

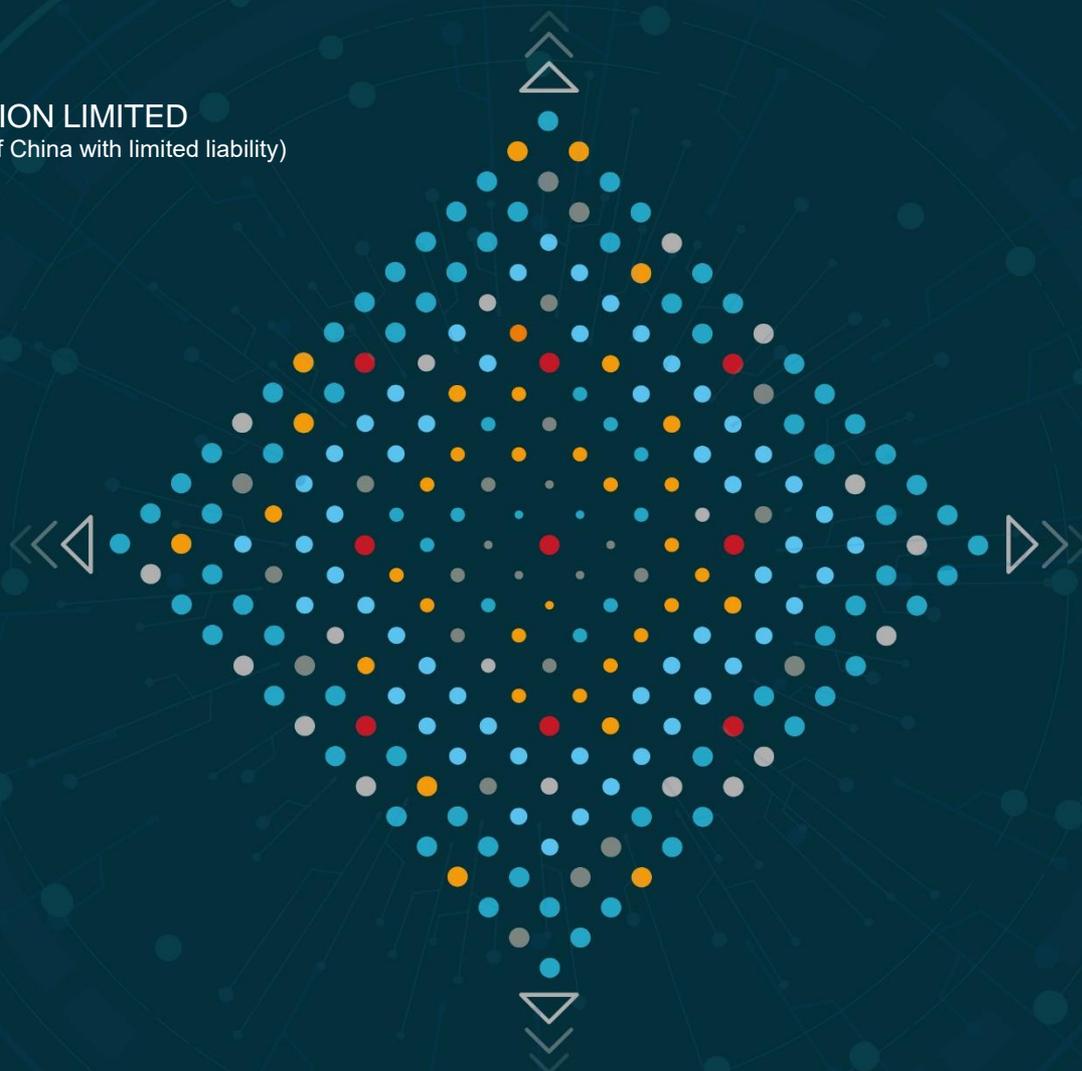


中国通信服务  
CHINA COMSERVICE

CHINA COMMUNICATIONS SERVICES CORPORATION LIMITED  
(A joint stock limited company incorporated in the People's Republic of China with limited liability)  
Stock Code : 552

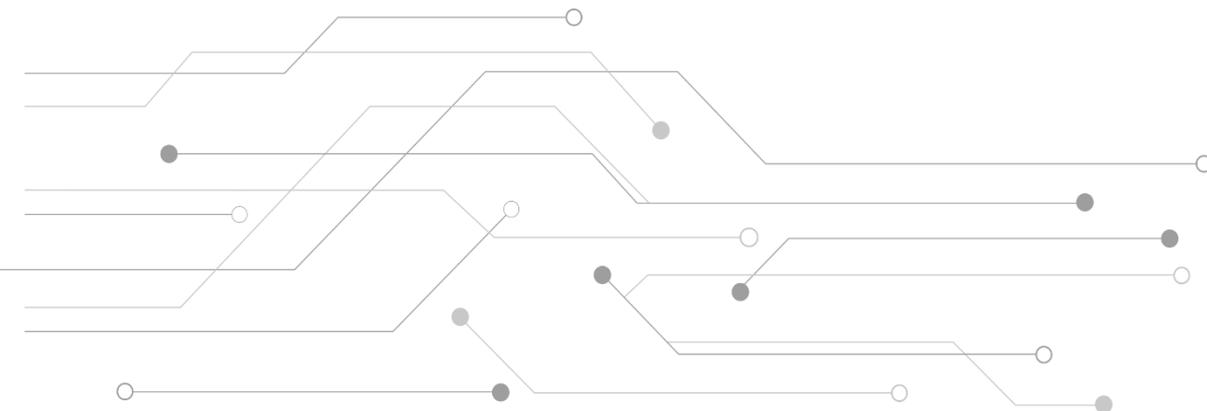
# 2019 Annual Results

31 March 2020



**New Positioning**

**New Generation  
Integrated Smart Service Provider**



**CHAIRMAN**

**MR. ZHANG ZHIYONG**



**PRESIDENT**

**MR. SI FURONG**



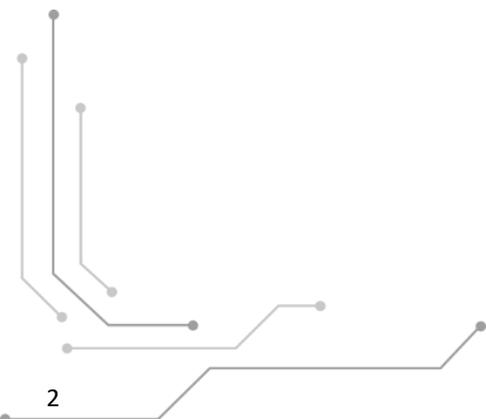
**EXECUTIVE VICE PRESIDENT**

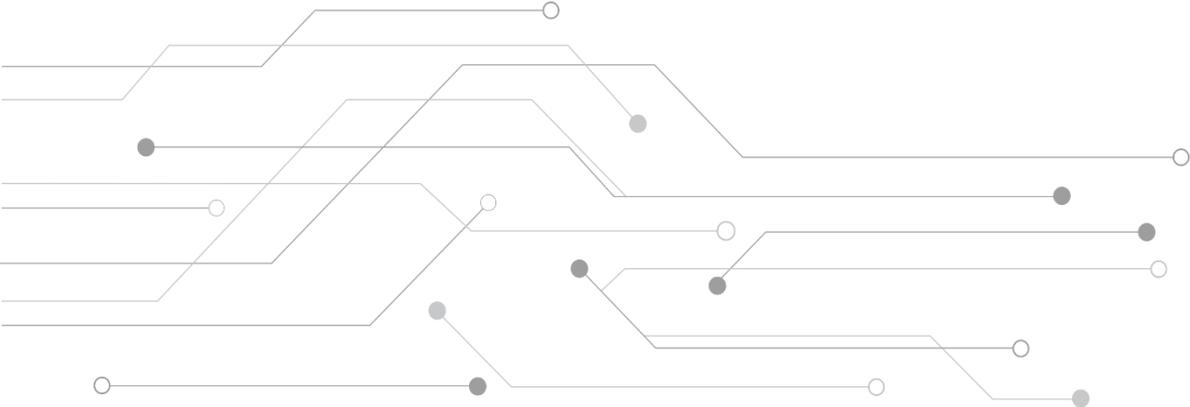
**MR. LIANG SHIPING**



**EXECUTIVE VICE PRESIDENT & CFO**

**MS. ZHANG XU**





*Overview*



*Business Review*



*Financial Results*



# — Overview —



Overall results maintained stable growth and business value further manifested



Revenue from domestic operator market maintained stable, notwithstanding slower growth in telecommunications industry and large-scale 5G construction from operators has yet to come



Domestic non-operator market continued to be the main growth driver with rising gross profit contribution



Development of Smart Projects in domestic non-operator market achieved outstanding results while riding on industry trend to accelerate deployment in new fields



Software capabilities gained wide recognition while driving force of ACO business noticeably strengthened



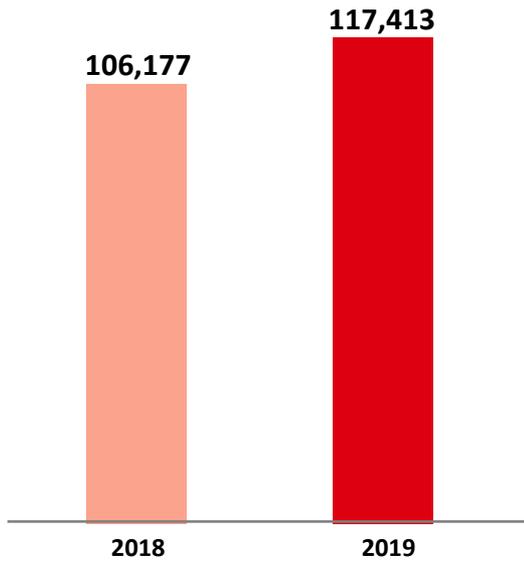
Leveraging on the successful execution of measures in growth momentum transformation in recent years, we initiate value transformation to further realize the value of our integrated smart service

# Overall Results Maintained Stable Growth

## Revenue

+10.6% yoy

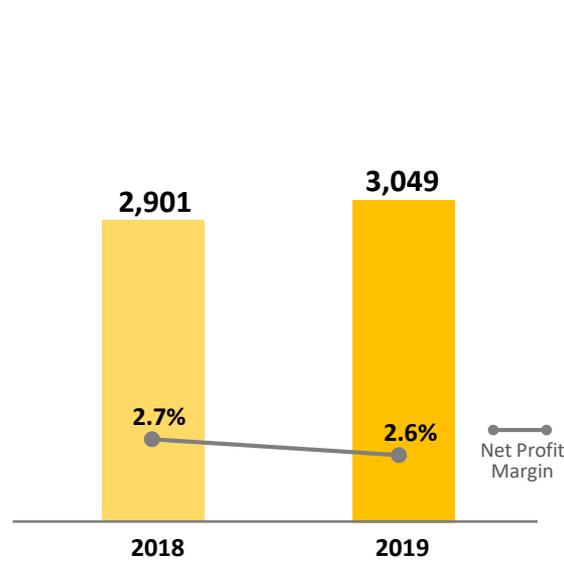
(RMB'M)



## Net Profit

+5.1% yoy

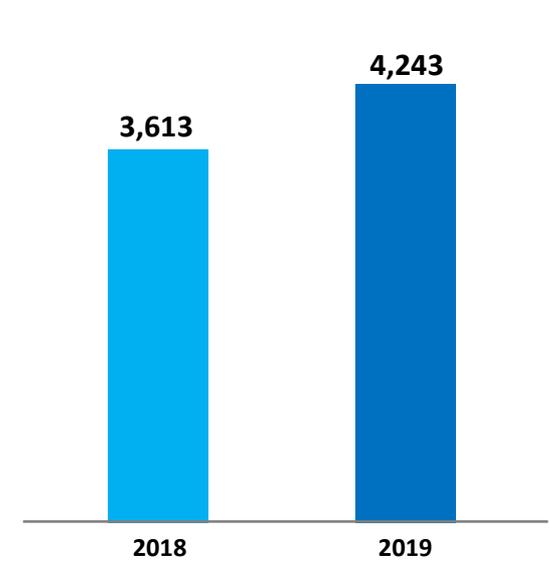
(RMB'M)



