



中国通服务
CHINA COMSERVICE

CHINA COMMUNICATIONS SERVICES CORPORATION LIMITED

Stock Code : 00552.HK

2023 Annual Results

27 March 2024

**PENETRATING
STRATEGIC EMERGING INDUSTRIES**

**ACHIEVING
HIGH-QUALITY SUSTAINABLE DEVELOPMENT**

Management Present



**EXECUTIVE DIRECTOR,
CHAIRMAN**

MR. LUAN XIAOWEI



**EXECUTIVE DIRECTOR,
PRESIDENT**

MR. YAN DONG



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

MS. ZHANG XU



EXECUTIVE VICE PRESIDENT

MR. ZHANG HAO

Agenda



Overview



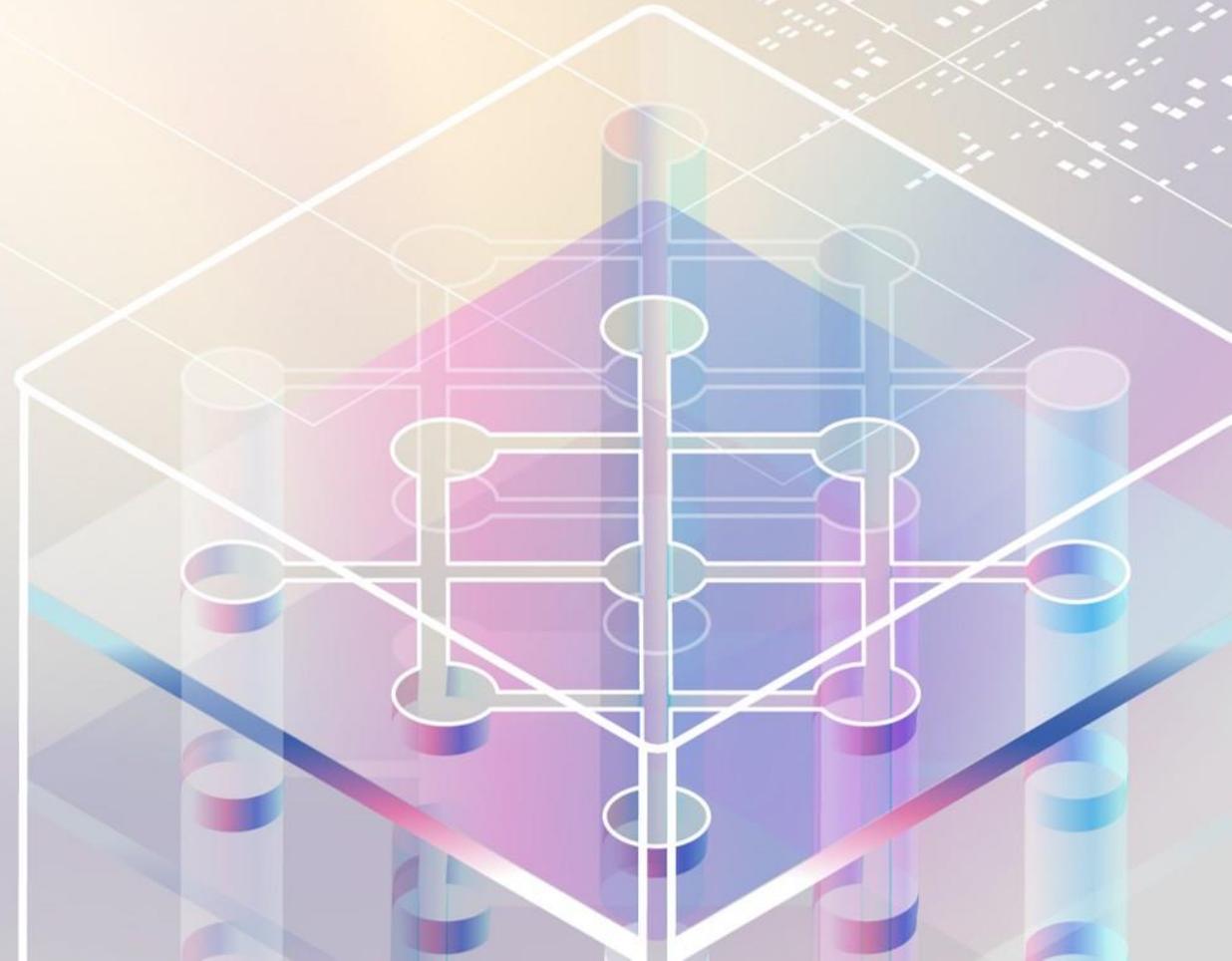
Business Review



Financial Results



Overview



Highlights

Strong Resilience, Stable Growth, Favorable Return



Demonstrating Resilience Amid Challenges, Operating Results Achieved Continuous Improvement



Enhancing Efficiency and Quality Effectively, Gross Profit Margin Continued to Rise



Strengthening the Drive of Technological Innovation, Industrial Digitalization Business Led Overall Development



Deploying in Strategic Emerging Industries Strategically, Growth Momentum Gradually Emerged

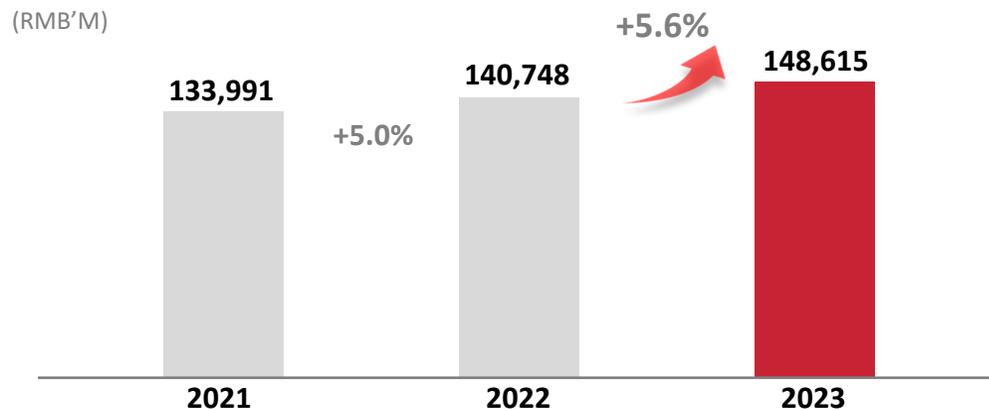


Maintaining Solid and Healthy Financial Position, Dividend Continued to Increase

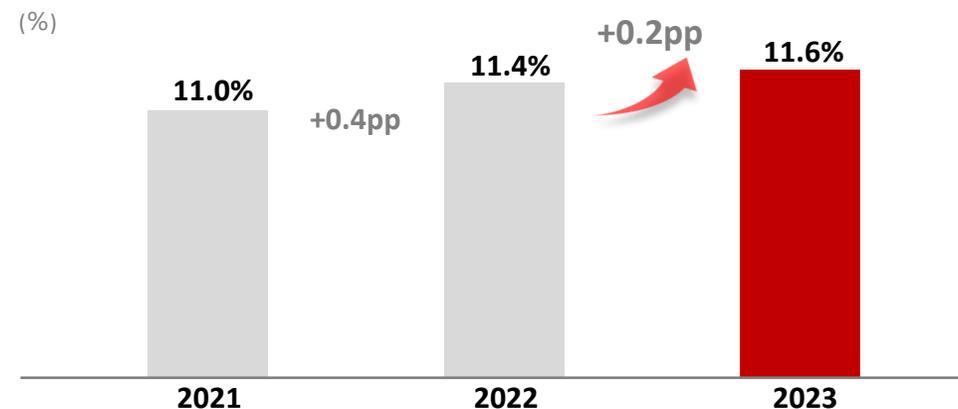
Results Overview (1): Continued to Achieve High-quality Operating Results

Improvement in both Efficiency and Quality while Achieving “Four Continuities”

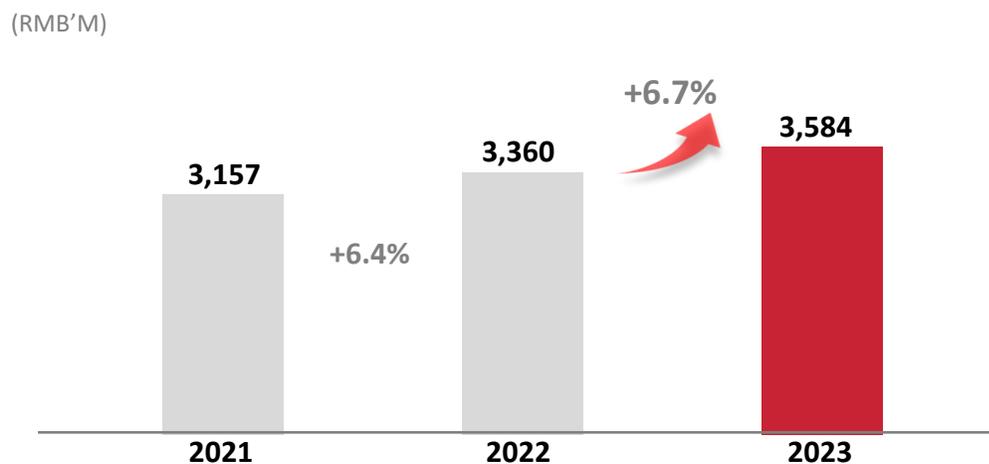
Revenue Continued to Grow Steadily with Growth Rate Accelerating



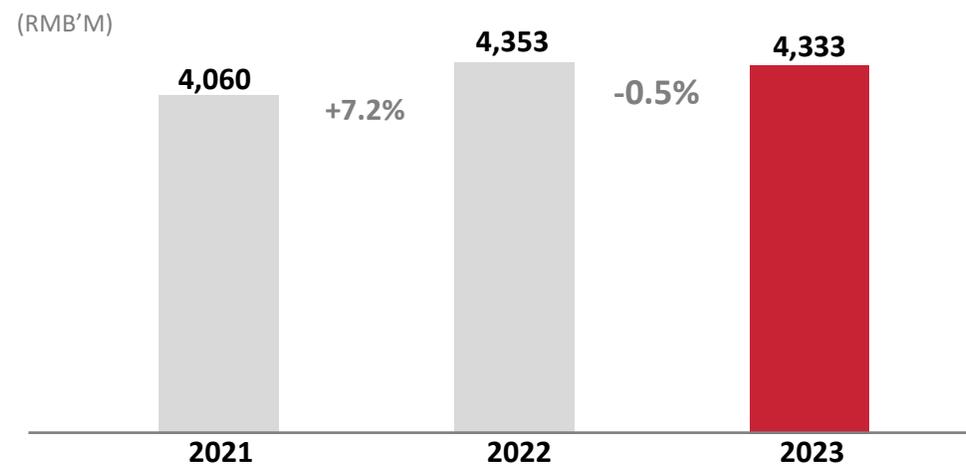
Gross profit Margin Rose Continuously for Two Consecutive Years



Net Profit¹ Continued to Grow Faster Than Revenue



Free Cash Flow² Continued to Maintain at a Healthy Level



(1) In this material, net profit refers to profit attributable to equity shareholders of the Company.

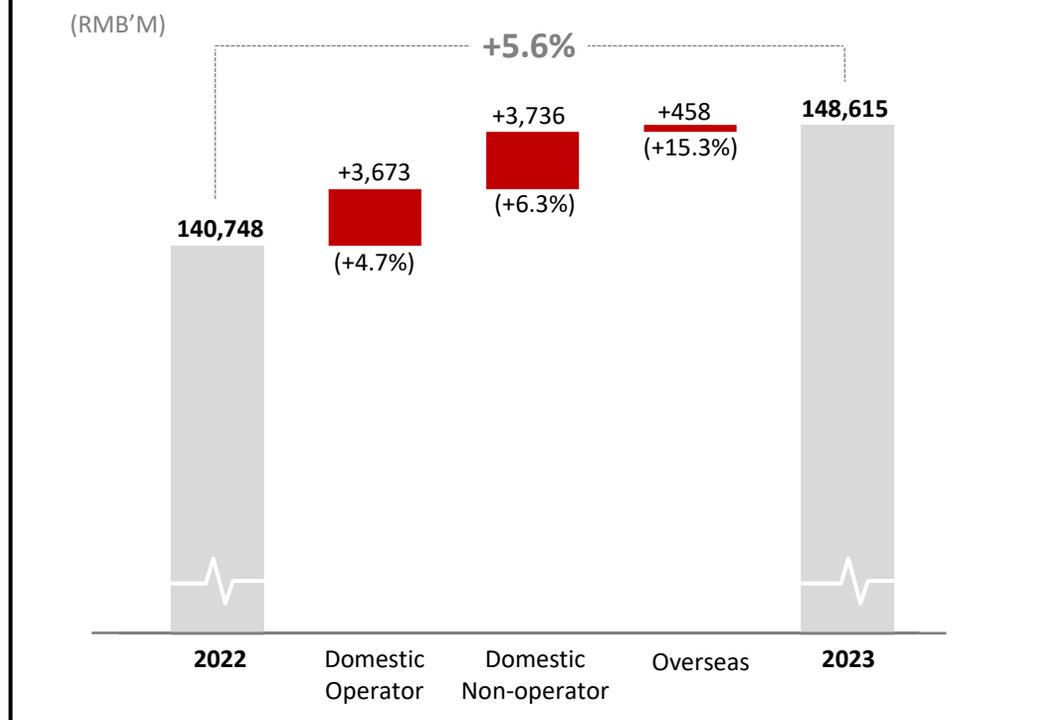
(2) Free cash flow = profit for the year + depreciation & amortization – changes in working capital – CAPEX

Note: unless specified, all amounts are in RMB in this material.

