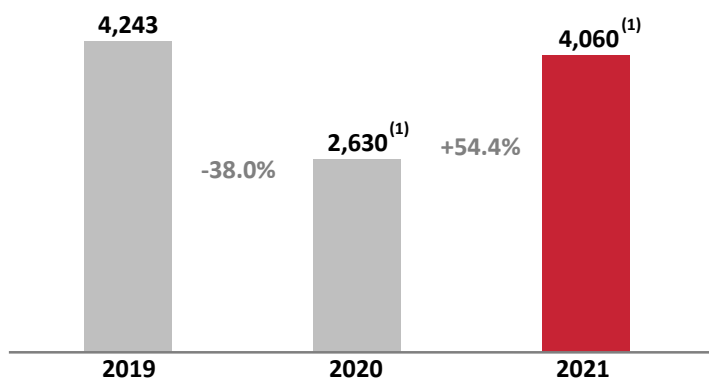


- Decline in gross profit margin moderated with notable acceleration in gross profit growth
- Continuously increased R&D expenditure to support transformation, R&D as a % of revenue continued to rise
- Excluding the additional depreciation from the property acquired, SG&A as a % of revenue in 2021 maintained relatively stable at 9.6%

Notable Results in Working Capital Management, Free Cash Flow Maintained Favourable, and Cash Conversion Ratio Continued to Stay at a Healthy Level

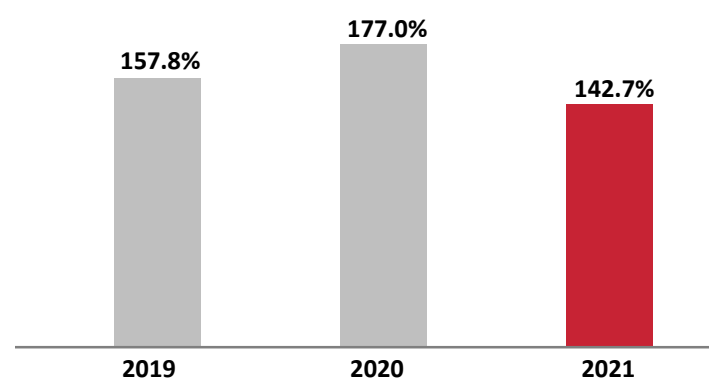
Free Cash Flow

(RMB'M)

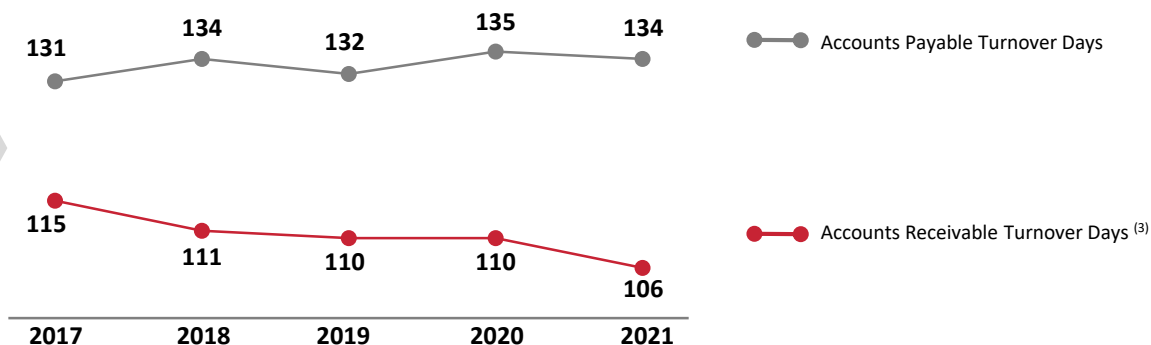


Cash Conversion Ratio ⁽²⁾

(%)



- Strengthened project management by aligning receivables collection with project managers' remuneration
- Carried out dedicated tasks to collect and clear long-term accounts receivables
- Optimized various management systems continuously (e.g. accounts receivable) and formed long-term mechanism