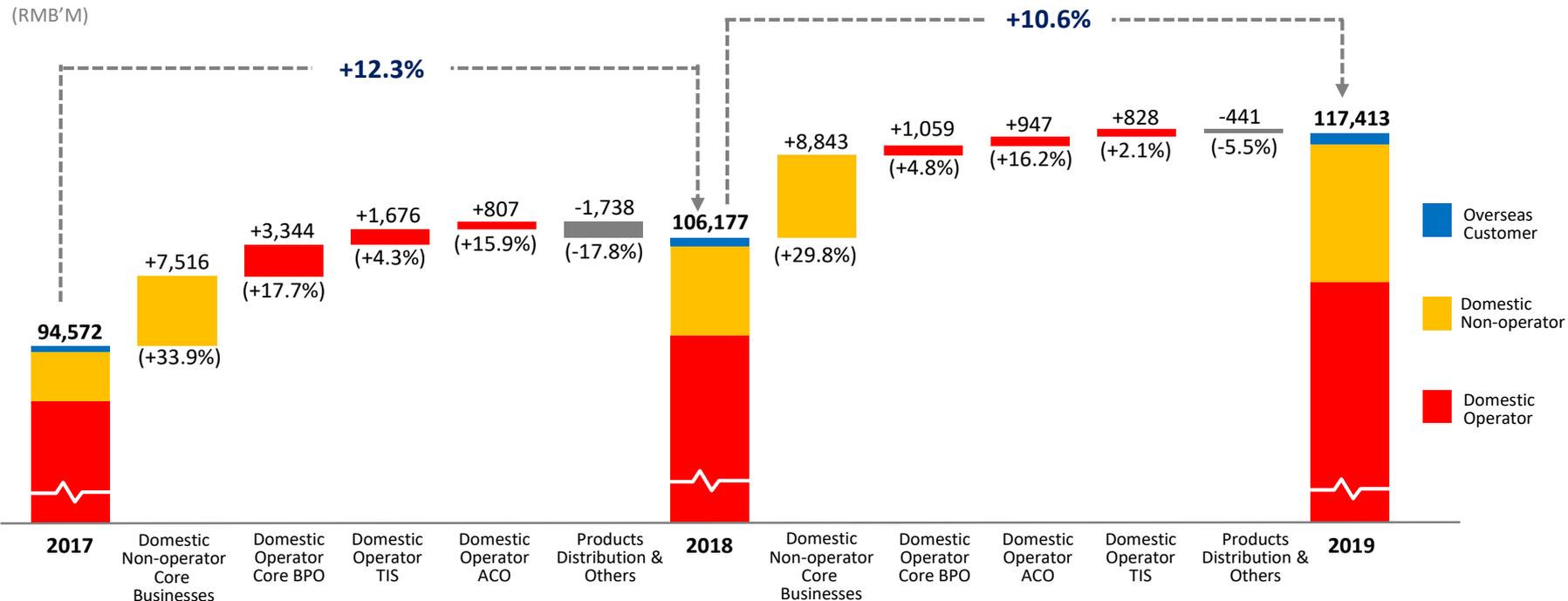
## Free Cash Flow <sup>(1)</sup>

+17.4% yoy

(RMB'M)



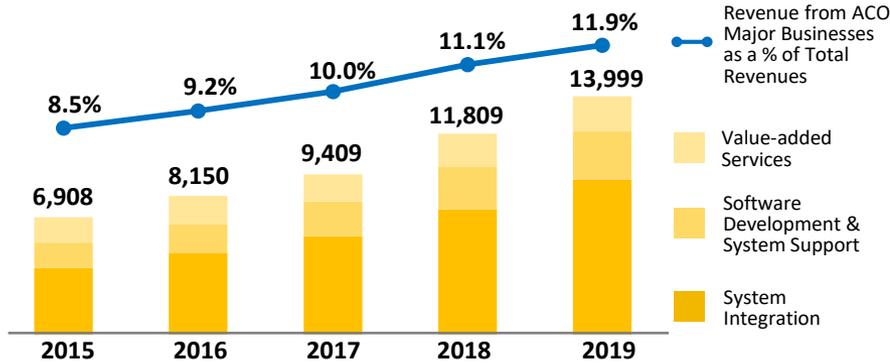
## Revenue Growth Drivers



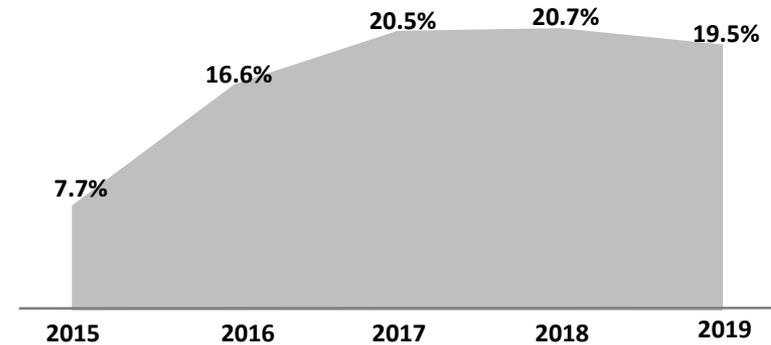
- By vigorously developing businesses related to digitalization construction in domestic non-operator market, such market continued to be the main growth driver and its contribution to incremental revenue surpassed domestic operators
- Enhanced the implementation of “Dual Growth Drivers+” strategy (CAPEX & OPEX + Smart Applications), domestic operator market maintained a steady growth
  - Core BPO businesses continued to be the main revenue growth driver
  - ACO business kept a relatively fast growth

## ACO Major Businesses Revenue and % of Total Revenues

(RMB'M)

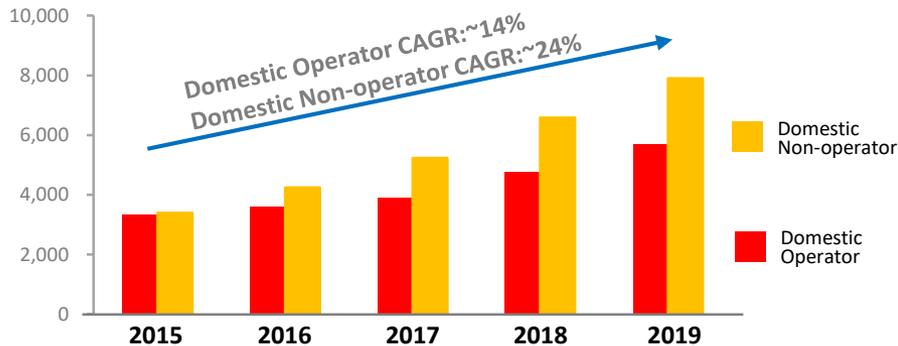


## Incremental Revenue Contribution of ACO Major Businesses



## ACO Major Businesses Revenue of Domestic Operator and Domestic Non-operator Markets

(RMB'M)

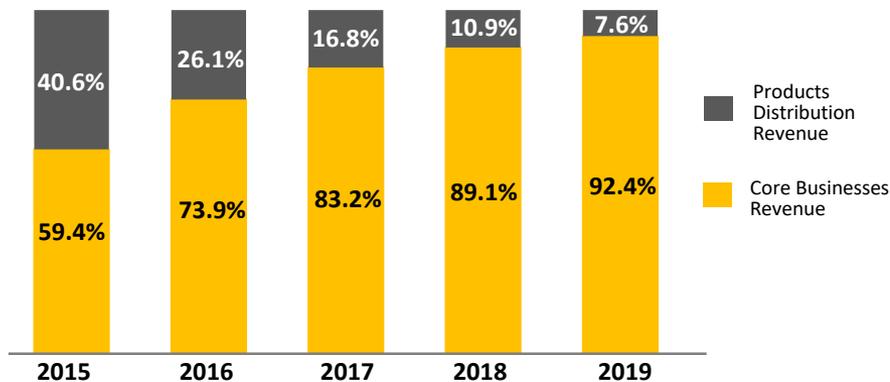


## Software Service Capabilities Gained Wide Recognition

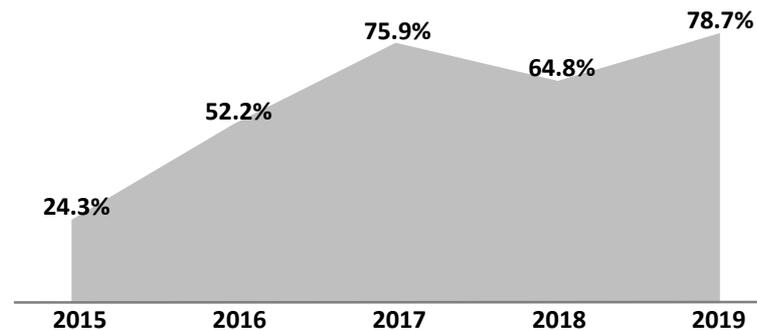
- *100 Most Competitive Software & IT Service Enterprises 2019*  
**5<sup>th</sup>(<sup>1</sup>) China Communications Services Corporation Limited**
- *Leading Enterprises of Information Technology Industry in 2019*  
**Top Ten "Leading Enterprises"**
- *AQNIU Cyber Security Top 100 : Leader Matrix*
- *"CCSYUN" (cloud service) platform obtained Trusted Cloud Services Certification (TRUCS) and awarded "2019 Innovative Cloud Service Platform" by China Software Industry Association*
- *Listed at the "2019 IoT Panoramic Map Report"*
- *"CCS Open IoT Platform" was awarded*
  - *"2019 GIOTC IoT Award" – Bronze Medal*
  - *"OFweek 2019 Most Popular Development Platform in China IoT Industry"*

(<sup>1</sup>) The Top 4 are Huawei Technologies Co., Ltd., Alibaba (China) Co., Ltd., Beijing Baidu Netcom Science Technology Co., Ltd. and Tencent Technology (Shenzhen) Company Limited

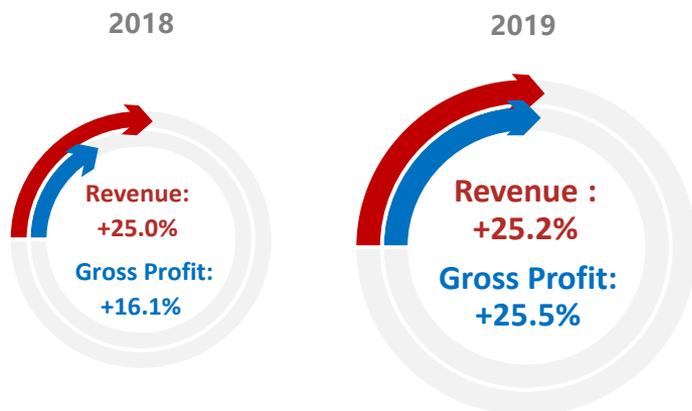
Revenue Structure of Domestic Non-operator Market Kept Improving



Incremental Revenue Contribution of Domestic Non-operator Core Businesses Increased Significantly



Domestic Non-operator Market Revenue Growth vs Gross Profit Growth



1. Optimized Business Structure
2. Achieved Synergies through the Development of Smart Products with the Related Businesses

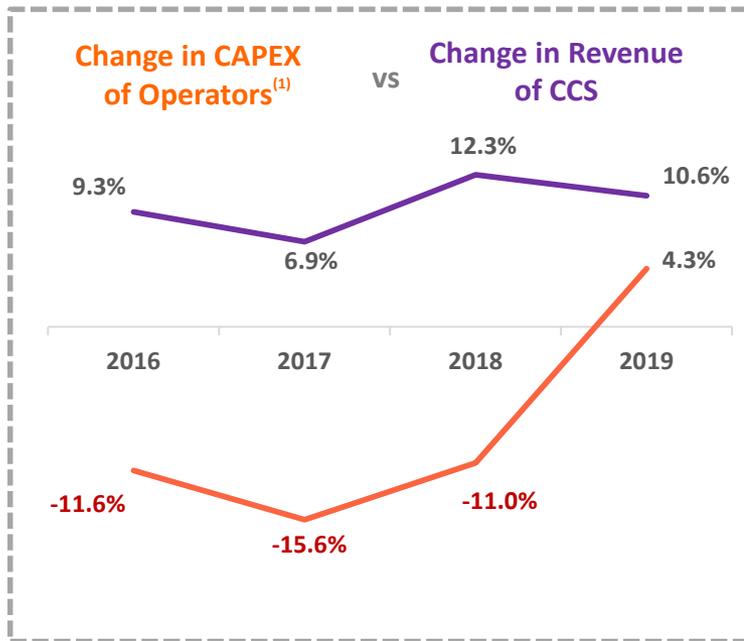
**Gross Profit Contribution from Domestic Non-operator Market Increased**