Results Overview (2): Solid and Progressive Growth in All Three Major Markets and Three Major Businesses..... Focused on Opportunities from Digitalization, Intelligitization and Green Development of the Society

Revenue Growth – By Market

Domestic Non-operator Market Showed Improving Development and Drove Overall Growth



Revenue Growth – By Business

ACO Business was the Leading Contributor to Growth

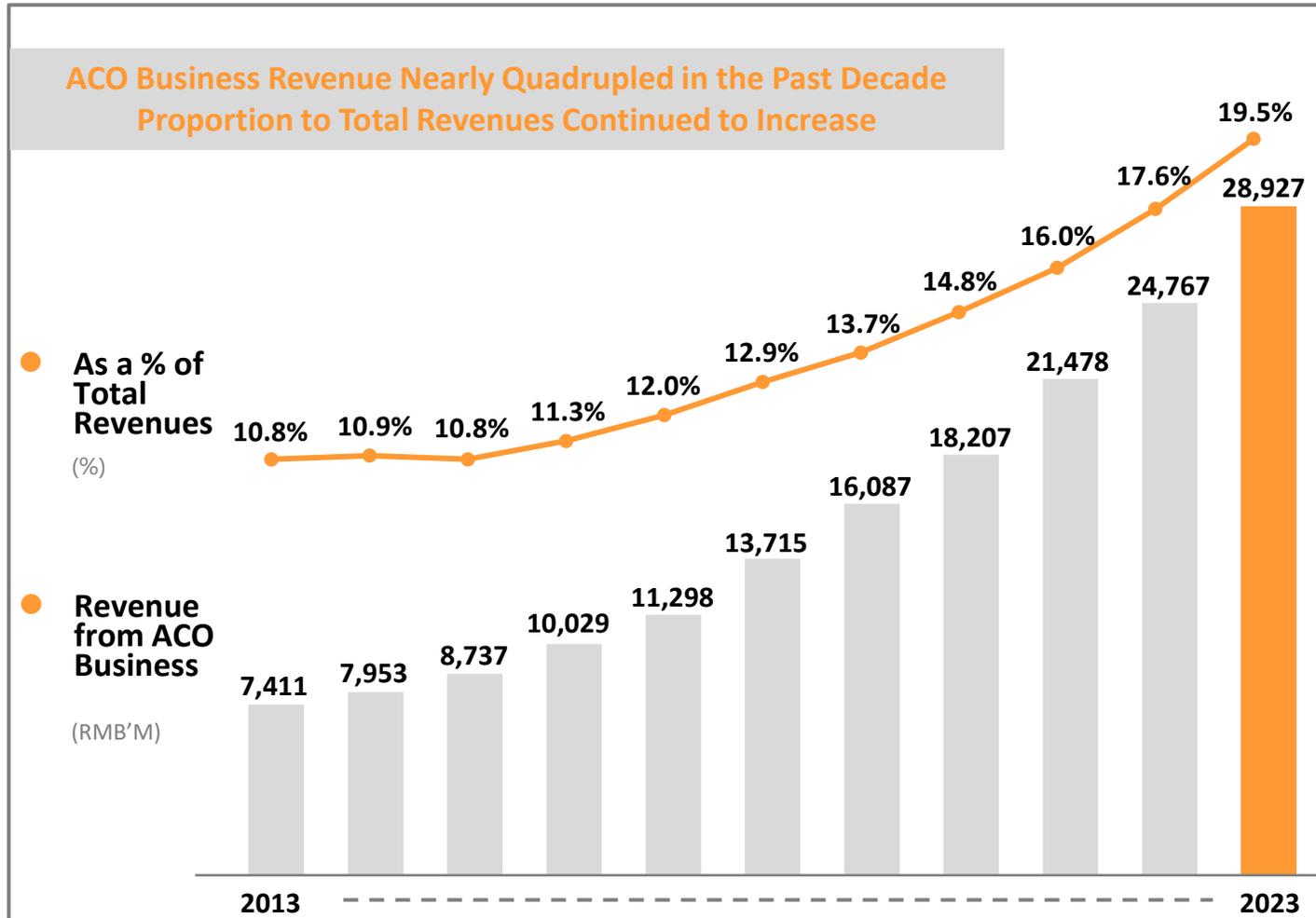


(1) In this material, TIS, BPO and ACO refer to Telecommunications Infrastructure Services, Business Process Outsourcing Services and Applications, Content and Other Services respectively. Please refer to p.16 for details.

(2) Since 2023, the Group has reclassified its revenue from China Broadcasting Network from the domestic non-operator market to the domestic operator market. The relevant historical data on this page has been retrospectively adjusted for the reclassification in order to increase the comparability, and the overall revenue in 2022 was not affected as a result of such reclassification.

Results Overview (3):Revenue Contribution from ACO Business Increased Continuously

Technological Innovation Led the Rapid Development of Industrial Digitalization Businesses



- The Company has ranked 4th in “China Software 100¹” for three consecutive years
- In 2023, ACO business revenue **increased 16.8% y-o-y**; in which, software development & system support maintained rapid growth, **increased 25.1% y-o-y**

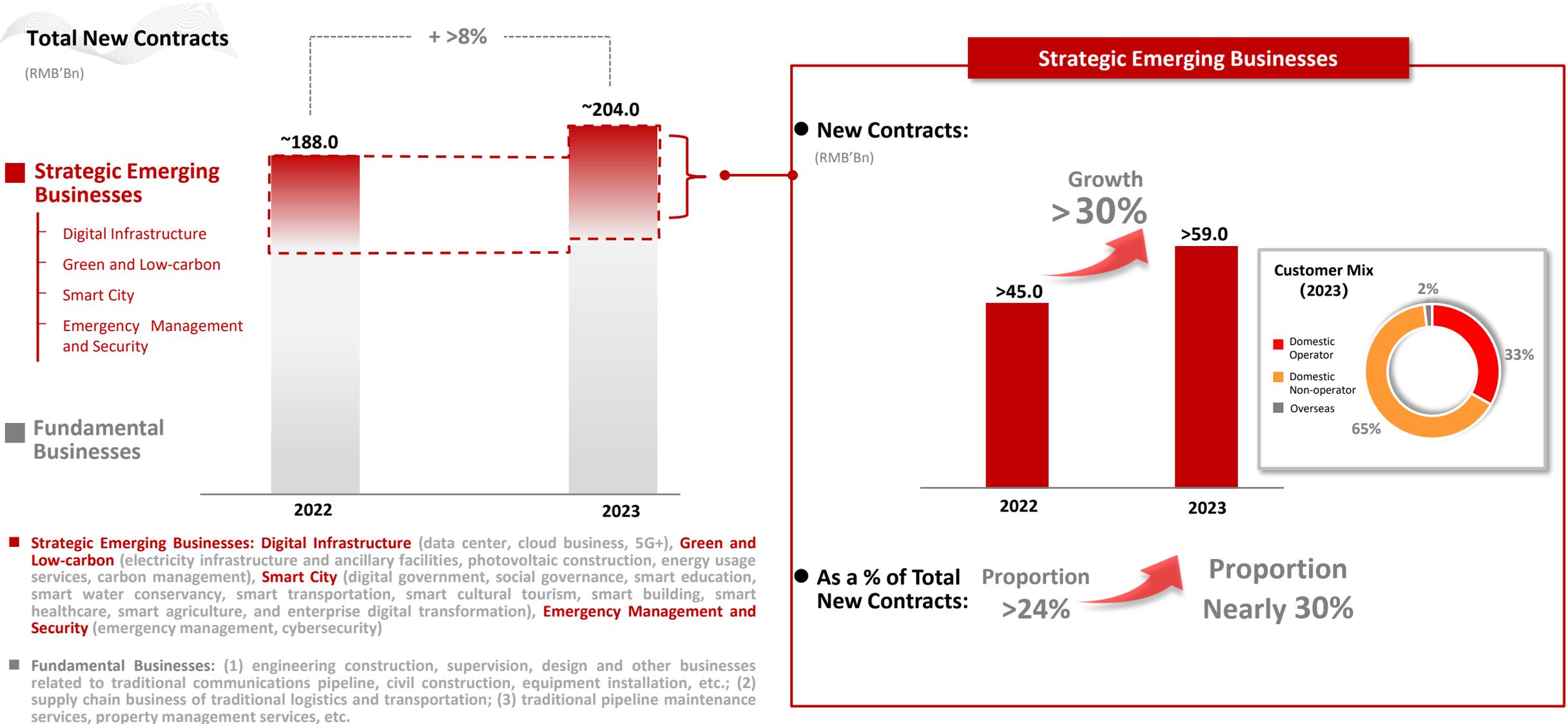
● Revenue from ACO Business (RMB'M)

Year	Total Revenue (RMB'M)	Y-o-Y Growth (%)
2021	21,478	-
2022	24,767	+15.3%
2023	28,927	+16.8%

(1) China Software 100 refers to “100 Most Competitive Software & IT Service Enterprises”.

Strategic Emerging Businesses: Deploying in New Sectors to Forge New Momentum

More than 85% of New Contract Growth Contributed by Strategic Emerging Businesses



Note: There may be some overlap in projects across the four sectors of strategic emerging businesses. To avoid double-counting, the overlapped projects were removed from the total contracts for strategic emerging businesses.

..... Seizing Ample Opportunities, Strengthening and Optimizing our Development in Four Sectors

Digital Infrastructure

New Contracts +~30%

Opportunities: Digital China development, AI, computing power.....

- We have been serving in the industry for more than 70 years, spanning from telecommunications, informatization, to the current digitalized infrastructure construction; we are the leading enterprise in the sector, and have upgraded ourselves as the Main Force in Digital Infrastructure Construction
- Undertook a number of projects of intelligent computing and supercomputing center during the year

Smart City

New Contracts +>20%

Opportunities: Pursuant to the announcement of the planning of Digital China, smart city construction is deeply penetrating into different industries, sectors and different levels of cities.....

- We have accumulated over 10 years of vast experience, and give full play to our edges in three core capabilities, i.e. top-level design, software R&D, implementation and delivery, and our nationwide service capability covering the three-tiers in provinces, municipalities and counties
- Being the largest scale in new contracts among the four sectors of strategic emerging industries, and we undertook several smart city projects with contract value over RMB100 million each during the year

Green and Low-carbon

New Contracts +>50%

Opportunities: The national “Dual Carbon” Goals have led to a rapid increase in demand for the construction of new energy facilities and energy usage

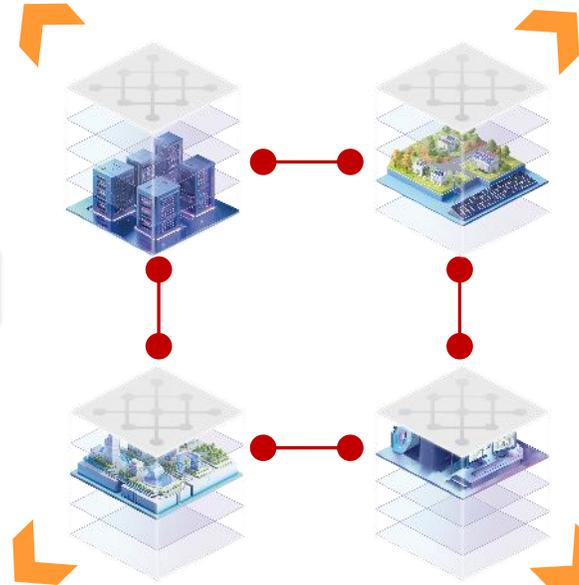
- Leveraging the common elements of telecommunications and power markets, extending our capability in digital infrastructure, and strengthening technology and capabilities in digitalization, energy saving and carbon reduction, we forge full-process green and low-carbon solutions with “consultation, construction, operation and maintenance, digitalization capabilities”
- Having the fastest new contract growth among the four sectors in strategic emerging industries (among which, New Energy grew by more than 100%), and being the largest contributor to new contract growth

Emergency Management & Security

New Contracts +~8%

Opportunities: Security and emergency management as one of the key development sectors in national strategic emerging industries, 1 trillion yuan treasury bonds, and the government’s strong emphasis on protecting key information infrastructure

- Entered the list of the “Smart Security and Emergency Management Industry Map”, “Top 100 Cybersecurity Enterprises in China”
- Forged several industry benchmark projects, including natural disaster monitoring and early warning platform, emergency management and command information system, comprehensive application management platform, etc., and projects were selected as cybersecurity pilot demonstration projects by MIIT several times