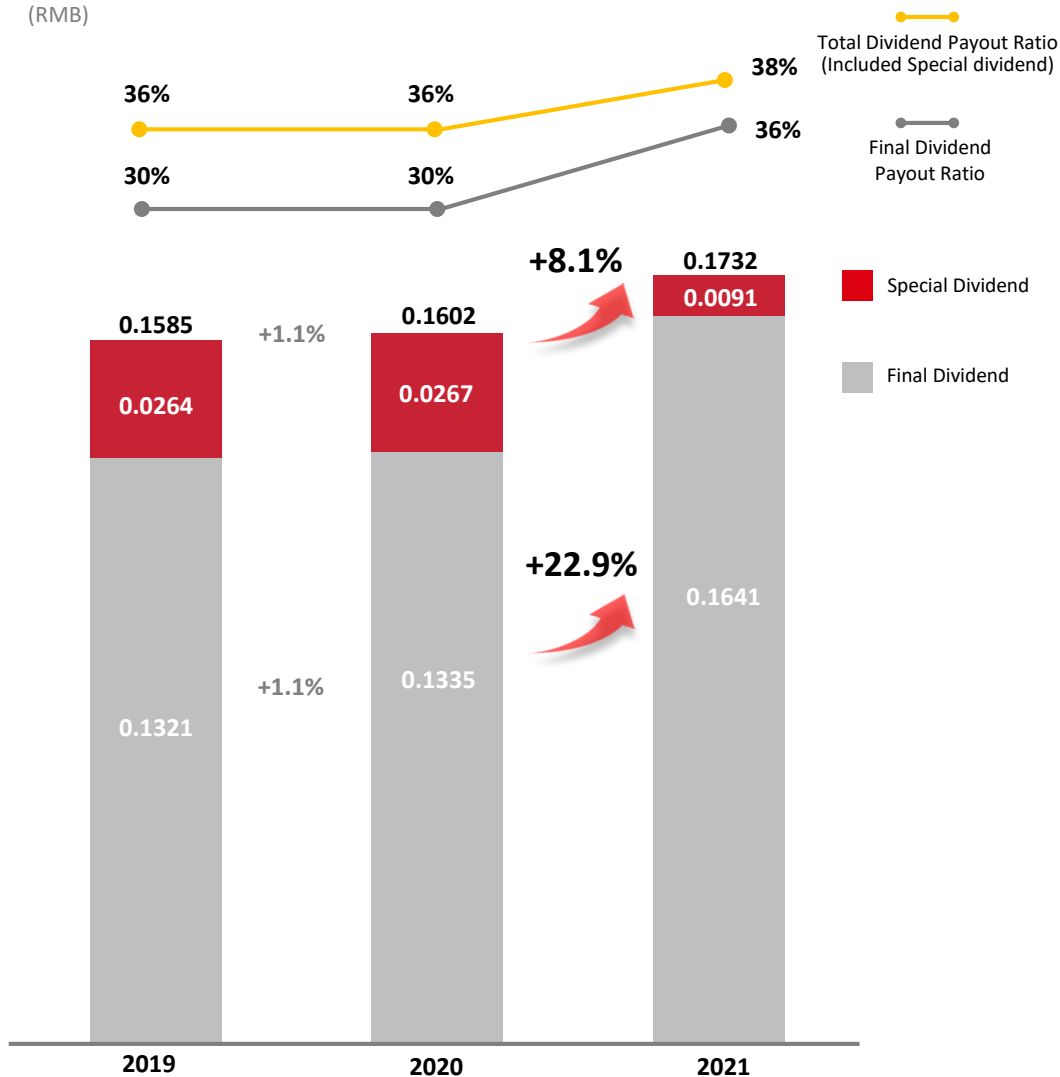
⁽¹⁾ The Company acquired a property in 2020 to serve as the bases for the smart production, operation and R&D, and made a payment of RMB2,527 million in 2020 and a balance payment of RMB663 million in 2021 respectively.

⁽²⁾ Cash conversion ratio = net cash generated from operating activities / net profit

⁽³⁾ 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.