## Growth Momentum Transformation

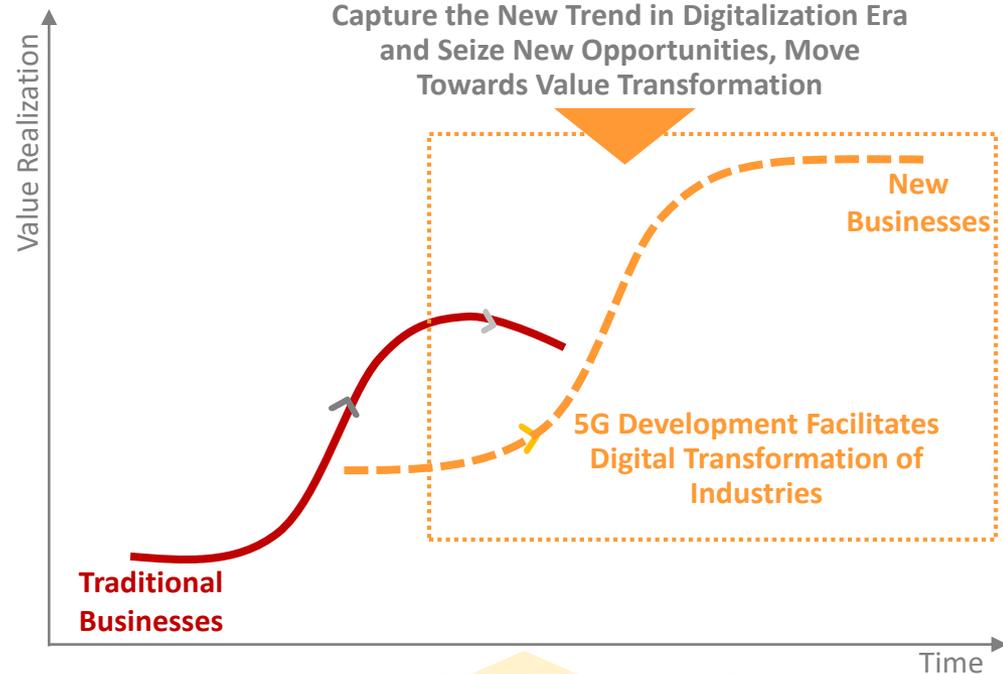


## Value Transformation



**Transformed Towards Digital Services with Foresight**

- Overcame pressure from decreased investment of domestic operators, revenue and net profit steadily rose
- Domestic non-operator market became the largest growth momentum while ACO business development accelerated



**Pinpoint the New Positioning of "New Generation Integrated Smart Service Provider" and Initiate Value Transformation**

- Create value through adjusting mindset and also the reconstruction of businesses, organizations, capabilities and ecosystems
- Accelerate value transformation by deepening reform and innovation, as well as progressing SOE Reform steadily

## Trend

### Macro Policies:

- Digital Economy becomes core driver and accounts for a higher weight in GDP
- Accelerate the construction of New Infrastructure such as 5G network, data centers etc.

### Industry Demand:

- 5G development drives 5G network construction demand and digital transformation of industries
- New technologies such as AI keeps evolving, and IT service demand growth remains robust

### Customer Demand:

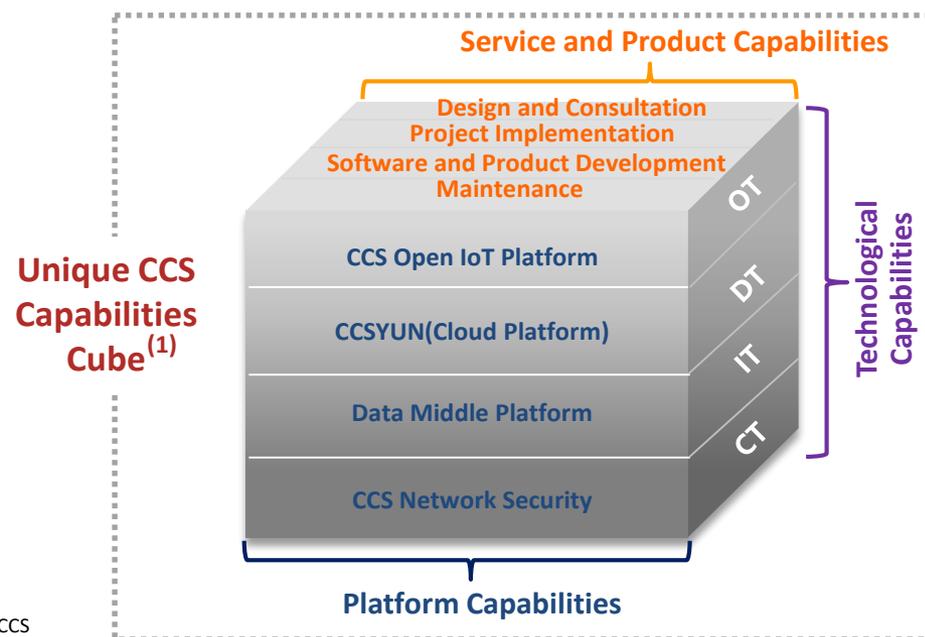
- Prefer full cycle service covering applications, products and services, rather than specific equipment, manufacturers, software and services
- Digital transformation of government and industries require integrated smart services led by consultation to link up every essential process

### Competitive Environment:

- All-round enterprises would be more competitive than enterprises focus on specific fields

## Our Core Advantages

- Listed SOE with **hundred-billion** revenue scale
- **Decades** of experience and capabilities in telecommunications and informatization industries
- **Unique capabilities** to provide full life cycle services
  - **4T integrated capabilities** (CT, Communications Technology; IT, Information Technology; DT, Data Technology & OT, Operational Technology)
  - **Neutral position** to realize **Synergies of 5-Cross capabilities** (cross-platform, cross-connection, cross-application, cross-region, cross-supplier)



# Continuously Promote Transformation to Achieve Value Enhancement

## Social Value

- Foster new infrastructure and serve people's pursuit of a better life
- Demonstrate corporate responsibility and contribution to the environment and society

## Enterprise Value

- Enhance the synergistic operation among businesses, products, knowledge, capabilities and management to enhance operational efficiency
- Realize continuous growth by exploring new growth drivers, enhancing business value and capabilities to create digital assets

## Shareholder Value

- Realize sustainable, healthy, stable, high-quality growth
- Increase company's value in capital market, provide sustainable and stable dividend to shareholders

## Customer Value

- Provide products to customers tailored for their needs and support their digital transformation, thus enhancing their production and service efficiency
- Support customers to develop new business model and explore new businesses

## Employee Value

- Provide development platform, respect employees' value and increase sense of belonging
- Share the fruit of development with employees to realize growths in salary and capability in line with society

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

**5 Progression: Increase Investment (R&D, Capital), Accelerate Reform, Expedite Development, Step up Ecosystem Building, Enhance Talent Training**



**New Market**

- Domestic operator transformation
- Domestic non-operator digitalization
- Overseas informatization and digitalization



**New Model**

- Integrated Smart Services
- "Consultant + Staff + Housekeeper"
- Platform + Software + Service



**New Ecosystem**

- Symbiotic Ecosystem
- Cross-sector Integration
- Technology + Industry + Culture



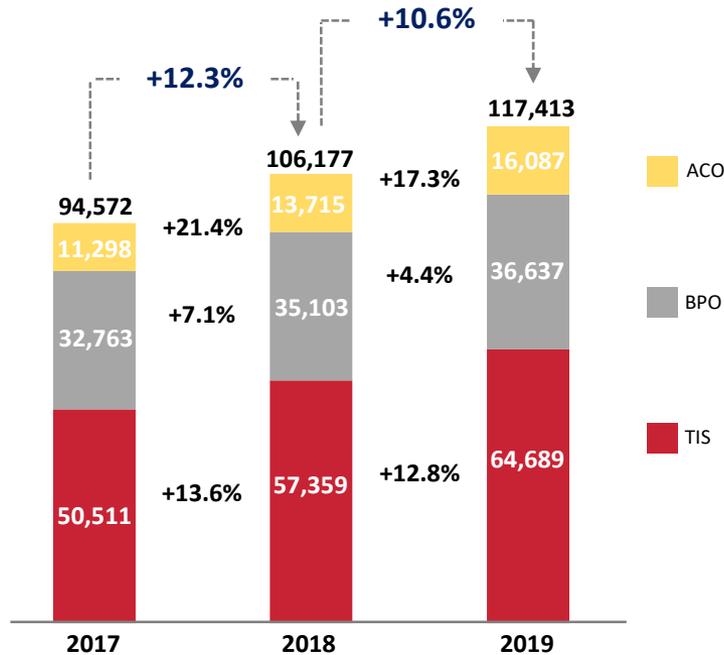
***Business  
Review***

# Business Revenue Breakdown

(RMB'M)	2018	2019	Change %	% of Revenue
<b>TIS (Telecommunications Infrastructure Services)</b>				
Design	10,605	10,239	-3.5%	8.7%
Construction	42,863	50,735	18.4%	43.2%
Supervision	3,891	3,715	-4.5%	3.2%
<b>Subtotal</b>	<b>57,359</b>	<b>64,689</b>	<b>12.8%</b>	<b>55.1%</b>
<b>BPO (Business Process Outsourcing Services)</b>				
Maintenance	14,793	15,827	7.0%	13.5%
Facilities Management	5,278	6,168	16.9%	5.2%
Supply Chain	10,149	10,320	1.7%	8.8%
<b>Core BPO Businesses Subtotal</b>	<b>30,220</b>	<b>32,315</b>	<b>6.9%</b>	<b>27.5%</b>
Products Distribution	4,883	4,322	-11.5%	3.7%
<b>Subtotal</b>	<b>35,103</b>	<b>36,637</b>	<b>4.4%</b>	<b>31.2%</b>
<b>ACO (Applications, Content and Other Services)</b>				
System Integration	7,373	9,108	23.5%	7.8%
Software Development & System Support	2,502	2,856	14.2%	2.4%
Value-added Services	1,934	2,035	5.2%	1.7%
Others	1,906	2,088	9.6%	1.8%
<b>Subtotal</b>	<b>13,715</b>	<b>16,087</b>	<b>17.3%</b>	<b>13.7%</b>
<b>Total</b>	<b>106,177</b>	<b>117,413</b>	<b>10.6%</b>	<b>100%</b>

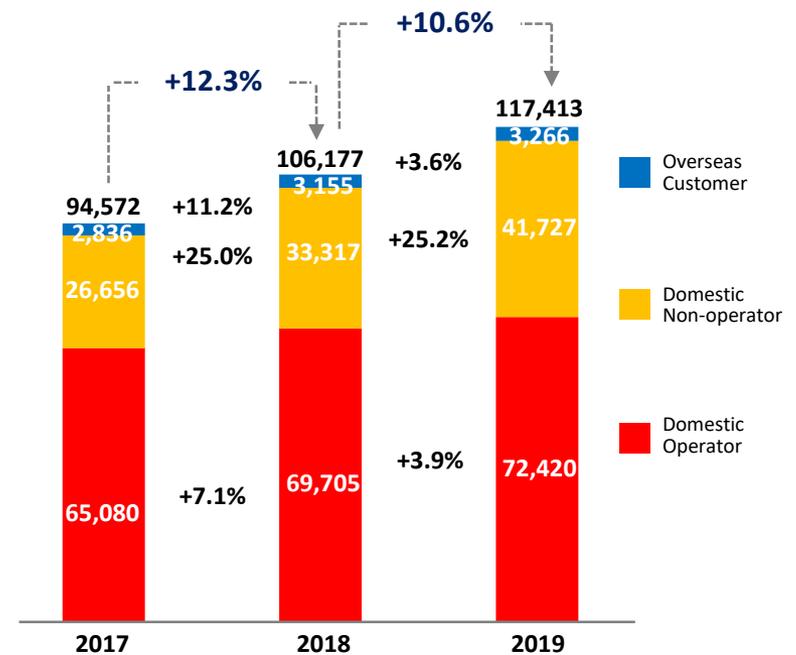
## Revenue Growth by Businesses

(RMB'M)



## Revenue Growth by Markets

(RMB'M)