Scaling up R&D Investment Consistently and Elevating the Level of Technological Innovation Continuously

R&D Expenses in 2023 Amounted to ~RMB5.6 bn, + ~12% y-o-y, Maintaining Double-digit Growth for Three Consecutive Years



Technological Innovation Results Emerging Continuously

- Cumulative patents 3,391, software copyrights 9,215
- Several cybersecurity and emergency management products were selected as pilot and demonstration projects by MIIT
- Won ~50 provincial-level technology awards in recent three years
- Issued 22 white papers and 163 standards during the year
-



Technological Innovation Constantly Reaping Benefits

- New contracts of ACO business +>17% y-o-y
- Revenue of software development & system support +25% y-o-y
- New contracts of strategic emerging businesses amounted to >RMB59 bn
-



Technological Innovation Capability Recognized by Industry

- Ranked 4th in “China Software 100” for three consecutive years
- Entered the list of “Smart Safety and Emergency Industry Map” by CAICT
- Entered the list of “China Cybersecurity Industry Panorama” by AQNIU
-

Persist in Customer-oriented and Market-oriented Model, Optimize Technological Innovation Deployment Continuously

Put Industrial Research Institutes into Practice to Lead Industry Development

- Blockchain Industrial Research Institute**
- Sport and Game Industrial Research Institute**
- Emergency Management Industrial Research Institute**
- Digital Infrastructure Industrial Research Institute**

Consolidate Resources to Forge Leading Products/Solutions

Digital Infrastructure	Industrial Digitalization	Cybersecurity	Emergency Management	Digitalization Middle Platform
<ul style="list-style-type: none"> ● Multicloud Management Platform ● 5G Electrical Power Communications Management Platform ● Data Center Integrated Coordination Management Platform ● 	<ul style="list-style-type: none"> ● Digital Government ● Smart Government Affairs ● Smart Village ● Smart Sport ● Smart Park ● Smart Education ● 	<ul style="list-style-type: none"> ● Cyberspace Surveying and Mapping ● Security Situation Perception ● Security Orchestration and Response ● Cyber Attack and Defense Exercises ● Data Security ● Password application ● 	<ul style="list-style-type: none"> ● Emergency Management and Rescue Command ● Production Safety Monitoring and Early Warning ● Park Monitoring ● Natural Disaster Monitoring and Early Warning ● Industrial Internet + Security Cloud ● 	<ul style="list-style-type: none"> ● Industry PaaS Platform ● Industry AI model ● IoT Platform ● Maintenance Cloud Platform ● Blockchain Platform ●

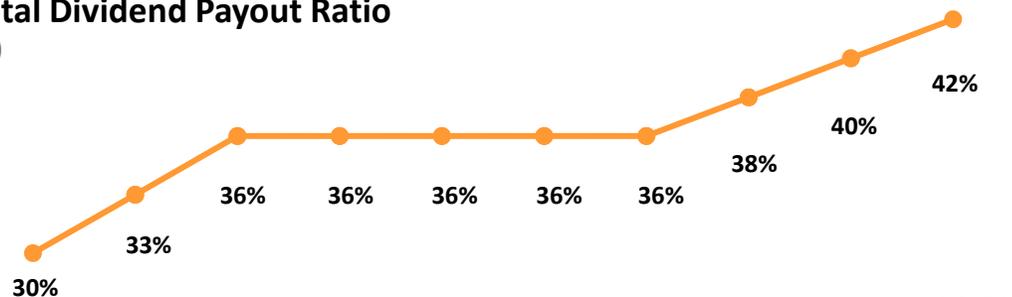
Embrace Ecosystem to Solidify Technical Capability Foundation

Proactively Rewarding Shareholders with Dividend Increasing Year by Year

Dividend Policy: Continuous Growth, Steady Enhancement

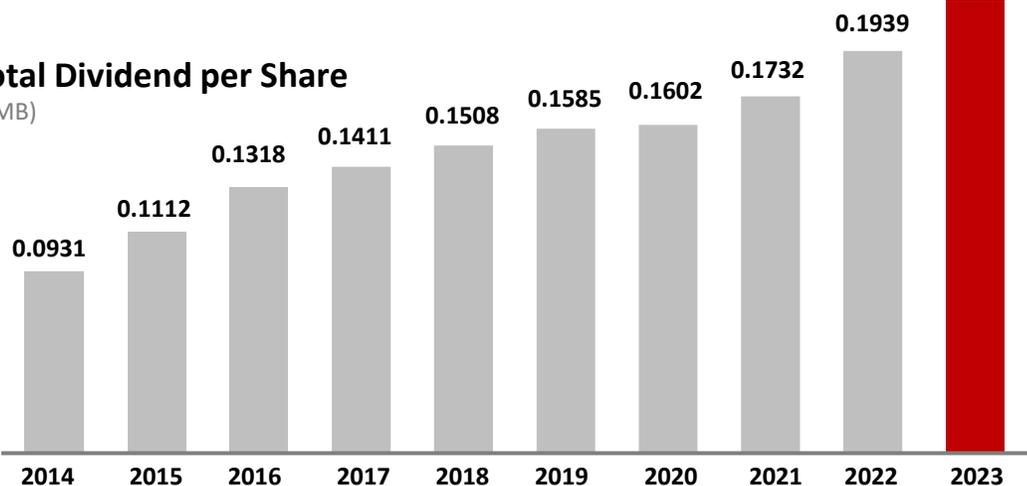
Total Dividend Payout Ratio

(%)



Total Dividend per Share

(RMB)

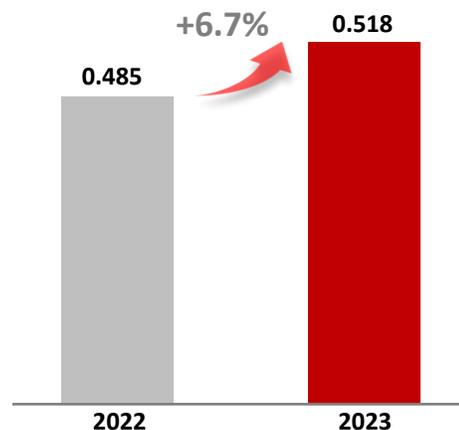


The Board recommends:

- Dividend per Share: **RMB0.2174 per share (+ 12.1% y-o-y)**
- Dividend Payout Ratio: **42% (+ 2pp y-o-y)**

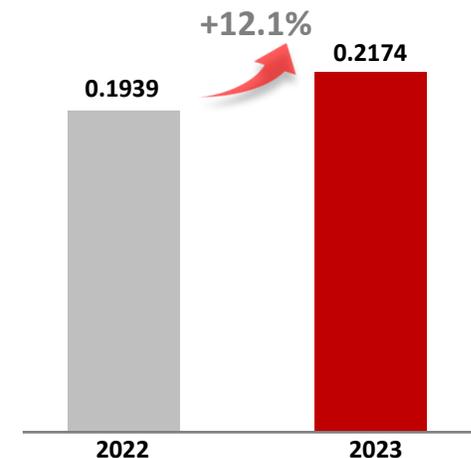
Earnings per Share

(RMB)



Dividend per Share

(RMB)



Elevating ESG Standard Constantly

Fulfilling the Corporate Mission of “Building Smart Society, Boosting Digital Economy, Serving a Good Life”



Environment

Adapting Climate Change

- Established a “Carbon Peak, Carbon Neutrality” management organization to promote green and low-carbon development
- Actively conducted research and discussed the pathways to address climate change and control greenhouse gas emissions, and formulated green and low-carbon development plans

Advocating Green Operations

- Improved capability in environmental management, strengthened the monitoring and reduced energy consumption of subsidiaries
- Widen the application of new technologies and green technologies to support customers’ energy saving and emission reduction, low-carbon intelligent operation



Social

Fulfilling Social Responsibility

- Fulfilled its responsibilities as a state-owned enterprise in disaster relief and emergency support, undertook communications support for Asian Games and other major events
- Actively participated in rural revitalization and the improvement of people’s livelihood

Caring about Employees

- Care for all-rounded development of employees, provide market competitive remuneration and promotion mechanism
- Provide employees with safe and healthy working environment



Governance

Optimizing Corporate Governance

- Promote board diversity continuously
- Constantly strengthen internal control and risk management systems to enhance risk alert capability

Persisting in Compliant Operations

- Safeguard the rights and interests of shareholders, customers, suppliers and partners and other stakeholders
- Abide by business credentials and strengthen integrity

ESG Performance Widely Recognized



Hang Seng Corporate Sustainability Index Series Member 2023-2024

- Selected as a constituent of “Hang Seng Corporate Sustainability Benchmark Index” for two consecutive years



- “2023 Forbes China ESG Innovative Enterprise” Top 50
- “Central SOE ESG• Pioneer 100 Index”
- “Wind 2023 Top 100 ESG Best Practices Chinese Listed Companies” – AAA rating
- *Institutional Investor* – “Best ESG”
- “The Asset ESG Corporate Awards 2023” – Gold Award

Accelerating the Building of First-class Enterprise to Facilitate High-quality Development

Accelerating the Building of “First-class Smart Service Innovative Enterprise”, Constructing a Strategic System for “New Generation Integrated Smart Service Provider” at High Standard

“New Generation Integrated Smart Service Provider”

Builder of Digital Infrastructure

Provider of Smart Products and Platforms

Provider of Industrial Digitalization Service

Guard of Smart Operation



Shift Momentum

- ▶ **Technological Innovation Momentum:**
Upgrade of core products, key technologies and professional capabilities
- ▶ **Market Momentum:**
Opportunities from transformation of domestic operators and market of strategic emerging industries of domestic non-operators
- ▶ **Ecosystem Momentum:**
New ecosystem in collaboration with operators and penetration of industrial chain



Solidify Cornerstones

- ▶ **Talent Cornerstone:**
Talent system of technological innovation talents, engineers and artisans
- ▶ **Digital Cornerstone:**
Digitalization of operational management and control, production services and professional capabilities
- ▶ **Governance Cornerstone:**
Modern governance system, internal and external collaboration mechanism



To Excel in Coordination

- ▶ **Scale and Quality:**
Effective improvement in quality, reasonable growth in quantity
- ▶ **Development and Safety:**
Fundamental management, safe production, service quality
- ▶ **Long-term and Short-term:**
Long-term investment in technological R&D, market deployment, and short-term profit

Healthy and High-quality Development

Revenue with Reasonable Profit, Profit with Matched Cash Flow

Expansion

- Maintaining a leading position in domestic operator market
- Forging new growth momentum in domestic non-operator market
- Pursuing high-quality development in overseas market

Focus

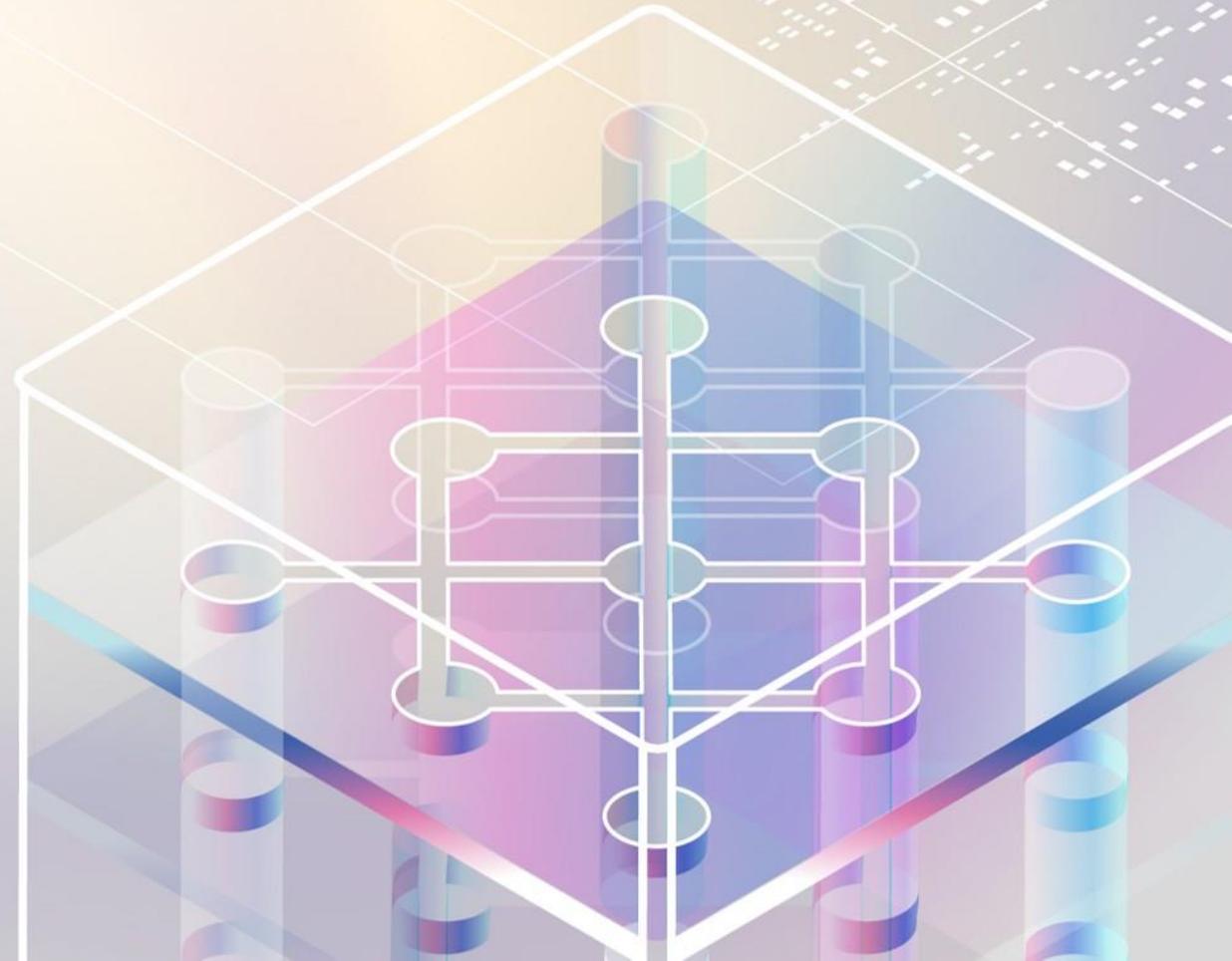
- Digital Infrastructure
- Smart City
- Green and Low-carbon
- Emergency Management & Security