Dividend per Share

(RMB)



Proactively Enhance Shareholders' Return

- While maintaining a relatively stable and sustainable dividend policy, we increase return to our shareholders in consideration of results performance, cash flow and future development needs, etc.
- The Board recommends
 - A final dividend of RMB0.1641 per share, representing 36% dividend payout ratio (2020: 30%)
 - A special dividend of RMB0.0091 per share
 - Total dividend of RMB0.1732 per share, up by 8.1% yoy, with the total dividend payout ratio of 38% (2020: 36%)

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	31.12.2021
Total Assets	94,489	100,028
In which: Cash and Deposits	23,874	23,528
Accounts Receivable and Contract Assets	37,995	39,789
Total Liabilities	57,302	60,418
In which: Accounts Payable and Contract Liabilities	44,341	47,769
Interest-bearing Liabilities	704	813
Equity Attributable to Equity Shareholders	36,718	38,407
Total Liabilities / Total Assets (%)	60.6%	60.4%
Debt-to-Capitalization Ratio (%)	1.9%	2.1%

◆◆◆◆ *Thank you!*



Appendix

Business Revenue Breakdown – By Market

(RMB'M)	2020	2021	Change	Change %
TIS (Telecommunications Infrastructure Services)				
Domestic Operator	38,879	39,454	575	1.5%
Domestic Non-operator	25,759	30,258	4,499	17.5%
Overseas Customer	2,527	2,177	-350	-13.8%
Subtotal	67,165	71,889	4,724	7.0%
BPO (Business Process Outsourcing Services)				
Domestic Operator	24,237	26,011	1,774	7.3%
Domestic Non-operator	12,804	14,329	1,525	11.9%
Overseas Customer	236	284	48	20.2%
Subtotal	37,277	40,624	3,347	9.0%
ACO (Applications, Content and Other Services)				
Domestic Operator	6,860	8,338	1,478	21.5%
Domestic Non-operator	11,015	12,859	1,844	16.7%
Overseas Customer	332	281	-51	-15.4%
Subtotal	18,207	21,478	3,271	18.0%
Total	122,649	133,991	11,342	9.2%



Contract Amount with State Grid



In which:

Contract amount with State Grid ITT Group up by >85% yoy

2021 Contracts in Highlight:

“Edge Computing” Station Construction Service Project for 26 Provincial Companies in China

- China Comservice provided distributed integrated management solutions, undertook general contracting for management and facilities construction for data centers
- 1000 edge computing station network construction for 26 provincial companies in the nation

State Grid Suzhou Medium to Low Voltage DC Power Distribution System and Visualization System Construction Demonstrative Project

- Based on the construction of medium to low voltage DC power distribution system, build a green, low carbon, smart and efficient demonstrative base for energy transformation and green development

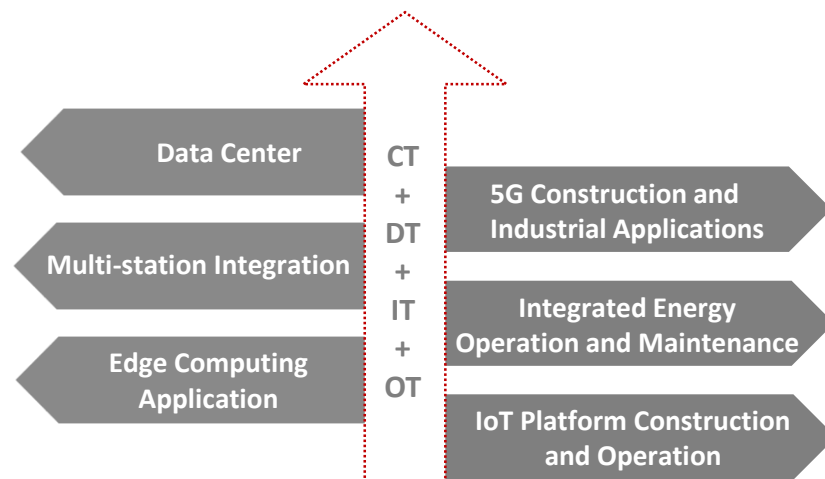
Proactively Explore New Business Model, Jointly Develop New Business Market

State Grid

Facilitate development of clean energy, focus on major infrastructure construction such as ultra-high voltage, Big Data and charging points

- **China Comservice** provides industry-level integrated comprehensive solutions from CT, IT, DT to OT
- Leverage Smart Grid and ultra-high voltage as entry point to advance the business development in new energy, Dual Carbon Goals etc.

Future Cooperation Directions with State Grid



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.