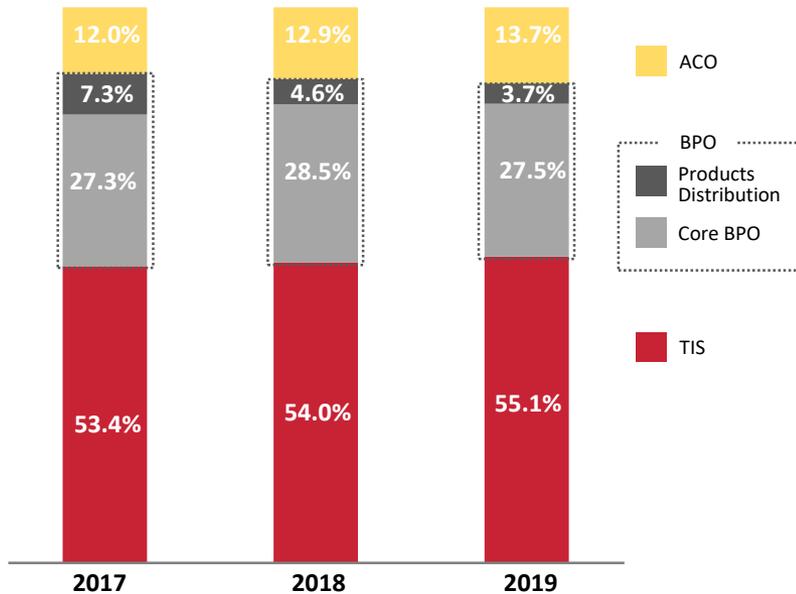
➤ Targeting on the demand from domestic non-operator market and capitalizing on our top-level design and planning and ACO core products (smart products & solutions), we provided integrated solutions to drive TIS and BPO businesses

➤ While developing OPEX market of domestic operators steadily to drive BPO business, we supported their construction demand for digitalization proactively to drive rapid growth of ACO business

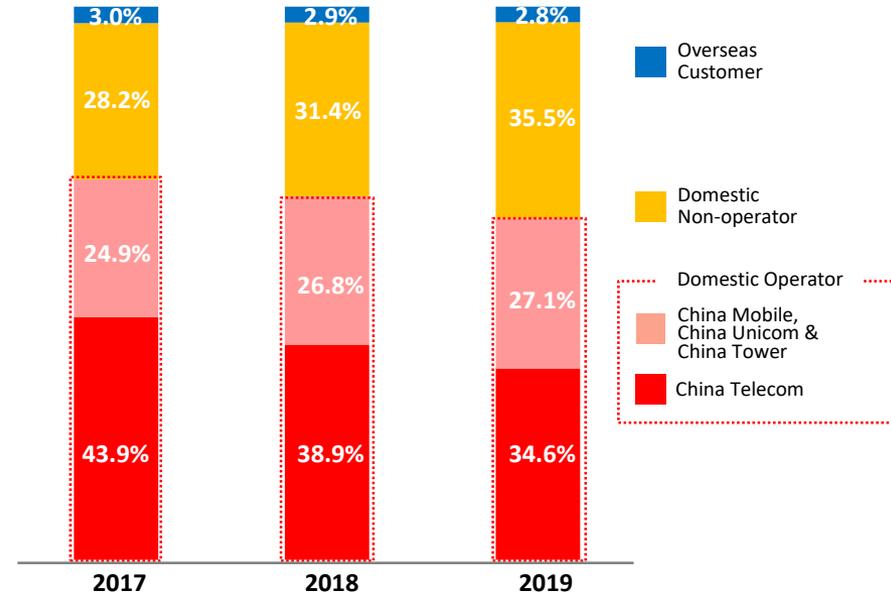
➤➤➤ **Domestic non-operator market** sustained robust growth

➤➤➤ **Domestic operator market** maintained steady growth

## Revenue Composition by Businesses



## Revenue Composition by Markets



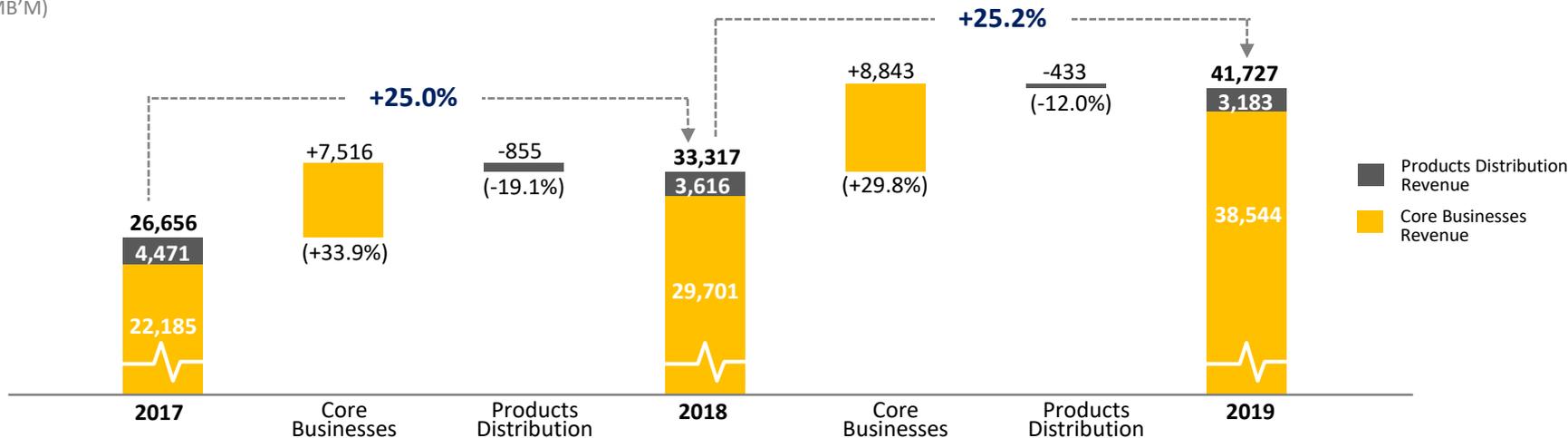
- **Business Structure Continued to Optimize:** portion of revenue from ACO business continued to rise while portion of revenue from products distribution business kept decreasing
- **Market Structure Further Diversified:** portion of revenue from domestic non-operator kept increasing and such customer became the largest customer group

# Domestic Non-operator Market I

## Multiple Measures to Drive Fast Development

### Revenue Growth Drivers

(RMB'M)



**Seize Opportunities Arising from Digital Economy and Smart Society, Focus on Opportunities from Digitalization and Intelligentization Construction of Key Industries, Develop Large-scale Projects and Provide Integrated Comprehensive Solutions to Customers**

#### Enhance Corporate Capabilities

- **R&D Capabilities:** 30+ smart solutions and 20+ R&D centers; continuously optimize dispersed R&D system
- **Ecosystem Capabilities:** collaborate with external partners to unleash the power of alliances of Smart City, Cloud Computing, IoT, Network Security, etc.
- **Platform Capabilities:** foundation platforms such as CCSYUN (cloud platform) and CCS Open IoT platform possess core capabilities for business development

#### Cultivate Brand Image

- **Industry Rankings:** top rankings in domestic software, information technology, network security and IoT industries
- **Recognition:** smart products gain recognitions from customers, professional institutes and government departments
- **Industry Expos:** enhance market influence through various channels including Big Data Expo in Guizhou, World IoT Expo in Wuxi

#### Enhance Mechanism Construction

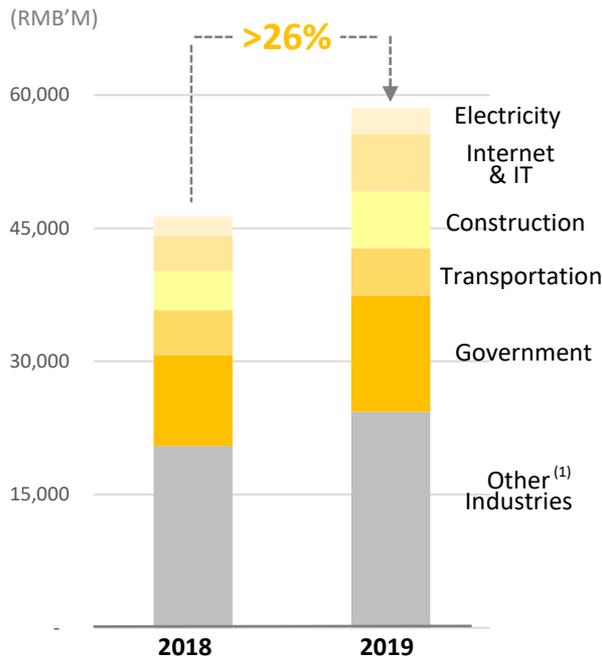
- **Organizational Structures:** break boundaries among internal organizations, regions, capabilities and markets to optimize OneCCS ecosystem and realize synergies
- **Expert Team:** construct teams of talents and experts to facilitate innovation and transformation
- **Incentive Mechanism:** enhance resource allocation on businesses and talents

# Domestic Non-operator Market II

## Focus on Key Industries and Forge Our Products Nationally

### Lead the Way with Smart Products, Provide Integrated Digital Infrastructure Services

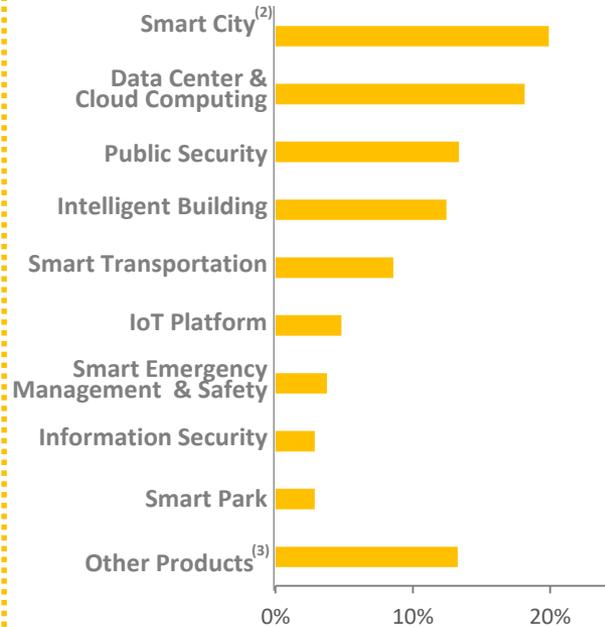
Total Amount for Newly Signed Contracts  
(By Industries)



In which:

### Group-level (Smart) Products

Newly Signed Projects >800  
(By Products)



Above scale is proportional to contract amount by products

### Integrated Business Development Driven by Smart Products

Provide various services among the  
3 businesses in below services

- Construction of New Generation Network
- Informatization Infrastructure Construction for Smart City
- Informatization System Integration
- Building Intelligentization Project
- Power Wireless Private Network and Weak Current System
- Operation Outsourcing for Call Centers
- .....

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

<sup>(2)</sup> Smart City includes projects of Smart City, Smart Government Services, Smart Court, Smart Procuratorial Services and Smart Justice

<sup>(3)</sup> Other group-level (smart) products include Smart Airport, Smart Game, Smart Enterprise, Electronic Certification, Smart Water Conservancy etc.

# Domestic Non-operator Market III

## Achieve Remarkable Results in Industry Penetration

**Key Measures: Experience Accumulation, Iterative Product Development, Joint Force of Frontline Marketing and Backstage Professional Support among Provinces, as well as Cooperation with Ecosystem Partners**

### 2019 Signature Projects:

#### Smart Park – Beijing Expo – Smart Expo



##### Project Content:

- Provide all-round support for information and communication services and IT support, including construction of >20 systems such as integrated command center, information dissemination system, park navigation system, tourist big data analysis
- Provide “Smart Expo” APP for tour navigation and enhance tourist experience by AR, VR

##### Past Main Projects:

- 2011 Xi’an Expo
- 2014 Qingdao Expo
- 2016 Tangshan Expo
- 2017 Zhengzhou Garden Expo ...

#### Smart Game – The 7th CISM Military World Games



##### Project Content:

- Provide overall planning, comprehensive game management and integrated construction service including construction of command platform, stadium operation and management service etc.
- Key functions include full process game management service, centralization of game information, centralized system status monitor, refined management for stadium affairs

##### Future Main Projects:

- 2021 Xi’an City Games
- 2022 Hangzhou Asian Games
- 2022 Beijing Winter Olympic Games ...

#### Smart City – “Digital Government” Project for Guangdong Province



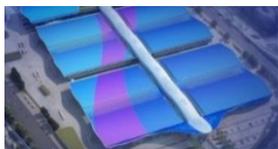
##### Project Content:

- Provide services such as consultation, planning, design, software, integration to Guangdong province and 16 prefecture-level cities including Shenzhen, Dongguan, Jiangmen, Foshan
- Provide integration of multiple application systems and service systems to Dongguan, support customers to set up integrated government service consultation solutions, cloud/network planning, deployment and implementation for government cloud

##### Past Main Projects:

- Smart Nanjing
- Smart Qianhai
- Guiyang Big Data Industry Expo Avenue
- >100 Smart Cities ...