Exert Effort

- Technological Innovation
- Deepen Reform



Business Review

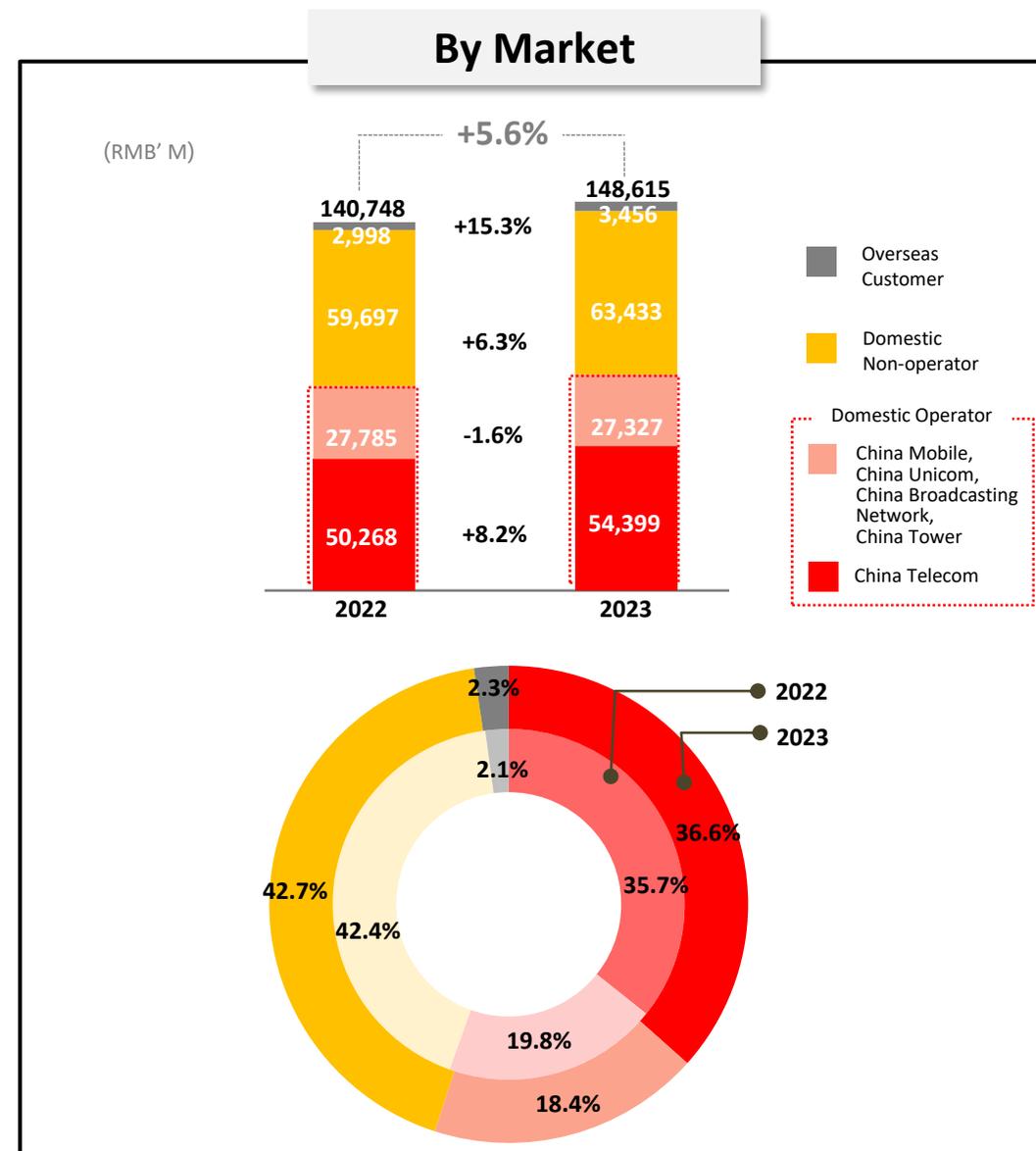
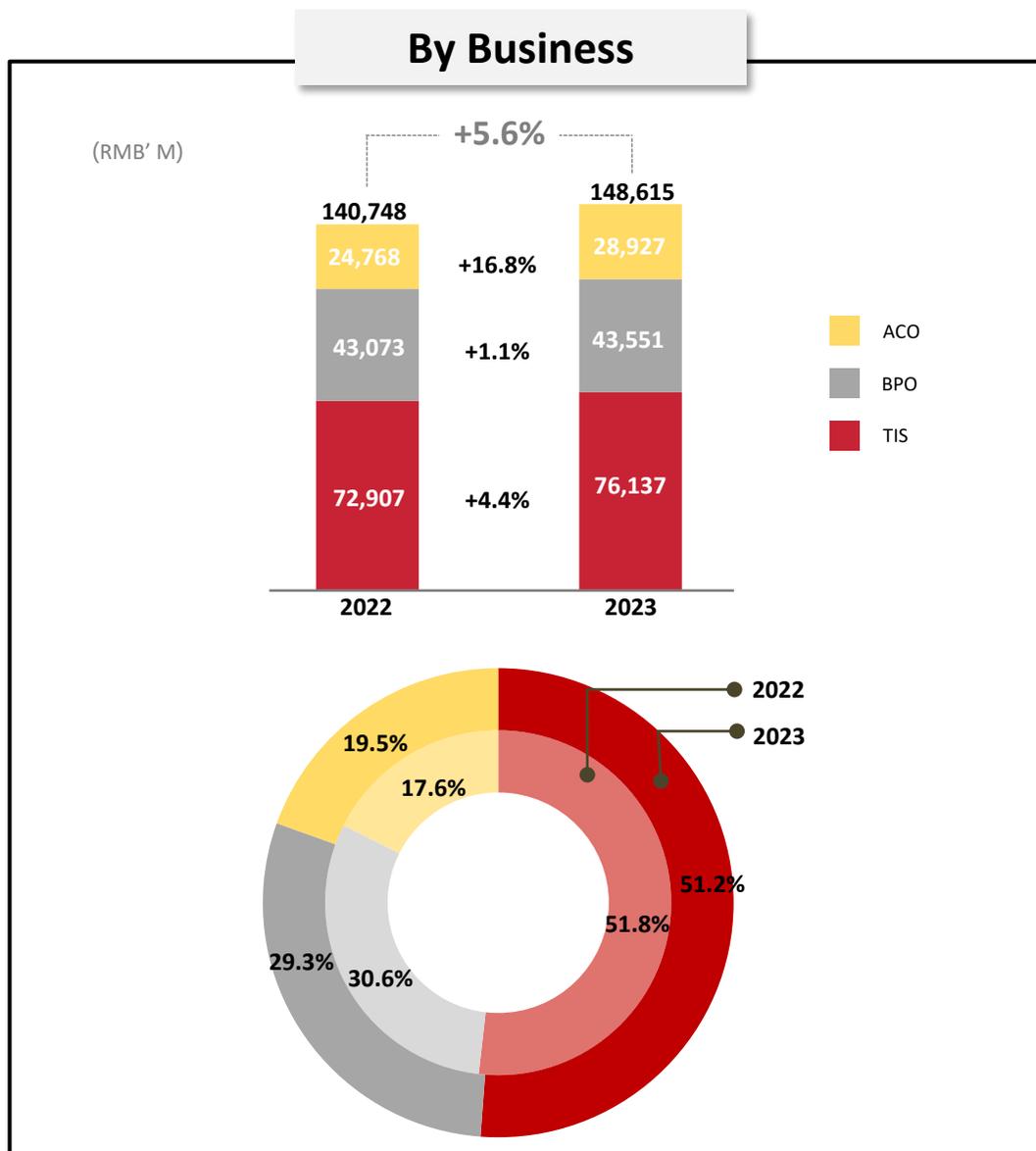


Business Revenue Breakdown

(RMB' M)	2022	2023	Change %	% of Revenue
TIS (Telecommunications Infrastructure Services)				
Design	9,621	10,550	9.7%	7.1%
Construction	59,232	61,188	3.3%	41.1%
Supervision	4,054	4,399	8.5%	3.0%
Subtotal	72,907	76,137	4.4%	51.2%
BPO (Business Process Outsourcing Services)				
Maintenance	18,158	18,568	2.3%	12.5%
Facilities Management	7,741	7,885	1.9%	5.3%
Supply Chain	12,849	13,372	4.1%	9.0%
Products Distribution	4,325	3,726	-13.8%	2.5%
Subtotal	43,073	43,551	1.1%	29.3%
ACO (Applications, Content and Other Services)				
System Integration	15,211	17,528	15.2%	11.8%
Software Development & System Support	4,781	5,979	25.1%	4.0%
Value-added Services	2,554	2,638	3.3%	1.8%
Others	2,222	2,782	25.2%	1.9%
Subtotal	24,768	28,927	16.8%	19.5%
Total Revenues	140,748	148,615	5.6%	100%
In which: Service Revenue¹	135,129	143,437	6.1%	96.5%

(1) Service Revenue = Total Revenues – Revenue from Products Distribution – Revenue from IT Equipment Supplies in System Integration

Overall Performance by Business and Market



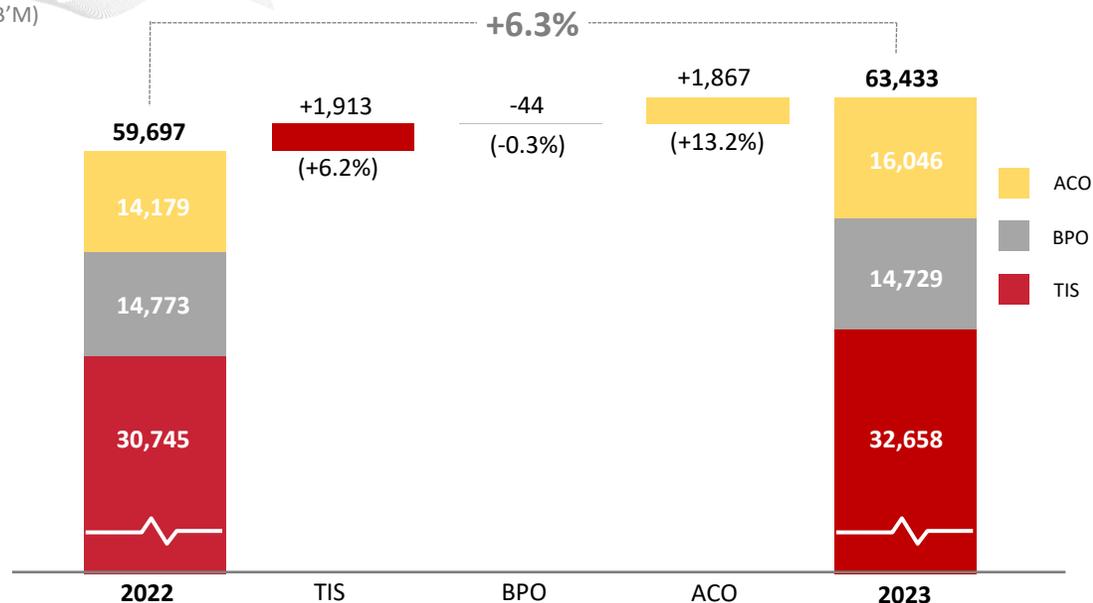
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Domestic Non-Operator Market (1/2): Achieved Steadily Improving Development and Continuous Enhancement in Efficiency

Focused on the Opportunities from Industrial Digitalization, Photovoltaic New Energy Construction and Digital Infrastructure Including Data Center