#### Intelligent Building – Intelligentization Project (Phase I) of Shenzhen World Exhibition & Convention Center



##### Project Content:

- Largest domestic intelligentization turnkey project for the largest exhibition center in the world
- As the project general contractor, provide construction of intelligentized daily operation and management system, smart exhibition innovative service system, exhibition operation and security command system and also intelligentization construction (a total of 17 sub-systems, e.g. information facilities, public security, equipment room engineering)

##### Past Main Projects:

- Guizhou Qianbei Logistics Town
- Fuzhou Haixi Commercial Building
- Inner Mongolia Power Generation, Dispatch and Command Centre...

### Network Information Security



#### Background and Market:

- “Cyberpower” is one of the important national strategies, and network security is the strategic foundation for execution of such strategy
- MIIT expects industry scale will exceed RMB200 billion by 2025

#### Product/Service:

- Forge a security platform and form integrated solutions including the construction, operation and management of network security platform and also the relevant training and certification

#### Past Main Projects:

- G20 Summit information security support
- World Internet Conference security support...

### Emergency Management



#### Background and Market:

- In 2018, the State Council established the Ministry of Emergency Management which successively released the Strategic Planning Framework for National Emergency Management Informatization Development, and 20 regional missions for informatization construction of emergency management in 2019 and 2020

#### Product/Service:

- Enhance integrated safety monitoring and evaluation through big data analysis, safety and risk management for enterprises, emergency management, rescue and command. Industrial technologies covering communication, big data and AI, industrial internet, mobile platform application

#### Past Main Projects:

- Integrated Information Platform for Production Safety in Hubei Province
- Operation and Maintenance Management System for Bureau of Work Safety in Anhui Province
- Enterprise Safety, Risk Alert and Cloud Management & Monitor Service Platform in Ningxia...

### Industrial Internet



#### Background and Market:

- Driven by the national strategies of Manufacturing-power and Cyberpower, Industrial Internet is fully supported by policies, organizations, industrial subsidies

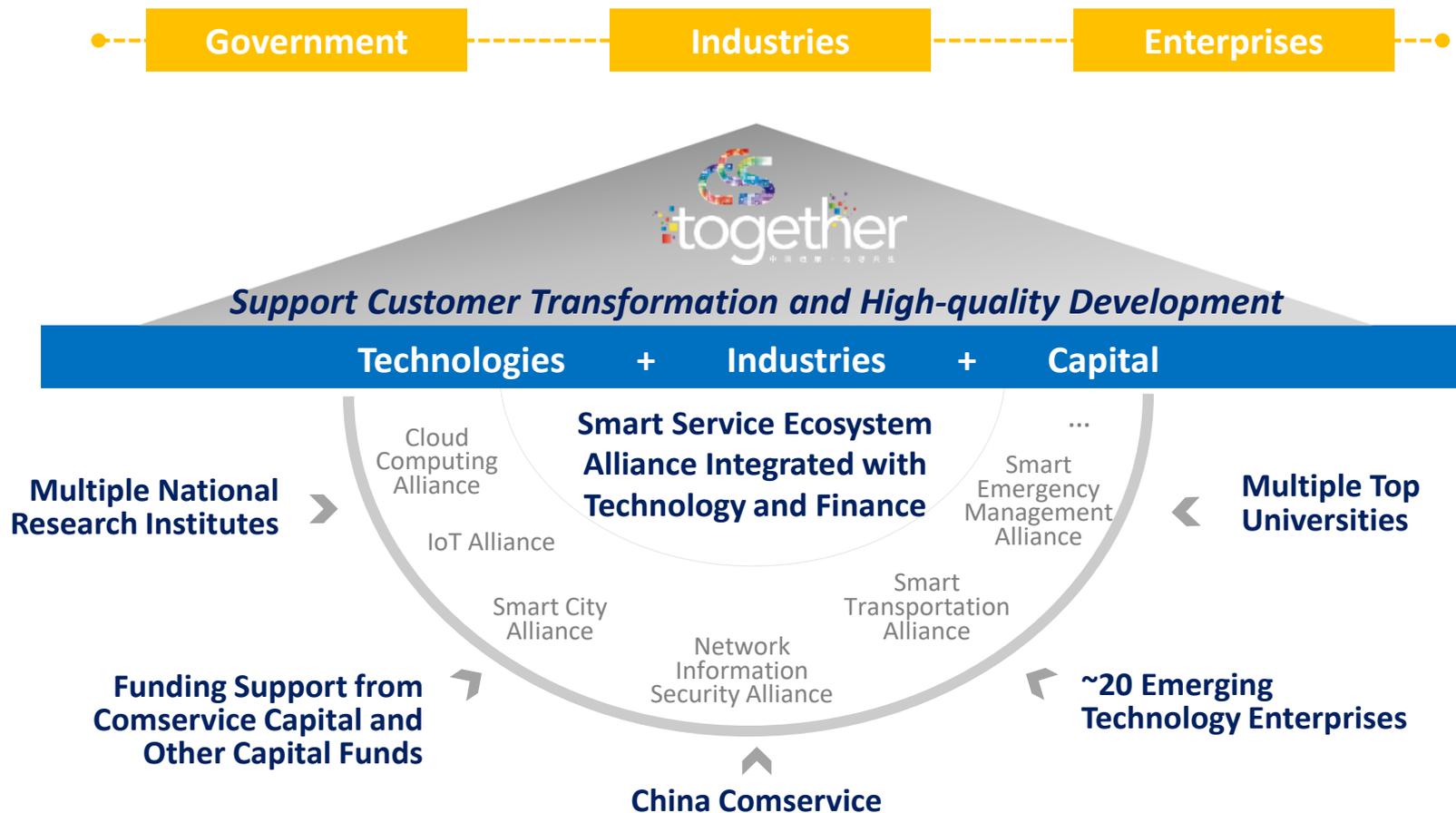
#### Product/Service:

- Established “China Comservice Industrial Internet (Big Data) Research Institute” and signed up strategic cooperation agreement with China Academy of Information and Communications Technology (CAICT)
- Provide consultation service, and also platforms and systems on the layer of platform, edge, security and application

#### Past Main Projects:

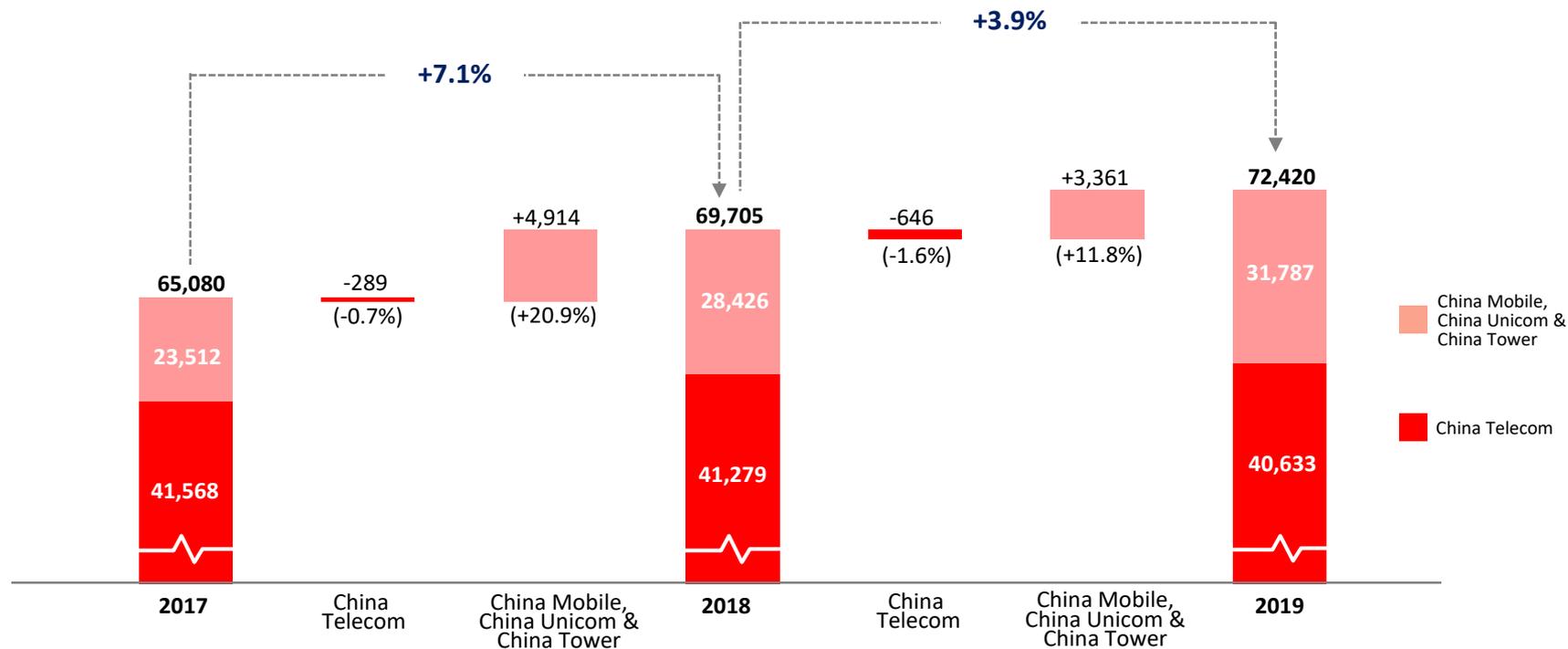
- Industrial Internet Big Data Platform in Chongqing
- Industrial Internet Big Data and Cloud Service Platform in Shanghai
- Industrial Internet Application Platform in Guangdong Province...

### Establish a Symbiotic Philosophy, Forge a Symbiotic Ecosystem



## Revenue Growth Drivers

(RMB'M)



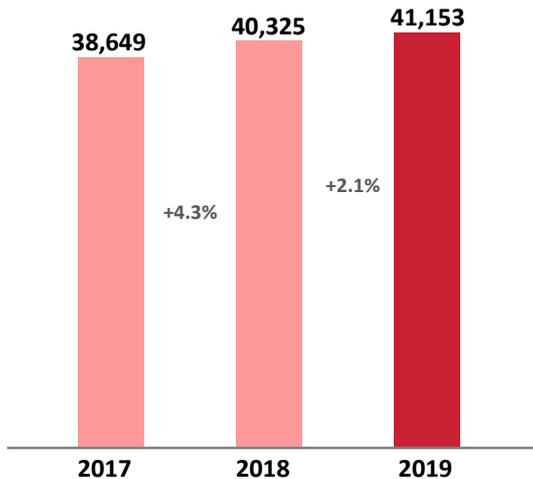
- Operators accelerated 5G deployment but the construction has yet to come into scale, revenue from domestic operator market maintained steady growth
- Proactively responded to the new ICT service demand arising from domestic operator transformation, and adapted to their new co-build and co-share model

- Effective implementation of “Dual Growth Drivers+” strategy (CAPEX & OPEX + Smart Applications) ensured the overall stable growth of domestic operator market
- 5G development will bring a series of new services including network infrastructure and also the subsequent operation and maintenance as well as smart applications

## TIS Business Remained Largely Steady

### TIS Business (1)

(RMB'M)

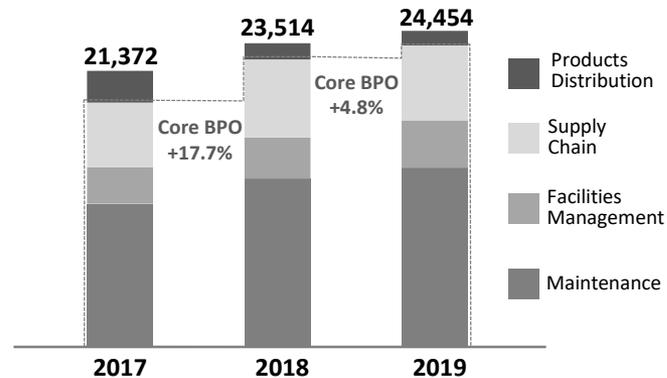


- Seize the opportunities of increasing 5G network construction investment and maintain stable market share

## BPO Business Played a Critical Role in Maintaining Continuous Stable Growth

### BPO Business (1)

(RMB'M)

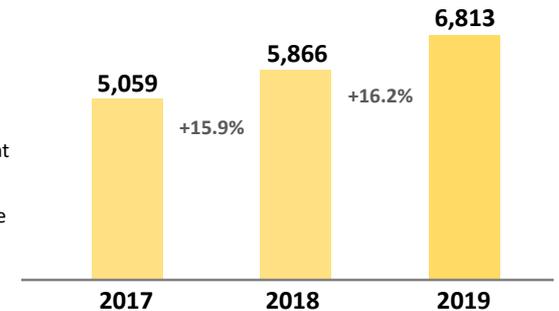


- Generally sustainable, steady and generates relatively stable cash flow

## ACO Business Became New Growth Momentum

### ACO Business (1)

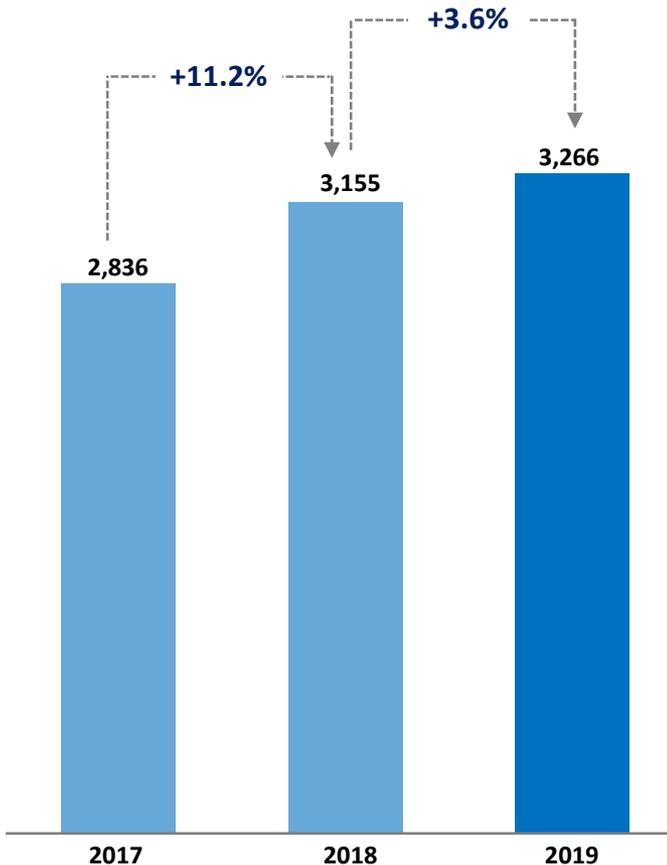
(RMB'M)



- Leveraging on capabilities and experience from domestic non-operator market and enhancing collaboration to support the transformation of domestic operators and fulfill their ICT service demand

## Revenue from Overseas Market

(RMB'M)



- Focused on key projects and achieved favourable results in overseas sizable project development, overseas business maintained stable growth
- The Company was awarded “Excellent Enterprise” for the “Belt and Road” 2019 Information Technology Industry<sup>(1)</sup>, and in the same event, its 4G project in Nepal, National Broadband Project in Saudi Arabia and Optical Cable Backbone Network Project in Tanzania were awarded the Top 100 Outstanding “Belt and Road” Cases
- Capture opportunities from digitalization overseas and high-quality development of “Belt and Road” Initiative, thus promoting overseas business transformation
- Deepen the collaboration with domestic operators and PRC enterprises to collaborate development in overseas market



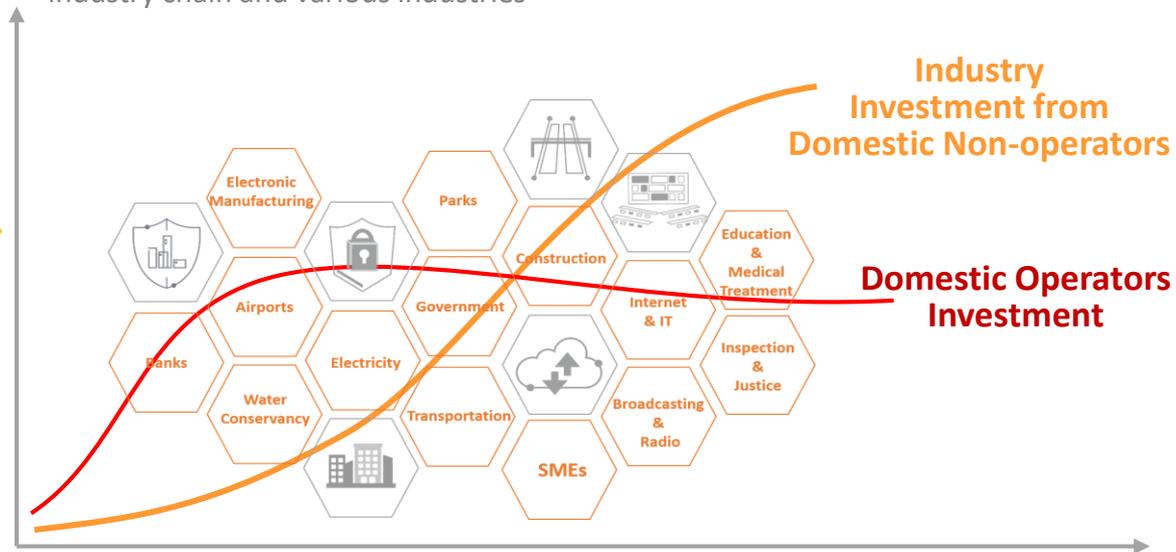
# Vast Development Opportunities Brought by New Infrastructure Such as 5G

## Latest Update in February & March 2020

- **Government:** Clearly stated to accelerate construction of new network infrastructure construction such as 5G and data centers
- **Joint Announcement by 23 Departments:** Facilitate expansion and enhance quality of consumption, in which accelerate the construction of new generation information infrastructure and vigorously promote “Internet + Social Service” etc.
- **MIIT:** Accelerate 5G development, promote integrated development and increase application scenarios etc.
- **Operators:** Accelerate 5G construction, transformation

## Induced Market Scale and Opportunities in the next 5 Years<sup>(1)</sup> :

- **1.2 trillion:** 5G network construction aggregate investment
- **500 billion:** investment scale of networking development by industries and enterprises
- **>3.5 trillion:** 5G network construction will stimulate 5G applications along the industry chain and various industries



***New Infrastructure (including 5G, AI, Industrial Internet, Big Data Centers, etc.) will Bring Continuous and Significant Development Opportunities to the Company in Various Stages***

Integrated Smart Solutions ●

Telecommunications Network Infrastructure Construction ●

Maintenance, Operational Support ●

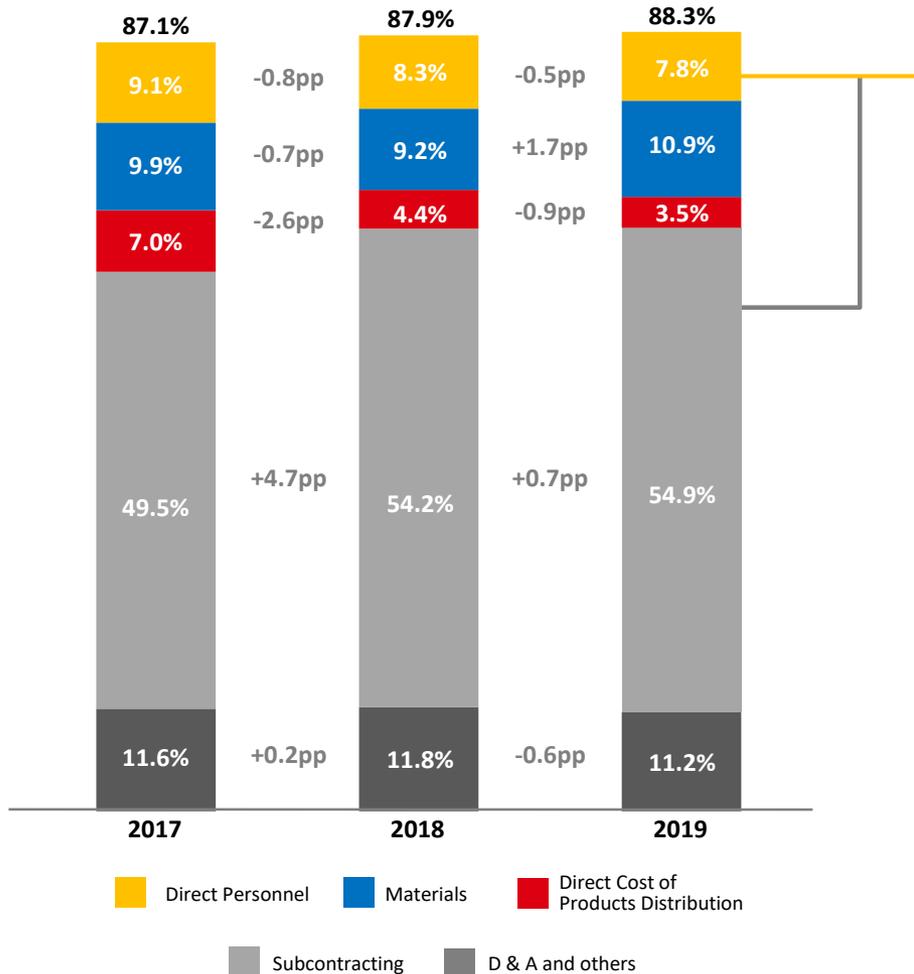




*Financial  
Results*

(RMB'M)	2018	2019	Change %	% of Revenue
<b>Revenue</b>	<b>106,177</b>	<b>117,413</b>	<b>10.6%</b>	<b>100%</b>
<b>Cost of Revenue</b>	<b>93,292</b>	<b>103,726</b>	<b>11.2%</b>	<b>88.3%</b>
Direct Personnel	8,748	9,111	4.2%	7.8%
Materials	9,783	12,838	31.2%	10.9%
Direct Cost of Products Distribution	4,629	4,168	-10.0%	3.5%
Subcontracting	57,555	64,462	12.0%	54.9%
D & A	466	757	62.4%	0.6%
Others	12,111	12,390	2.3%	10.6%
<b>Gross Profit</b>	<b>12,885</b>	<b>13,687</b>	<b>6.2%</b>	<b>11.7%</b>
<b>SG &amp; A</b>	<b>10,611</b>	<b>11,494</b>	<b>8.3%</b>	<b>9.8%</b>
<b>Net Profit</b>	<b>2,901</b>	<b>3,049</b>	<b>5.1%</b>	<b>2.6%</b>
<b>EPS (RMB)</b>	<b>0.419</b>	<b>0.440</b>	<b>5.1%</b>	-
<b>ROE (%)</b>	<b>9.6%</b>	<b>9.1%</b>	<b>-0.5pp</b>	-

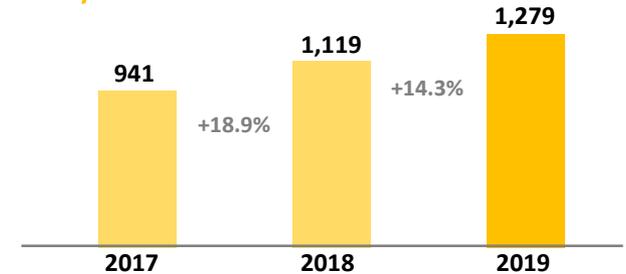
## Cost of Revenue as a % of Revenue



**Direct Personnel Cost:** By utilizing subcontracting resources adaptively and controlling total staff number, direct personnel cost as a % of revenue kept declining while labour productivity kept increasing

### Labour Productivity <sup>(1)</sup>

(RMB'000/staff)



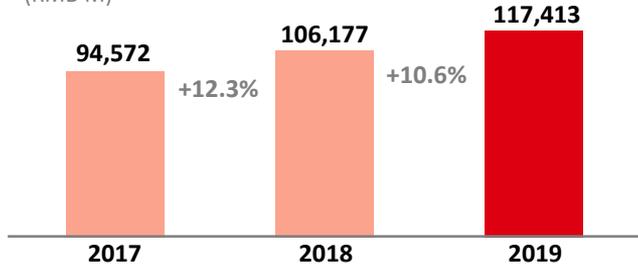
**Subcontracting Cost:** Through data analysis on subcontracting and strengthening the management and supervision over the whole subcontracting process, subcontracting cost was effectively controlled and its growth eased noticeably

**Materials Cost:** Increase of turnkey projects, and also the rapid growth of construction business in domestic non-operator market and system integration business drove the relatively fast increase in materials cost

**Direct Cost of Products Distribution:** By proactively controlling the products distribution business, direct cost of products distribution as a % of revenue fell by 0.9pp

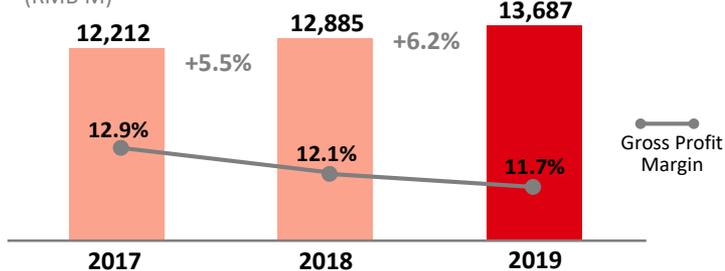
## Revenue

(RMB'M)