Revenue Growth Drivers

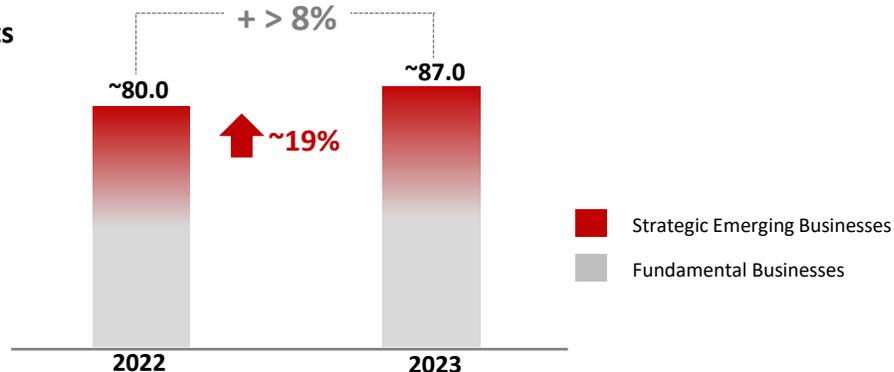
(RMB'M)



- We reinforced the quality of our development by optimizing the business mix, controlling the development of lower gross profit margin businesses and focusing on the expansion of strategic emerging businesses
 - ▶ **Achieved Steadily Improving Development: Revenue +6.3% y-o-y**
 - ▶ **Gross Profit Margin Increased Continuously: Gross Profit +7.5% y-o-y**
- With the economic recovery and the unleashing of construction demand from customers, development gained momentum in the second half of the year
 - ▶ **ACO Business FY Growth Restored to Double-digit, +13.2% y-o-y**

New Contracts

(RMB'Bn)



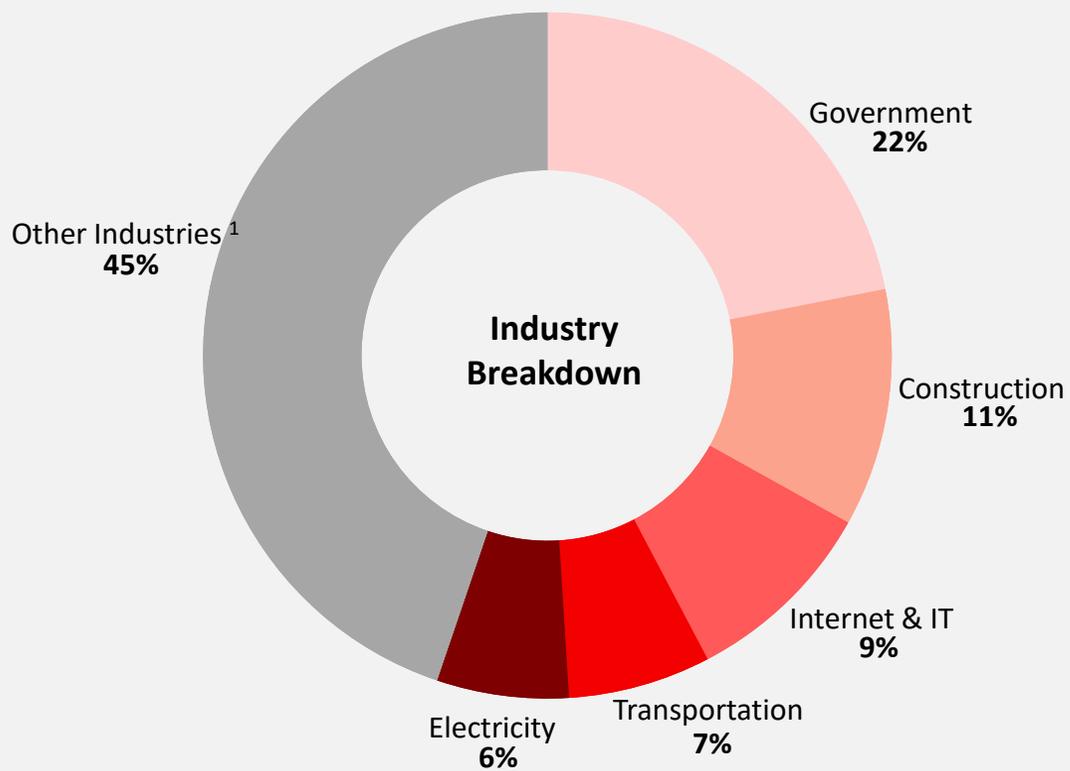
- Strategic emerging businesses were the major growth drivers, **contributing 90% of new contract growth in the domestic non-operator market**
- **New contracts of strategic emerging businesses increased by approximately 19% y-o-y**, in which, Green and Low-carbon and Smart City projects were the main drivers

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

Strategic Emerging Businesses Accounted for Approximately 75% of the Large Projects with Contract Value over RMB100 Million Each

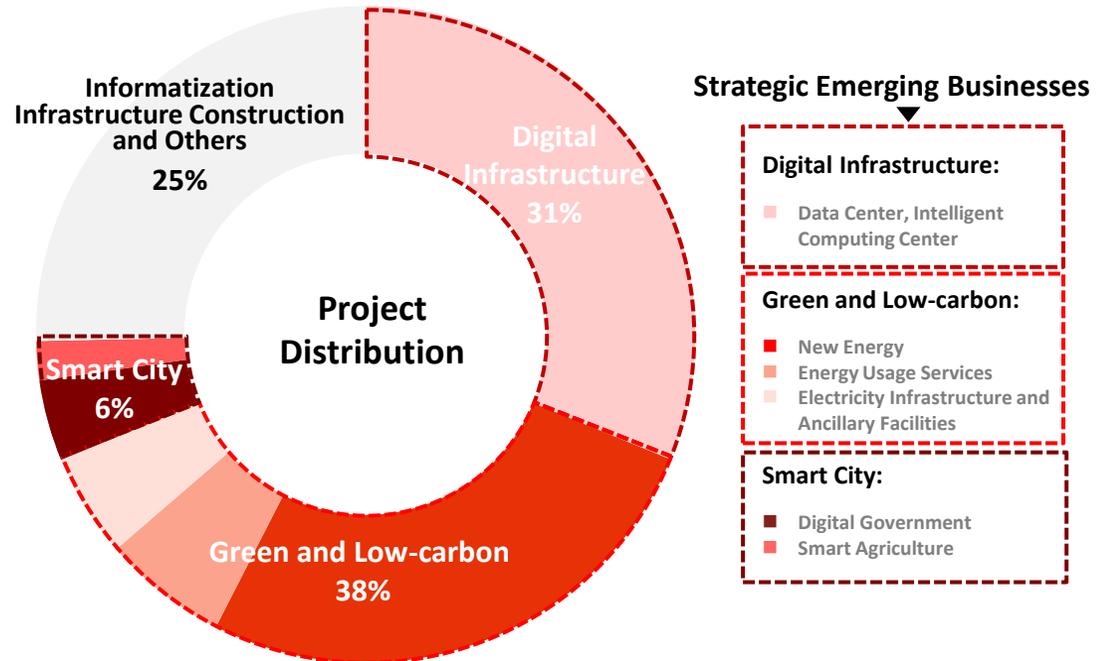
2023 New Contracts in Domestic Non-operator Market Amounted to **~RMB87 Bn**

► Penetrated Government, Construction, Internet & IT, Transportation, Electricity and Other Industries



In which

Projects with Contract Value over RMB100 Million Each
The Number of Projects **Exceeded 30** and Value **over RMB6 Bn**



Strategic Emerging Businesses

Digital Infrastructure:
Data Center, Intelligent Computing Center

Green and Low-carbon:
New Energy
Energy Usage Services
Electricity Infrastructure and Ancillary Facilities

Smart City:
Digital Government
Smart Agriculture

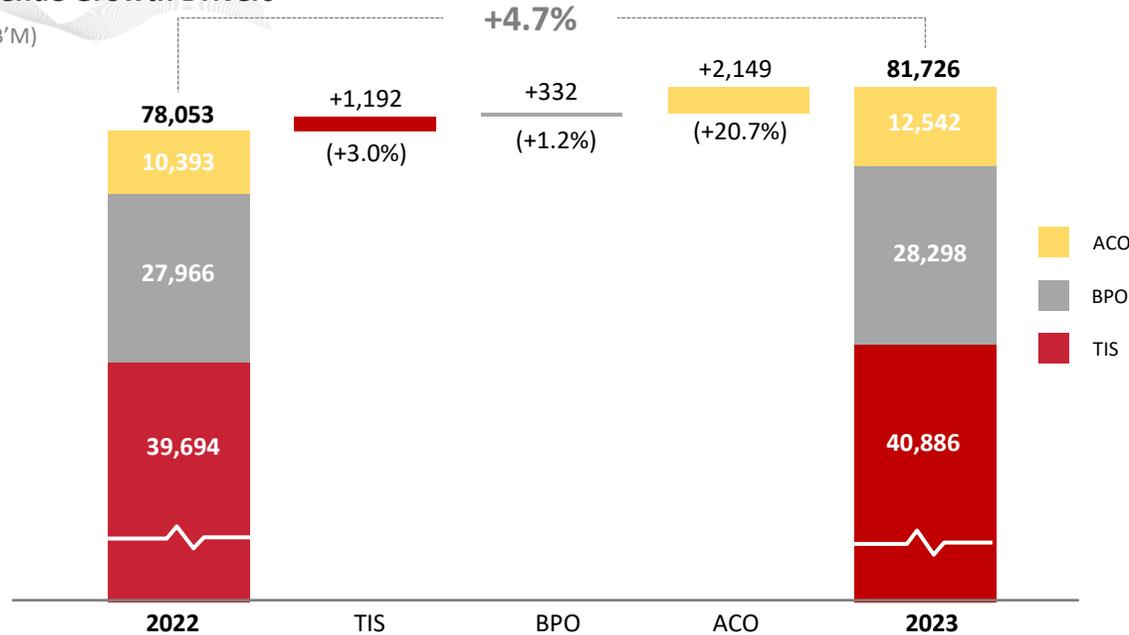
(1) Other industries include SMEs, finance, education, manufacturing, water conservancy, agriculture etc.

Domestic Operator Market: Continued to Maintain Steady Growth with Industrial Digitalization Business as Main Growth Driver

Seized Construction Demand for Computing Power and Opportunities from Industrial Applications Empowered by Computing Power

Revenue Growth Drivers

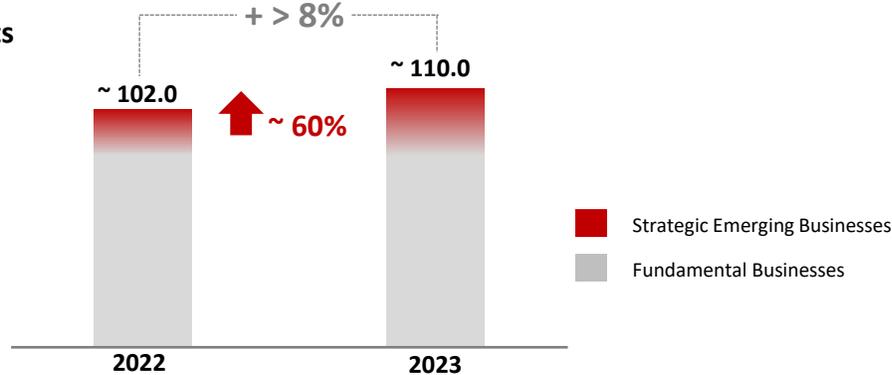
(RMB'M)



- Actively responded to the change of domestic operators' investment needs from 5G network to data center and computing power
 - ▶ **TIS Business Maintained Steady Growth**
- Collaborated with domestic operators to expand government and enterprise projects by fully leveraging the Company's advantages in integrated service capabilities to support operators' development in the field of industrial digitalization
 - ▶ **ACO Business Maintained Rapid Growth, +20.7% y-o-y**

New Contracts

(RMB'Bn)



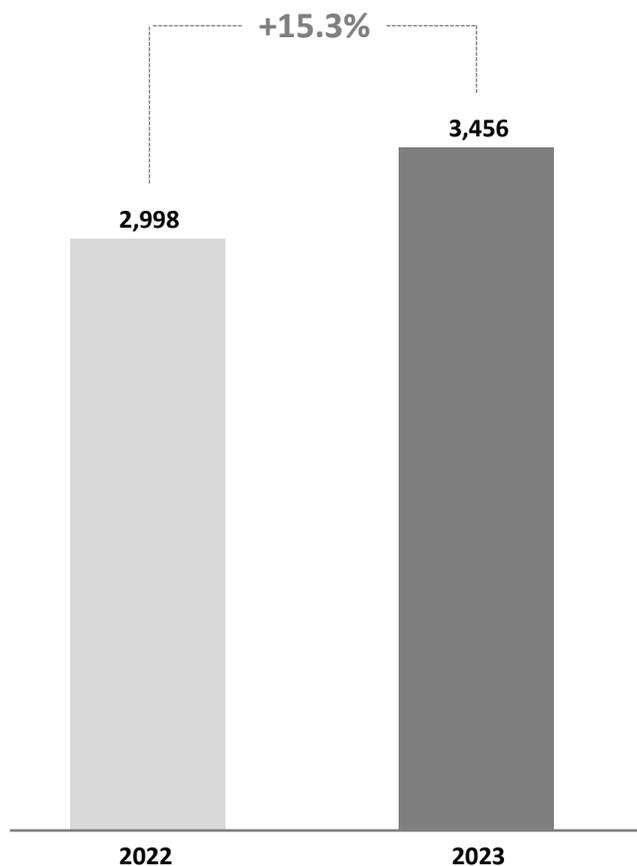
- **Strategic emerging businesses developed rapidly**, in which, Digital Infrastructure (Data Center, Intelligent Computing Center, Cloud, etc.) and Smart City projects were the main drivers
- Penetrated the traditional business opportunities such as telecommunications network infrastructure construction and comprehensive installation and maintenance while improving the operating efficiency