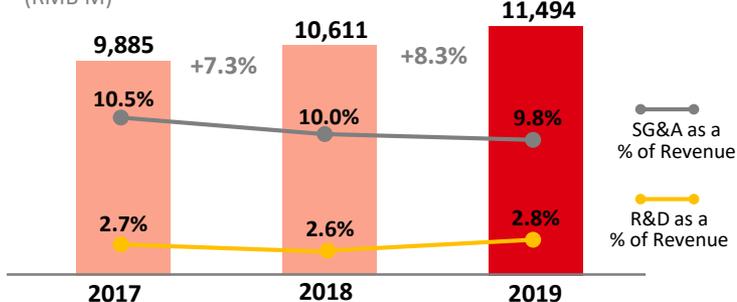
## Gross Profit

(RMB'M)



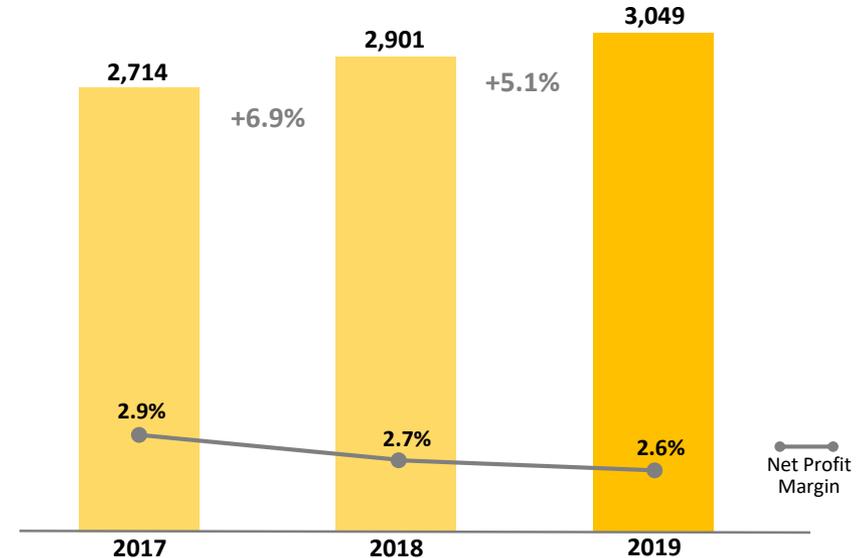
## SG & A

(RMB'M)



## Net Profit

(RMB'M)

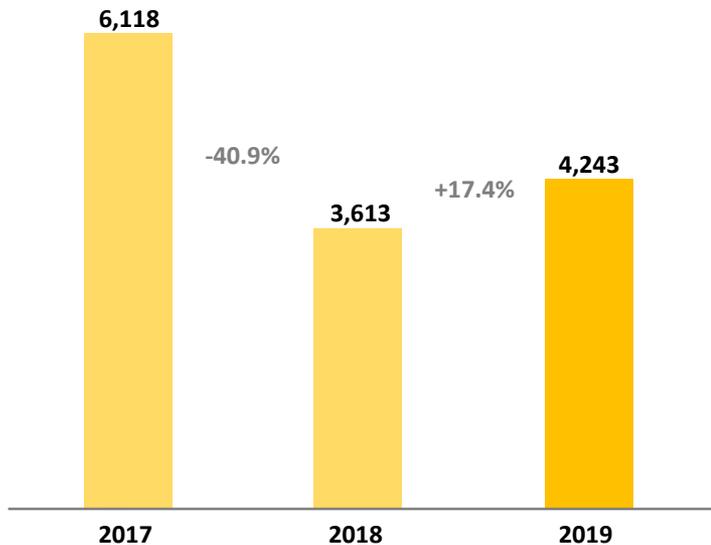


- **The decline of gross profit margin and net profit margin moderated:** mainly due to the combined impact of decreased service value in telecom industry and increased gross profit contribution from domestic non-operator market
- **Increased R&D expense as a % of revenue:** increased R&D expenditure for the upgrade of software service capability to embrace digital transformation of industries
- **SG&A as a % of revenue continued to fall:** mainly due to enhanced cost control and economies of scale

- Effectively coped with the rigid policy requirement of settling payables to private enterprises, while fulfilling the capital needed for developing large-scale projects
- Free cash flow grew favourably in 2019, and cash conversion ratio continued to maintain at a healthy level

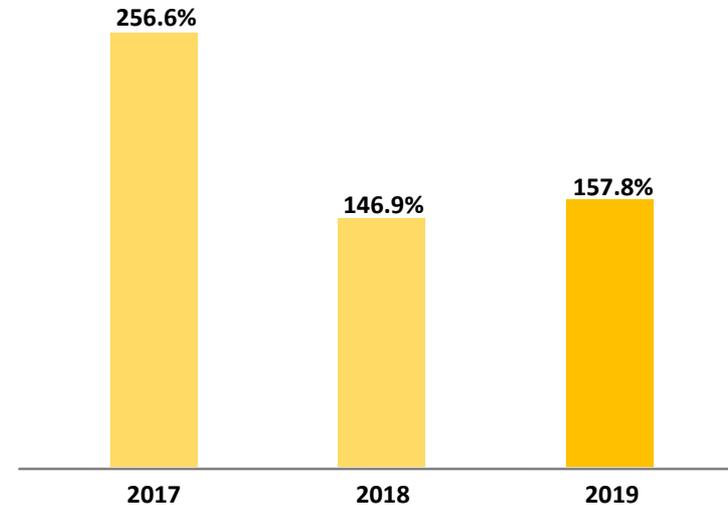
## Free Cash Flow

(RMB'M)



## Cash Conversion Ratio<sup>(1)</sup>

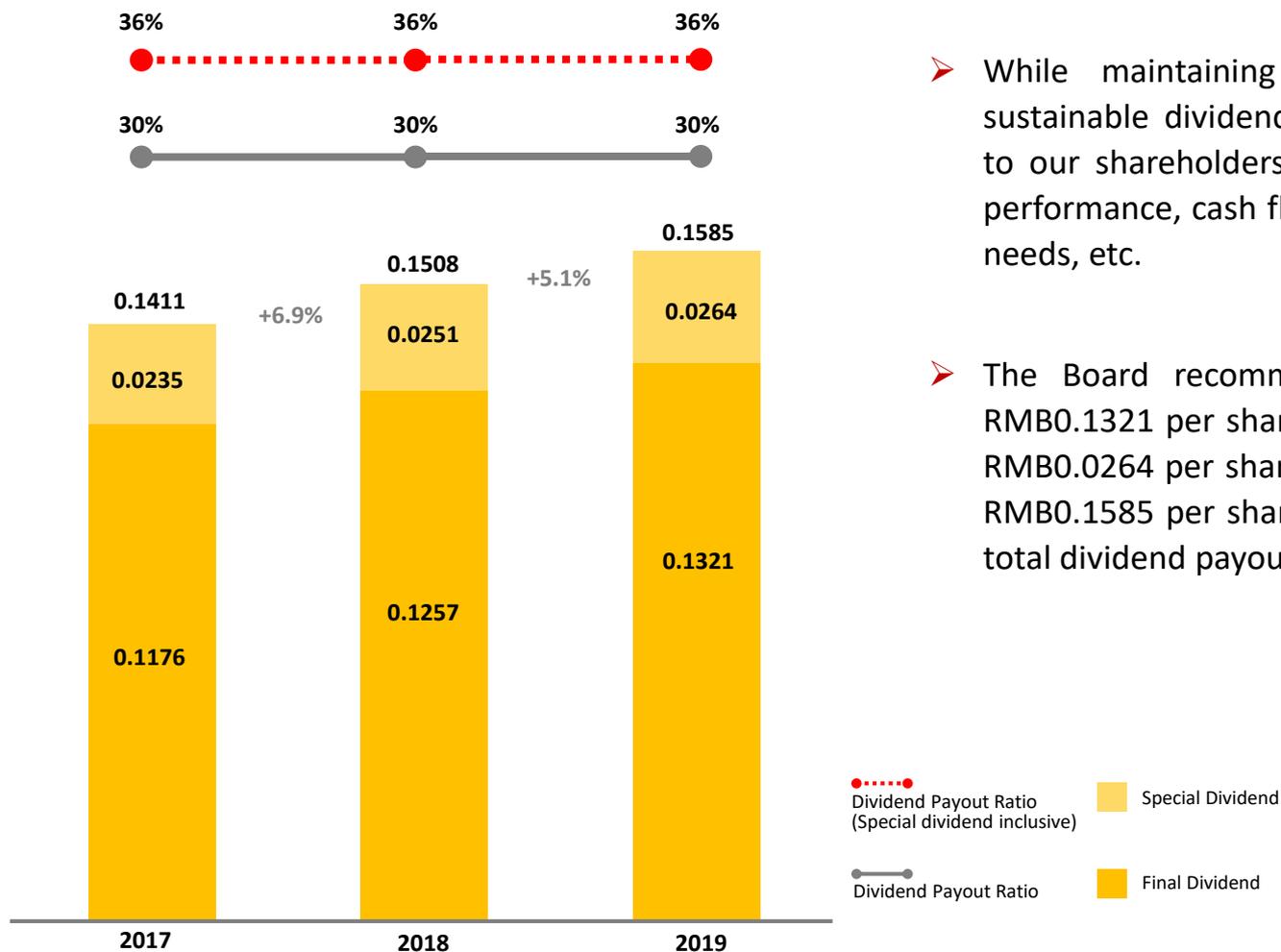
(%)



- Accounts Receivable – turnover days decreased by 1 day year-on-year to 110 days
- Accounts Payable – turnover days decreased by 2 days year-on-year to 132 days

## Dividend per Share

(RMB)



➤ 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 RMB0.1321 per share, and a special dividend of RMB0.0264 per share, total dividend for 2019 is RMB0.1585 per share, up by 5.1% yoy, with the total dividend payout ratio of 36%

- Solid financial position and cash flow would be beneficial to our business development, and also support the Company to capture various opportunities from 5G as well as pursuing innovation and transformation

(RMB'M)

	31.12.2018	31.12.2019
<b>Total Assets</b>	80,926	87,541
<b>In which: Cash and Deposits</b>	18,235	21,692
<b>Accounts Receivable and Contract Assets</b>	34,333	36,246
<b>Total Liabilities</b>	48,097	52,503
<b>In which: Accounts Payable and Contract Liabilities</b>	36,928	40,762
<b>Interest-bearing Liabilities</b>	471	511
<b>Equity Attributable to Equity Shareholders</b>	32,331	34,564
<b>Total Liabilities / Total Assets (%)</b>	59.4%	60.0%
<b>Debt-to-Capitalization Ratio (%)</b>	1.4%	1.5%

-  **Vast Market Potential**  
Cyberpower, Digital China, Smart Society and Network Information Security will bring vast demand, while the development of New Infrastructure such as 5G will drive network construction demand and digital transformation of industries
-  **Strong Company Background and Scale**  
Listed SOE with revenue exceeded RMB100 billion, the largest telecommunications infrastructure services group in China, and with the three telecommunications operators being our shareholders and customers
-  **Unique Integrated Service Capabilities**  
All-round capabilities to provide full life cycle integrated solutions covering consultation, design, construction, operation, maintenance etc.
-  **Strategic Mindset with Foresight**  
Have insight into new market opportunities, seek continuous innovation and keep enhancing core capabilities to seize business opportunities brought by new trend
-  **Effective Execution**  
Under the challenging environment of decreasing network investment and lowering service value by domestic operators, our revenue and net profit maintained stable growth through the transformation of growth momentum and expansion into new markets

— *Thank you!* —



- The Best of Asia - Icon on Corporate Governance
  - Asian Corporate Director
- by *Corporate Governance Asia*



- Best CEO
  - Best Investor Relations
- by *Corporate Governance Asia*



- Gold Award – Corporate Governance, Social Responsibility and Investor Relations
  - Best CEO
- by *The Asset*

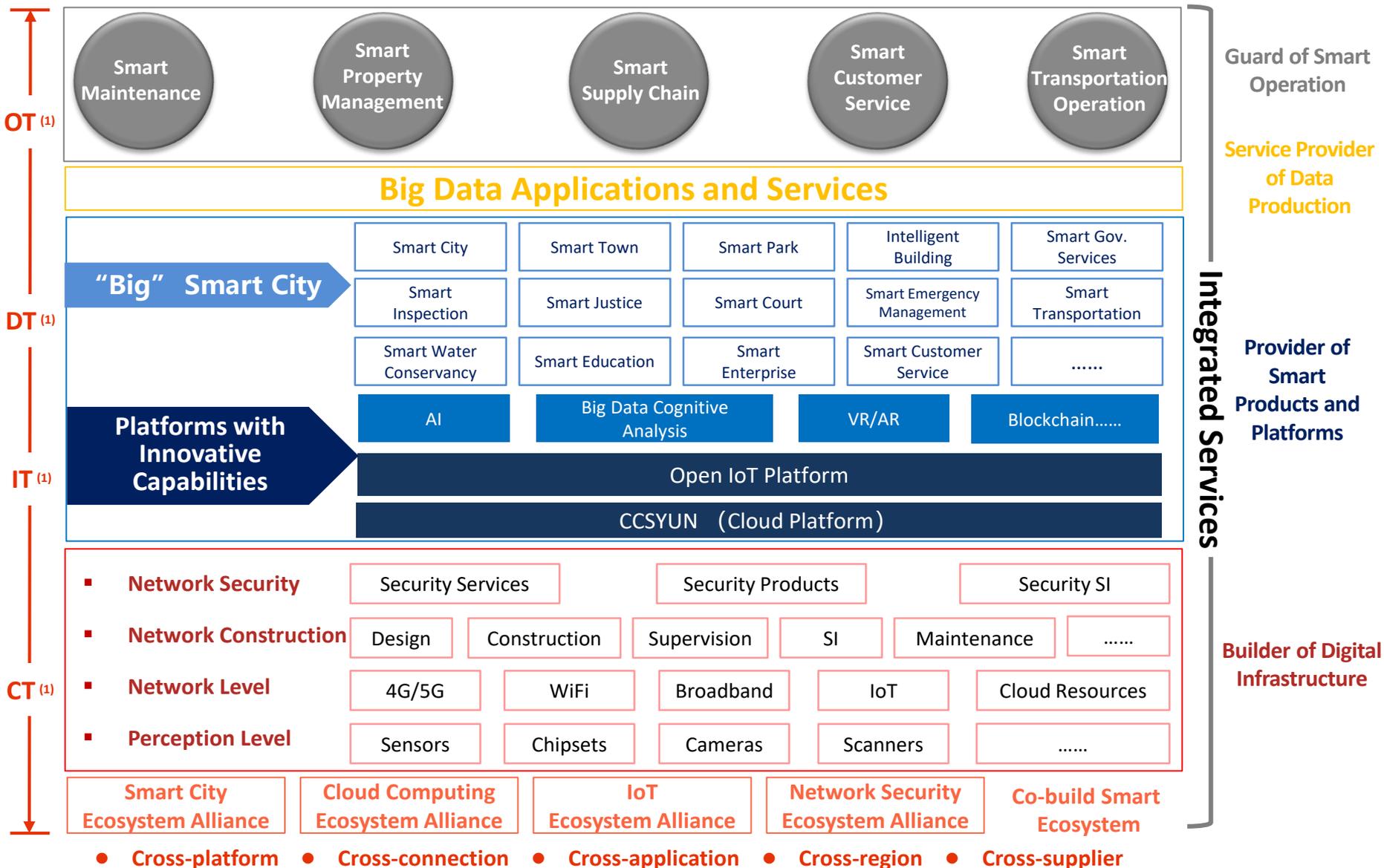


— *Appendix* —

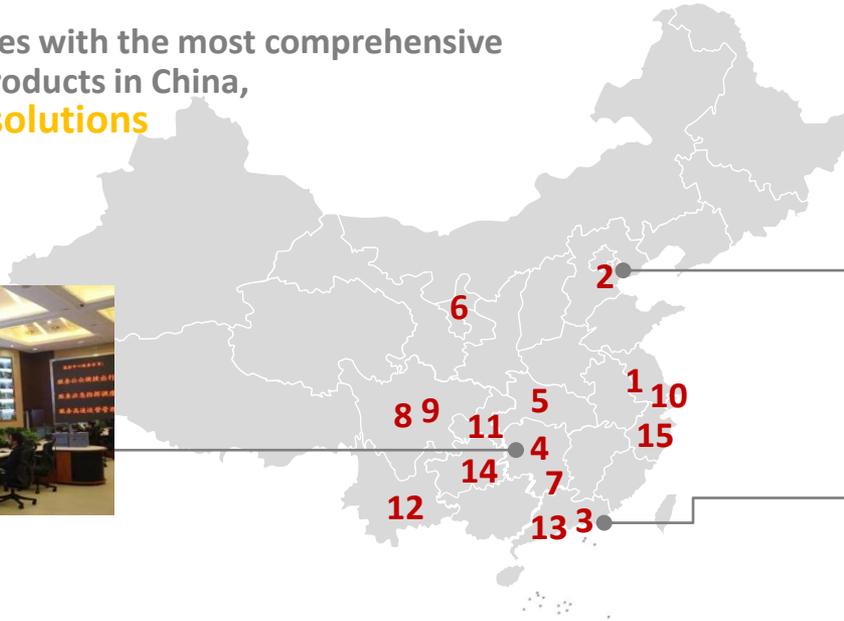
# Business Revenue Breakdown – By Customer

(RMB'M)	2018	2019	Change	Change %
<b>TIS (Telecommunications Infrastructure Services)</b>				
Domestic Operator	40,325	41,153	828	2.1%
Domestic Non-operator	14,646	20,910	6,264	42.8%
Overseas Customer	2,388	2,626	238	10.0%
<b>TIS total</b>	<b>57,359</b>	<b>64,689</b>	<b>7,330</b>	<b>12.8%</b>
<b>BPO (Business Process Outsourcing Services)</b>				
Domestic Operator	22,270	23,329	1,059	4.8%
Domestic Non-operator	7,697	8,761	1,064	13.8%
Overseas Customer	253	225	-28	-10.9%
<b>Subtotal (Core BPO)</b>	<b>30,220</b>	<b>32,315</b>	<b>2,095</b>	<b>6.9%</b>
Products Distribution	4,883	4,322	-561	-11.5%
<b>BPO Total</b>	<b>35,103</b>	<b>36,637</b>	<b>1,534</b>	<b>4.4%</b>
<b>ACO (Applications, Content and Other Services)</b>				
Domestic Operator	5,866	6,813	947	16.2%
Domestic Non-operator	7,359	8,873	1,514	20.6%
Overseas Customer	490	401	-89	-18.1%
<b>ACO total</b>	<b>13,715</b>	<b>16,087</b>	<b>2,372</b>	<b>17.3%</b>
<b>Total</b>	<b>106,177</b>	<b>117,413</b>	<b>11,236</b>	<b>10.6%</b>

# Service System of New Generation Integrated Smart Service Provider



➤ One of the enterprises with the most comprehensive coverage of smart products in China, provides over 30 solutions



## Signature Projects

### 1. Jiangsu – Smart City

Smart Nanjing Operation and Management Platform

### 5. Hubei – Smart Airport

Integrated Consultation & Design Project for Tianhe Airport

### 9. Sichuan – Smart Inspection

People’s Procuratorate Smart Inspection Service

### 13. Guangdong – Smart Water Conservancy

Smart Water Conservancy Cloud Platform Project

### 2. Beijing – Smart Park

International Horticultural Exhibition “Smart Expo” Project (Beijing Expo 2019)

### 6. Ningxia – Smart Emergency

Safety, Risk Alert , Management & Monitoring Cloud Service Platform

### 10. Shanghai – Smart Education

China Maritime Safety Administration Online Learning Platform

### 14. Guizhou – Smart Agriculture

Agricultural IoT Platform

### 3. Shenzhen – Intelligent Building

Intelligentization Project of Shenzhen World Exhibition & Convention Center

### 7. Hunan – Smart Justice

“rufa.gov.cn” Integrated Law Service Platform

### 11. Chongqing – Smart Community

Smart Community Prevention and Control Project

### 15. Zhejiang – Cloud Engineering

China Telecom Cloud Computing Center in Inner Mongolia

### 4. Hunan – Smart Highway

Highway Informatization Project

### 8. Sichuan – Smart Gov. Services

Integrated Government Services Platform Project

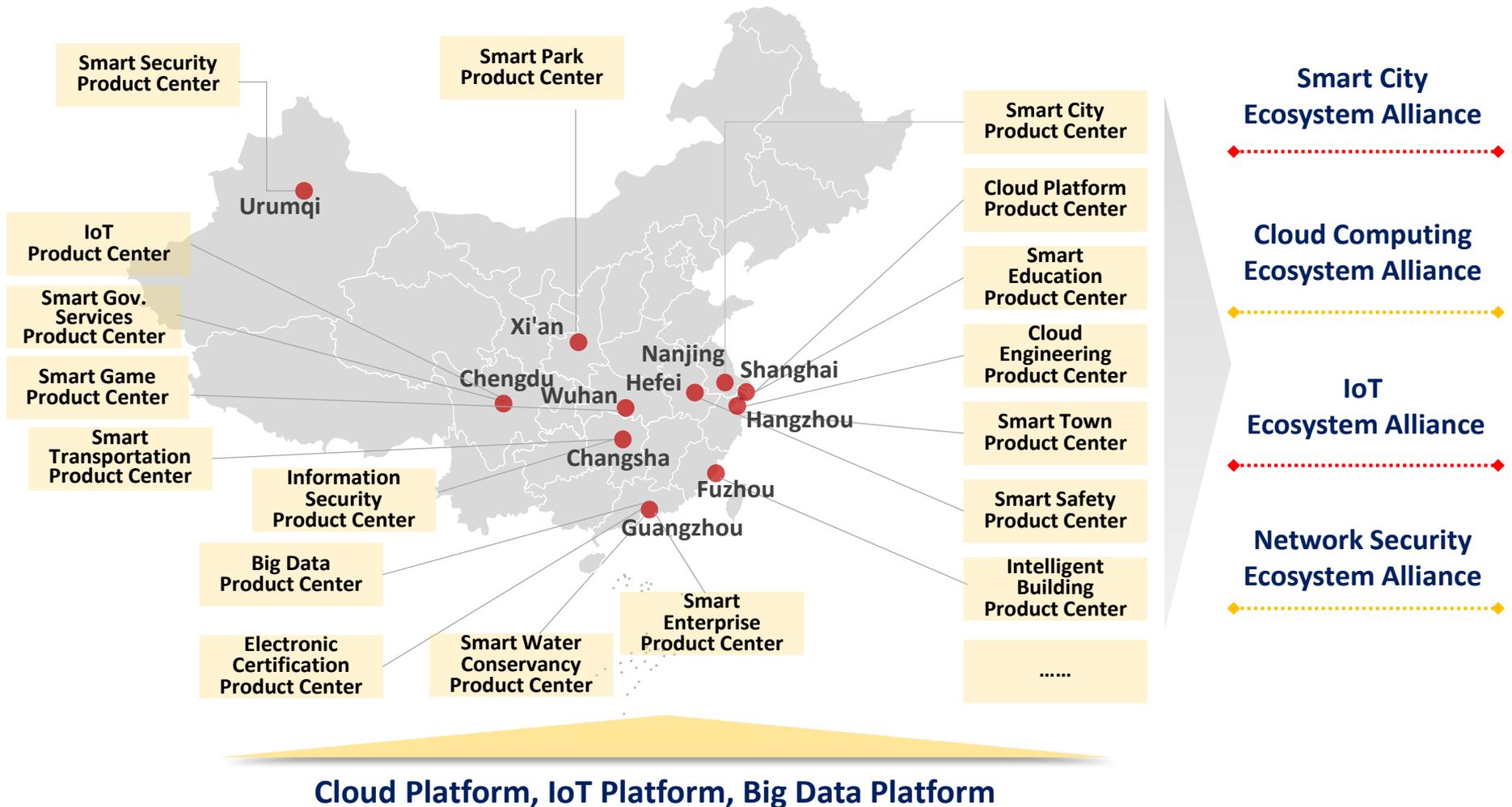
### 12. Yunnan – Smart Scenic Area

Informatization and Management System Construction Project in the Colorful Sand Forest Scenic Area

Others.....

# China Comservice – Dispersed R&D Capabilities

➤ Possess **over 20 R&D centers** across the country and promote **“product-oriented projects, platform-oriented products”** through widely dispersed R&D; facilitate the formation of ecosystem alliances and accelerate **capabilities accumulation, enabling and expansion** to support national services and upgrade core capabilities



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, the growth of the telecommunications industry 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.