Overseas Market: Improved Development Progressively and Enhanced Quality Continuously

Focused on Opportunities from the “Belt & Road” and Market Recovery after Overseas Pandemic Subsided

Revenue from Overseas Market

(RMB'M)



- Steady Progress Was Achieved in the Implementation of Overseas Projects, Including Electricity, New Energy and Communications Projects in the Middle East, as well as Communications Projects in Southeast Asia and Other Regions

Deployed Strategically in Overseas Market

3 Major Focuses		
4 Key Regions	4 Key Customer Groups	4 Key Businesses
<ul style="list-style-type: none"> ● Asia Pacific ● The Middle East ● Africa ● Latin America 	<ul style="list-style-type: none"> ● Telecom Operators ● Energy and Electricity Customers ● Overseas Government and Enterprises ● Chinese Companies 	<ul style="list-style-type: none"> ● Digital Infrastructure Construction ● Dual Carbon/Energy and Electricity ● Smart Products/Services ● Industrial Informatization Services
Major Initiatives		
High-quality Development	High Safety Level	
<ul style="list-style-type: none"> ● Penetrate the high-quality regions, expand the high-quality projects ● Strengthen marketing, project management and ecological cooperation, and give full play to the Company's differentiated advantages 	<ul style="list-style-type: none"> ● Optimize the compliance and risk control system ● Strengthen accounts receivable management and reduce capital risks 	

Strategic Emerging Businesses (1): Digital Infrastructure

Seizing the Demand of Large Model and Cloud Computing, Digital Infrastructure Business Achieved Fast Growth

Leveraging the Integrated Service Capabilities of Full-process Consultation, Design/General Contracting, Construction and Maintenance, We Focus on the Demand of Intelligent Computing, Supercomputing and Cloud Business, Vigorously Develop Three Major Sectors of Data Center, Cloud Business and 5G+



New Contracts in 2023 Grew by **about 30%**

Cloud Business

- Cloud Consultation/Design
- Cloud Integration/ Migration
- Cloud Operation and Maintenance

40%+



Data Center

- General Data Center
- Intelligent Computing Center
- Supercomputing Center

35%+



5G+

- 5G + Industrial Internet
- 5G + Customized Network
- 5G + Industrial Application
- Industrial Manufacture
- Energy & Mineral
- Industrial Park
-



Scan QR Code for Case Details



1. Artificial Intelligence Data Center (EPC) Project in Qianhai
2. Big Data Center and Big Data Application Demonstration Base Project for a State-owned Bank
3. High-performance Computing Power Center Construction Project for a Provincial Meteorological Bureau
4. Intelligent Computing Center Construction Project of a Group



Strategic Emerging Businesses (2): Green and Low-carbon

Seizing Opportunities from the Markets of New Energy Construction and Energy Usage Services, Green and Low-carbon Business Achieved Rapid Growth

Under the Guidance of the National “Dual Carbon” Strategy, We not only Provide Traditional Electricity Infrastructure and Ancillary Services, but also Provide Upgraded Services Such as New Energy Construction, Energy Usage Services and Carbon Management to Customers in 5 Major Industries



New Contracts in 2023 Grew by **more than 50%**

5 Major Industries

Energy and Electricity

Information and Communications

Real Estate and Construction

Industrial Manufacturing

Transportation

Electricity Infrastructure and Ancillary Facilities

- New electricity system/ Communications informatization
- Grid intelligentization/ Distribution network design and construction
- Electricity consumption and external power supply design and construction

New Energy

- Photovoltaic
- Energy storage **200%+**
- Wind power

Energy Usage Services

- New energy usage facilities (charging pile)
- Energy-saving technology transformation **80%+**
- Energy Management Contract

Carbon Management

- Dual carbon consultation/planning
- Carbon asset management
- Carbon trading
- Carbon finance

Scan QR Code for Case Details



1. A-grade Big Data Center Project of a Power Group
2. Al Shuaibah Photovoltaic Project in Saudi Arabia
3. Rooftop Distributed Photovoltaic Power Generation Project for a Power Company in Guangdong
4. A Charging Pile Project in the High-tech Industrial Development Zone of a City in Guangdong



Strategic Emerging Businesses (3): Smart City

Grasping the Opportunity of Digital China Construction, Series of Applications of Smart City Achieved Fast Growth

Led by Top-level Planning of Smart City, We Empower Smart Government Affairs, Urban Governance, Industrial Economy, Livelihood Services and Other Fields by Giving Full Play to Our Integrated Capability of Consultation + General Contracting + Software + Platform + Service



New Contracts in 2023 Grew by **more than 20%**

Digital Government **30%+**

Smart Transportation **30%+**

Smart Water Conservancy **30%+**

Enterprise Digital Transformation **25%+**

Smart Education

Smart Healthcare

Smart Agriculture

.....

Scan QR Code for Case Details



1. Urban Lifeline Safety Construction Project in Nanjing
2. Phase I of Smart Hospital Project of a Leading Oncology Hospital
3. Smart City Projects in Wuchuan and Xuwen in Zhanjiang, Guangdong
4. Smart Game Projects for Hangzhou Asian Games and Chengdu FISU World University Games



Strategic Emerging Businesses (4): Emergency Management & Security

Forging Core Products for Cybersecurity and Emergency Management

Cybersecurity

2023 New Contracts: **over RMB2.7 Bn**

Expanding into government and enterprise industries in a large scale, covering industries such as regulation, finance, tobacco, emergency management, government affairs, transportation, etc.

✓ Policy Compliance Needs

✓ Digitalization Development Needs

✓ Practical Needs for Operation

Security Operation Products

Cyberspace Surveying and Mapping, Intelligent Security Operation, Vulnerability Detection Management, Security Cyber Range...

Data Security Products

Data Security Monitoring, Commercial Password Application & Modification, Content Security Governance, Unified Identity Authentication...

Emergency Management

2023 New Contracts: **over RMB4.3 Bn**

With eight major industry sectors (including emergency management, firefighting, ecological environment, water conservancy, meteorology, natural resources, forest and grassland and civil air defense) as the core, we developed over 40 products for customers such as government, parks, enterprises, etc.

✓ Natural Disaster Emergency Management

✓ Aviation Emergency Management

✓ Water Conservancy and Flood Control

Industrial Application Products

Mine Safety, Chemical Safety, Industrial and Trade Safety, Water Conservancy Safety, Forest and Grassland Safety, Fire Safety.....

Equipment Application Products

Emergency Command Integrated Box, Special Operation Dome Camera, IoT Security Access Gateway, Video Intelligent Analysis Server.....

Construction and Operation of a Provincial Government Affairs Cloud Cryptographic Resources Pool



Construction and Operation of a Provincial Tobacco Cybersecurity Operation Center

Scan QR Code for Case Details



Enhancement of Safety Risk Management and Control Capability in a Chemical Park

Construction of a Major Disaster Risk Prevention and Control System for Coal Mines in a Province

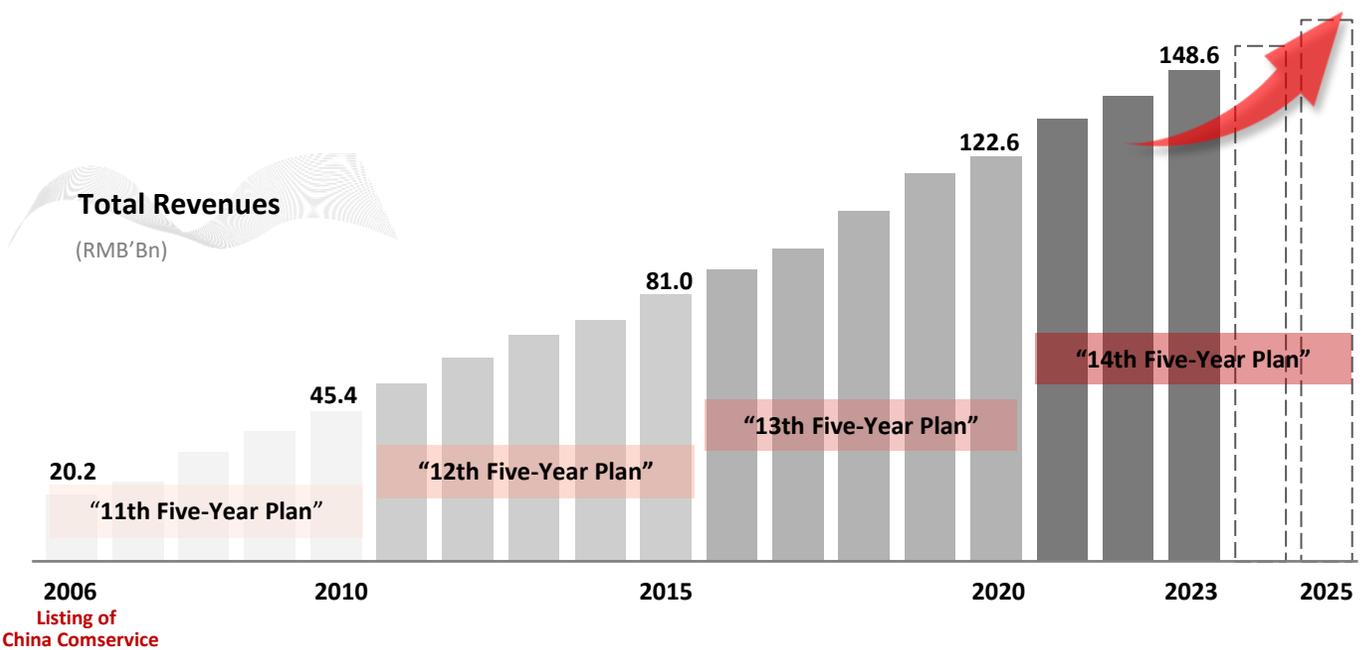


Persisting in the High-quality Strategy to Achieve Sustainable Development

Adhering to the Overall Roadmap of “Value-driven, Seeking Steady yet Progressive Growth and High-quality Development”

... Informatization ... Digitalization ... **Intelligentization, Green Transformation**

... 3G ... 4G ... 5G



Major Development Initiatives

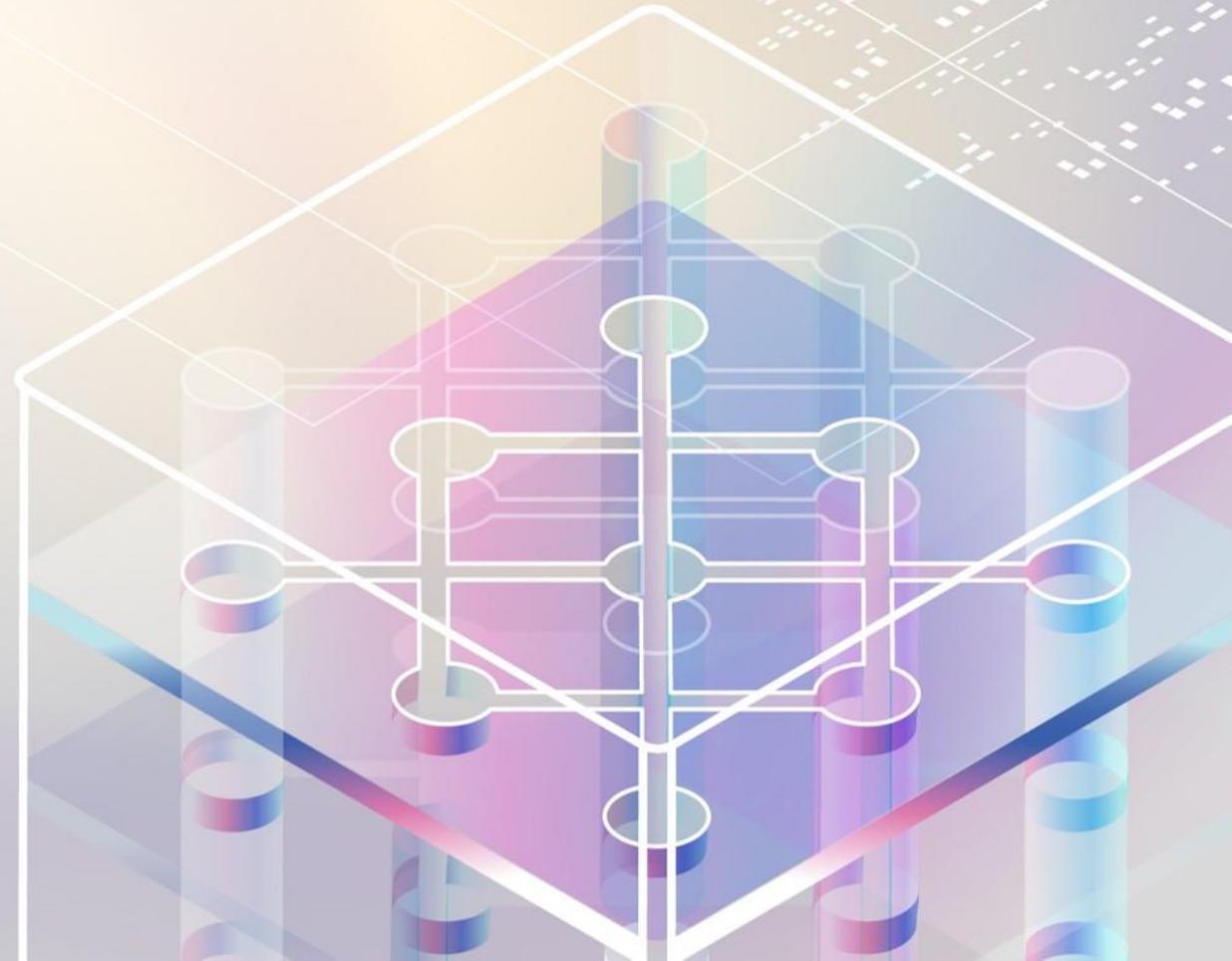
- ▶ Continue to increase investment in technological innovation and R&D to enhance our competitiveness
- ▶ Focus on four major sectors in strategic emerging industries
- ▶ Continue to implement measures to improve quality and efficiency

To achieve sustainable business development in domestic operator, domestic non-operator and overseas markets, and further enhance the overall efficiency of the Company

	During “14th Five-Year Plan”	Completion Status in 2022	Completion Status in 2023
Total Revenues	Maintain Steady Growth	✓	✓
Business Mix	Proportion of High-value Businesses Increase Steadily	✓	✓
Gross Profit Margin	Gradually Stabilize and Rebound	✓	✓
Shareholders’ Return	Increase Steadily	✓	✓



Financial Results



Key Financial Indicators

(RMB'M, Except EPS)

	2022	2023	Change %	% of Revenue
Revenue	140,748	148,615	5.6%	100%
Cost of Revenue	124,766	131,358	5.3%	88.4%
Direct Personnel Costs	8,559	8,644	1.0%	5.8%
Materials Costs	21,657	24,671	13.9%	16.6%
Direct Cost of Products Distribution	4,065	3,518	-13.5%	2.4%
Subcontracting Charges	76,547	80,233	4.8%	54.0%
Depreciation and Amortization	961	1,017	5.8%	0.7%
Others	12,977	13,275	2.3%	8.9%
Gross Profit	15,982	17,257	8.0%	11.6%
SG&A Expenses	13,960	14,913	6.8%	10.0%
Net Profit	3,360	3,584	6.7%	2.4%
EPS(RMB)	0.485	0.518	6.7%	-
Free Cash Flow	4,353	4,333	-0.5%	-

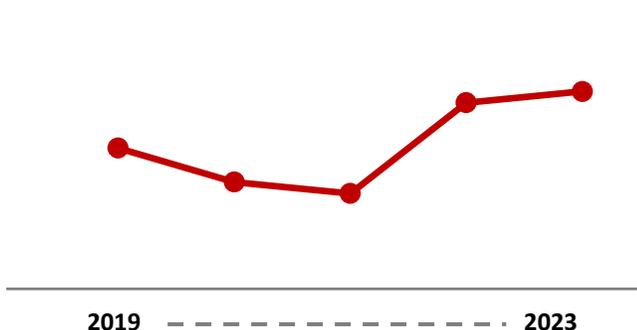
Operating Efficiency

Gross Profit Margin Improved for Two Consecutive Years Back to the Level Nearly Four Years Ago

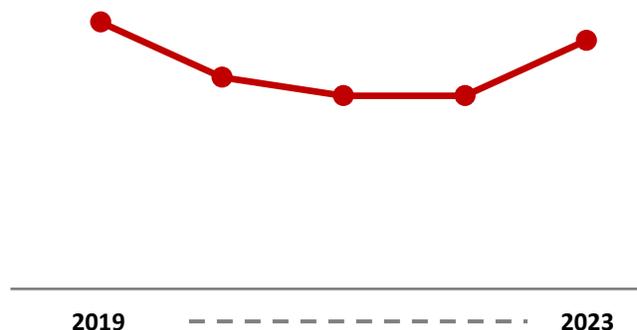


► **Gross Profit Margins of Domestic Operator, Domestic Non-operator and Overseas Markets All Improved**

Domestic Non-operator Market Gross Profit Margin Continued the Upward Trend



Domestic Operator Market Gross Profit Margin Stabilized and Recovered



Implemented High-quality Development Strategy

Managed and controlled the development of businesses with low gross profit margin



Optimized Revenue Mix

Strengthened technological innovation to drive business development, the proportion of revenue with high gross profit margin increased



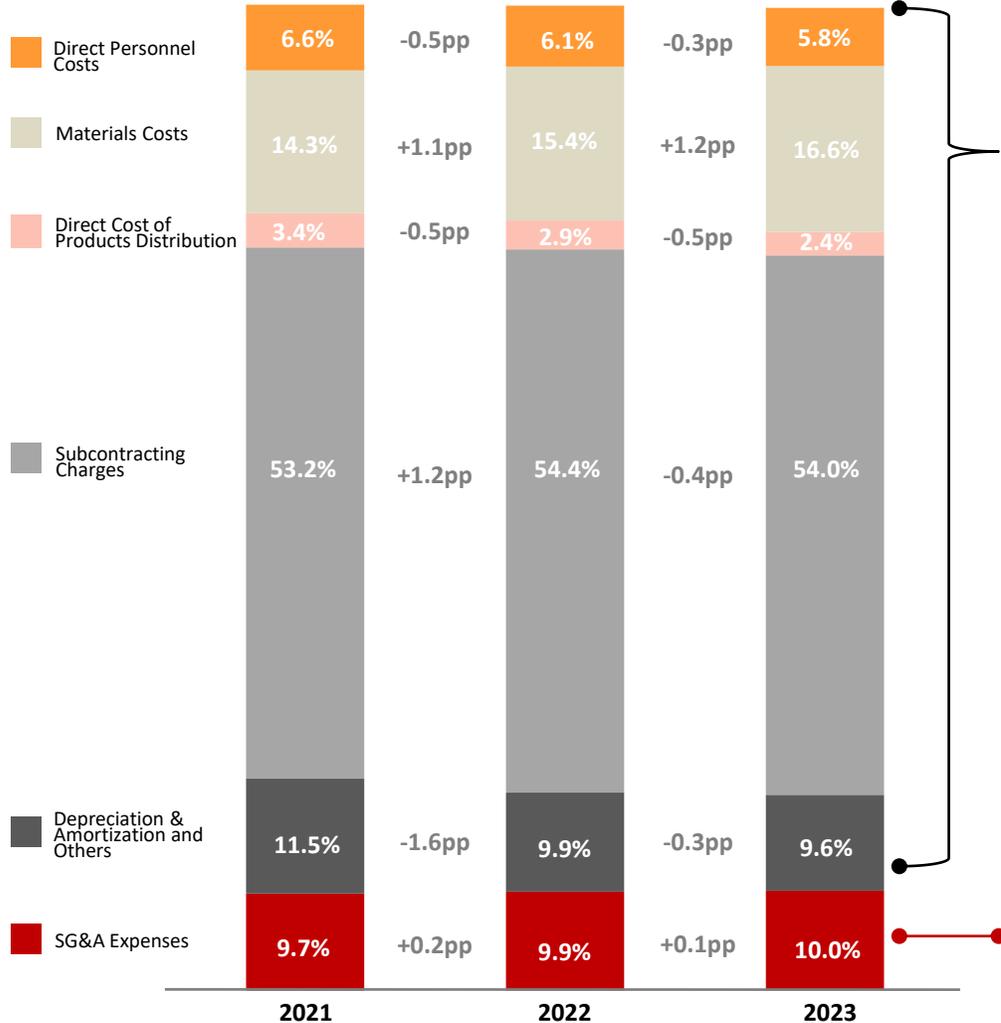
Strengthened Cost Control

Strengthened project management and cost control on materials costs, subcontracting charges, etc.

Note: Since 2023, the Group has reclassified its revenue from China Broadcasting Network from the domestic non-operator market to the domestic operator market. Such reclassification has not affected the Company's overall revenue, and no retrospective adjustments for the reclassification has been made for data in 2022 and historical data on this page.

Cost Structure

Cost/Expense as a % of Revenue



Direct Personnel Costs as a % of Revenue Continued to Decline

- Controlled the total number of employees to enhance labor productivity



Strengthened the Control of Materials Costs

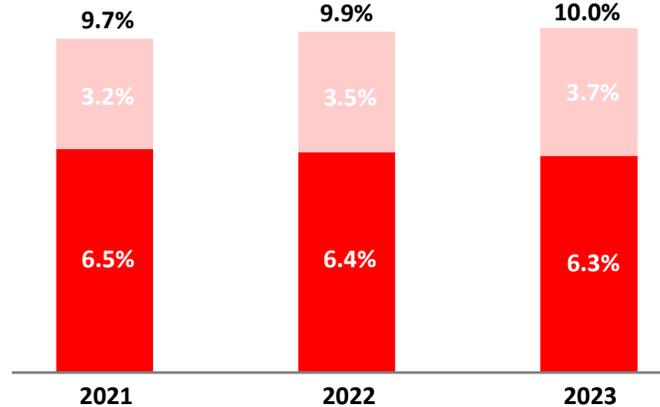
- The increase in general contracting projects drove a relatively fast growth in material costs. Strengthened the control of materials costs by implementing centralized procurement and improving its management of centralized procurement



Subcontracting Charges Under Effective Control

- Enhanced self-sufficient delivery capability, reinforced the whole-process management of subcontracting by utilizing IT system and strengthening system development and analysis

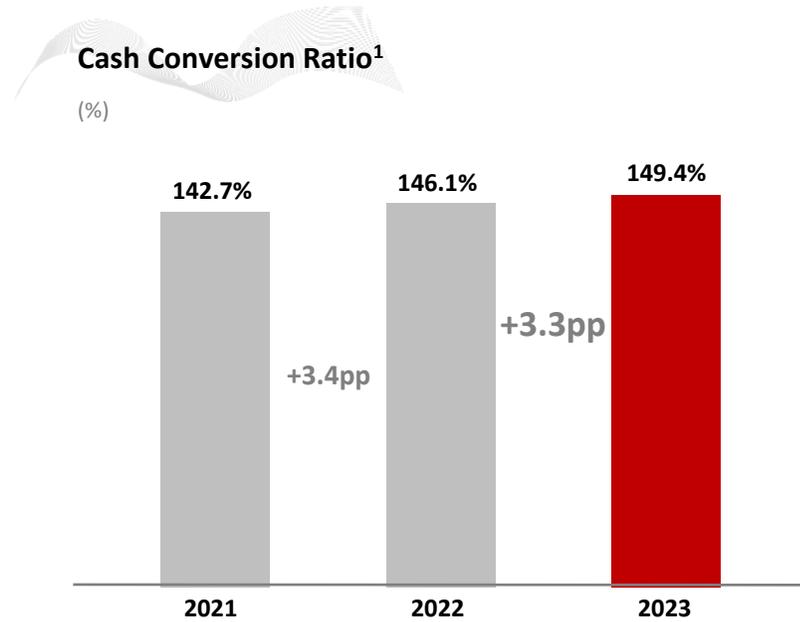
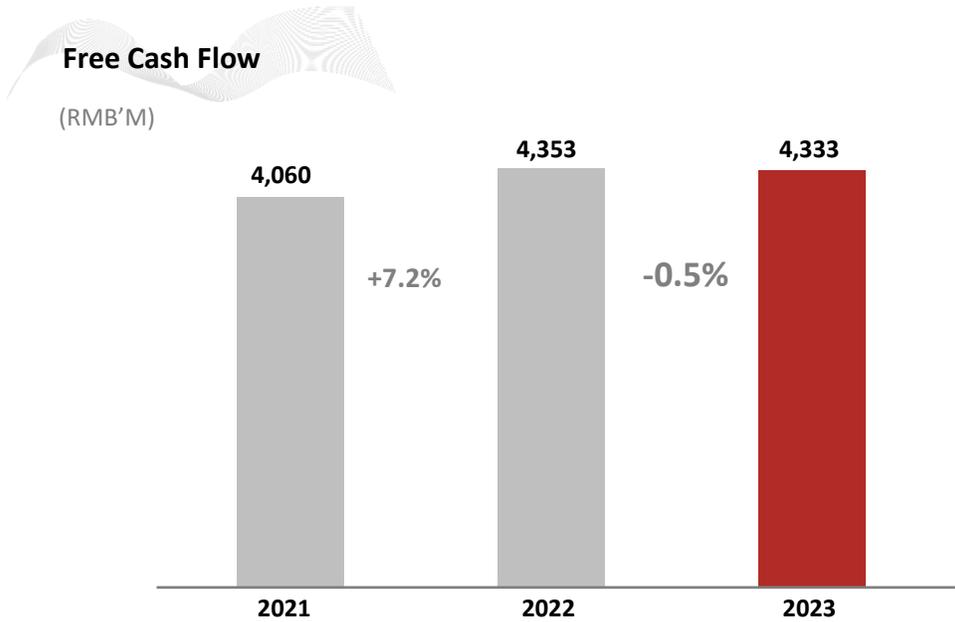
SG&A Expenses as a % of Revenue



- Continued to increase the investment in technological R&D, and gradually raised the R&D investment intensity
- Proactively controlled the expense of administration and management, with a steady decline in the expense as a % of revenue

R&D Expenses as a % of Revenue
SG&A as a % of Revenue (Excluding R&D Expenses)

Free Cash Flow

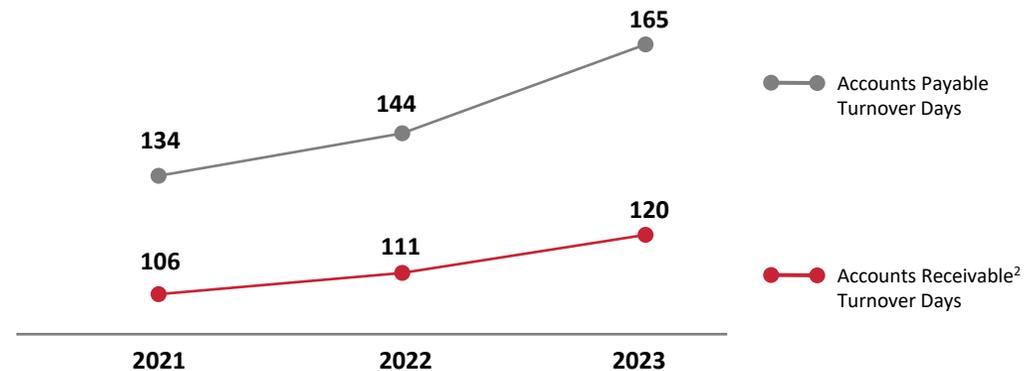


Amid the Challenging Economic Environment, Cash Flow Continued to Maintain at a Healthy Level, Demonstrating Our Strong Management Capability

- Free cash flow and cash conversion ratio continued to stay at healthy levels

Effective Control on Accounts Receivables²

- Refined the mechanism for the appraisal, reward and punishment of accounts receivables management
- Utilized informatization means to enhance accounts receivable analysis and early warning capability
- Continuously strengthened the management of long-term accounts receivables



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

(2) 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.

Financial Position

Maintaining Solid Financial Position to Facilitate Long-term Sustainable Development

(RMB'M)	31.12.2022	31.12.2023
Total Assets	110,269	121,790
In which: Cash and Deposits ¹	32,130	35,460
Accounts Receivable and Contract Assets	45,579	52,505
Total Liabilities	68,645	78,122
In which: Accounts Payable and Contract Liabilities	55,479	62,954
Interest-bearing Liabilities	881	861
Equity Attributable to Equity Shareholders	40,361	42,577
Total Liabilities/Total Assets (%)	62.3%	64.1%
Debt-to-Capitalization Ratio (%)	2.1%	2.0%

(1) Cash and deposits refer to the total amount of cash and cash equivalents, restricted cash as well as fixed deposits in current assets and non-current assets.

Our Valuation in Capital Market

Development in Digital China, AI, Dual Carbon and Green Transformation, etc.,
Bring Opportunities for the Company's Sustainable Development and Value Enhancement



Strong Resilience

- Possess over 70 years of industry experience in communications and information sectors as well as a solid leading position, a sizable Central SOE with revenue scale nearly RMB150 billion



Stable Growth

- Strong operation and management capability: revenue has been rising for 17 consecutive years since its listing; the inflection point of profitability improvement has emerged since 2 years ago, and gross profit margin has stabilized and increased for two consecutive years; indicators such as net profit margin, ROE and cash flow have improved across the board



Favorable Return

- In accordance with the dividend policy of "Continuous Growth, Steady Enhancement", dividend has been increasing year by year in the past 10 years, providing shareholders with relatively attractive and increasing dividend returns year by year

Our Valuation Has Room to Improve in the Capital Market

Institutional Investor “2023 Asia Executive Team Rankings”

- Most Honored Company
- Small & Midcap category in the telecommunications sector
 - Best CEO
 - Best CFO
 - Best IR Professional
 - Best IR Program
 - Best ESG
 - Best Company Board

Corporate Governance Asia “13th Asian Excellence Award”

- Asia’s Best CEO
- Asia’s Best CFO
- Best Investor Relations Company
- Best Investor Relations Professional
- Best Environmental Responsibility

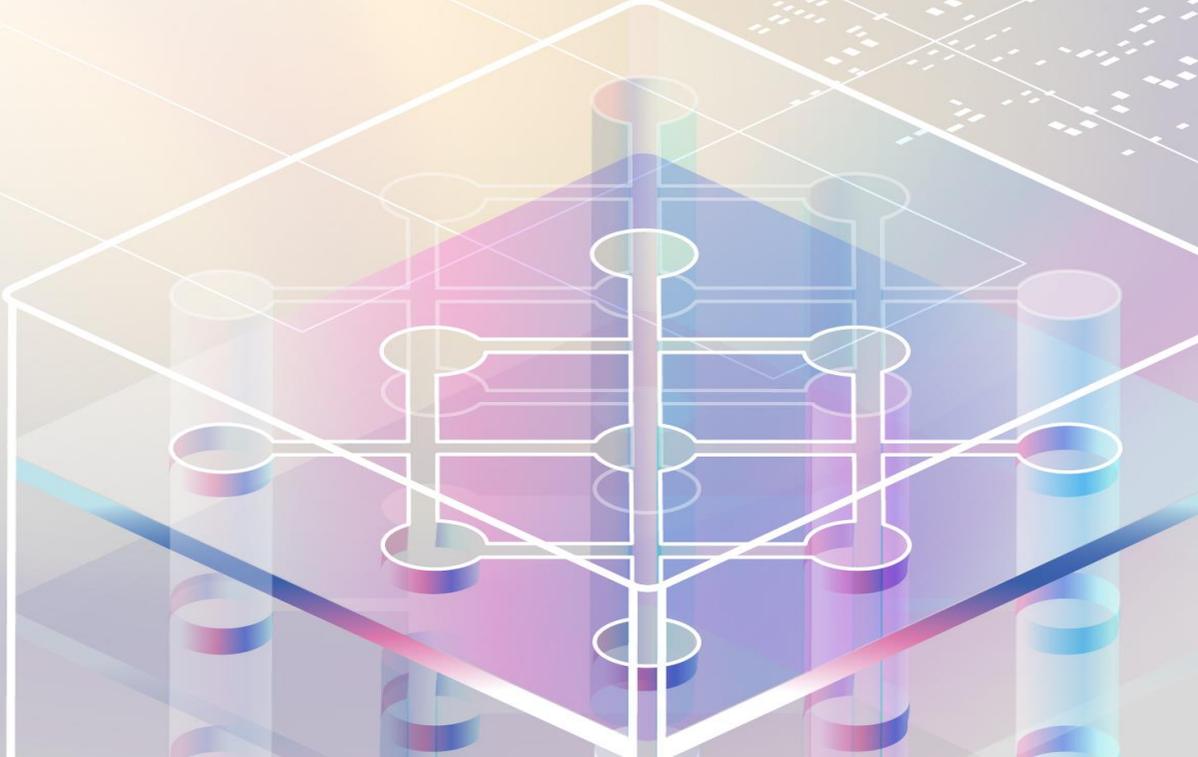
“2023 FORTUNE China Listed Companies 500” Rank 98th

“2023 Forbes Global 2000” Rank 1,499th

“2023 Forbes China ESG Innovative Enterprise”

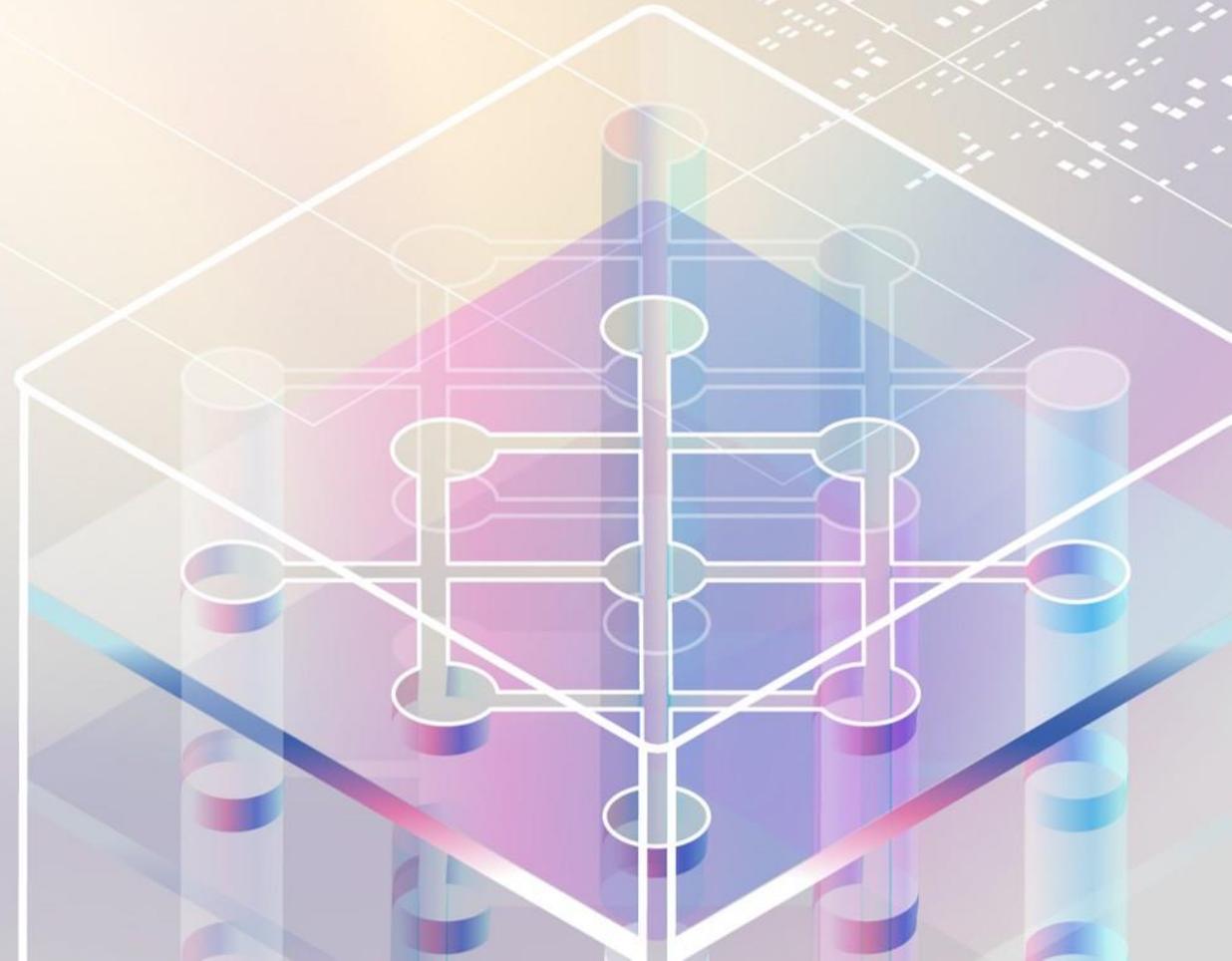
Constituent of Hang Seng Corporate Sustainability Benchmark Index(2023-2024)

Thank You!





Appendix



Business Revenue Breakdown – by Market

(RMB'M)	2022	2023	Change	Change %
TIS (Telecommunications Infrastructure Services)				
Domestic Operator	39,694	40,886	1,192	3.0%
Domestic Non-operator	30,745	32,658	1,913	6.2%
Overseas Customer	2,468	2,593	125	5.1%
Subtotal	72,907	76,137	3,230	4.4%
BPO (Business Process Outsourcing Services)				
Domestic Operator	27,966	28,298	332	1.2%
Domestic Non-operator	14,773	14,729	-44	-0.3%
Overseas Customer	334	524	190	56.9%
Subtotal	43,073	43,551	478	1.1%
ACO (Applications, Content and Other Services)				
Domestic Operator	10,393	12,542	2,149	20.7%
Domestic Non-operator	14,179	16,046	1,867	13.2%
Overseas Customer	196	339	143	72.7%
Subtotal	24,768	28,927	4,159	16.8%
Total Revenues	140,748	148,615	7,867	5.6%

Note: Since 2023, the Group has reclassified its revenue from China Broadcasting Network from the domestic non-operator market to the domestic operator market. The relevant historical data on this page has been retrospectively adjusted for the reclassification in order to increase the comparability, and the overall revenue in 2022 would not be affected as a result of such reclassification.

Forward-looking Statement

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 change in 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.