



中国通信服务
CHINA COMSERVICE

CHINA COMSERVICE ANNOUNCES 2007 ANNUAL RESULTS

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ACHIEVED REMARKABLE RESULTS IN MARKET EXPANSION
CORE BUSINESS GREW STEADILY

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ACQUIRED CITCC STRENGTHENED MARKET LEADING POSITION

Financial Highlights (audited)

For the year ended 31 December	2006	2007	Growth
Revenues (RMB million)	19,312.73	23,538.38	21.9%
Profit attributable to shareholders (RMB million)	816.75	1,167.25	42.9%
Profit attributable to shareholders (RMB million) (exclude asset revaluation ⁽¹⁾)	952.38	1,167.25	22.6%
EPS (RMB)	0.201	0.214	6.5%

(Note 1: Excludes the effects of deficit on revaluation of property, plant and equipment of RMB136 million in 2006.)

(Hong Kong, 8 April 2008) — **China Communications Services Corporation Limited** (“China Comservice” or “the Company”)(HKSE code: 552), today announced its audited annual results for the year ended 31 December 2007.

The Company’s revenue during the period was RMB23,538.38 million, an increase of 21.9% against RMB19,312.73 million in 2006. Profit attributable to shareholders was RMB1,167.25 million, represented an increase of 42.9% from 2006. Excluding the deficit of RMB136 million on revaluation of assets pursuant to the restructuring in 2006, profit attributable to shareholders increased 22.6% compared with the same period in 2006. Basic earnings per share were RMB0.214. By strengthening working capital management and adopting a prudent capital expenditure policy, the free cash flow turned positive during the period. The Board of Directors recommended a final dividend of RMB0.0682 per share for the year ended 31 December 2007.

Mr. Li Ping, Vice Chairman & Chief Executive Officer of the Company, said, “By adhering to the established development strategies, we effectively implemented customer-oriented marketing programs in 2007 and attained outstanding results in market expansion. As a result, our three main businesses continued to grow. Revenues from customers other than China Telecom grew by 35.4%, in which revenue from China Mobile and Government and Corporate Customers increased by 36.2% and 38.7% respectively. During the year, we completed the acquisition from our parent company, of the businesses comprising the specialized telecommunications support services in 13 provinces (municipality and autonomous regions), and accelerated the internal integration so as to expedite the realization of synergies. In April 2008, we announced the acquisition of China International Telecommunications Construction Corporation (“CITCC”), further enhanced our core competitiveness and market leading position, and laid a solid foundation for maintaining a leadership status in the opportunistic telecommunications industry in future.”

Telecommunications Infrastructure Services

In 2007, revenue from telecommunications infrastructure services was RMB11,093.01 million, which was still the Company’s primary source of income, representing 47.1% of the total operating revenue. Revenue from this business was mainly related to the capital expenditure of telecommunications operators. In anticipation of the ongoing control over capital expenditure by fixed line operators, the Company actively explored business opportunities with other customers, thereby successfully maintained the continued stable growth in this business.

Business Process Outsourcing Services

In 2007, revenue from business process outsourcing services was RMB9,365.15 million, which accounted for 39.8% of the total revenue, representing an increase of 51.8% over RMB6,167.40 million for 2006. Of which, revenue from distribution of telecommunications services and products increased by 51.8% when compared to 2006. The increase was mainly due to the continuous rapid growth in sales of mobile handsets and telecommunications terminals, and the further development of logistics distribution services. Besides, in 2007, the major telecommunications operators aggressively outsourced its network maintenance with a view to improve its service quality and lower their operating costs. This provided an excellent opportunity for the Company to develop its market in the network maintenance business. In 2007, revenue from the network maintenance business amounted to RMB 1,572.95 million, an increase of 117.7% over 2006.

Applications, Content and Others

In 2007, the Company accelerated the business development on applications, content and others services, achieved a rapid revenue growth to RMB3,080.22 million, representing 13.1% of the total revenues and an increase of 39.7% from 2006. Of which, revenue from the IT applications business, which includes system integration, telecommunications network support services and software development, amounted to RMB1,546.48 million, representing a growth of 53.2% from 2006.

In 2007, the Company actively participated in the expanded TD-SCDMA trial network projects, and efficiently completed all construction projects on schedule and in high service standard, gaining extensive management and practical experience. Leveraging our years of experience in GSM and CDMA network projects, our monitoring of the development of different 3G technologies and our resources reserve such as manpower, the Company was well-positioned for 3G roll-out in China.

In August 2007, the Company completed the acquisition of the businesses comprising the specialized telecommunications support services in 13 provinces. Upon completion of the acquisition, the Company reinforced the integration of the newly acquired companies. During the year, the revenues of these newly acquired companies amounted to RMB6,242.24 million in 2007, representing an increase of 21.7% over 2006. The profit attributable to the shareholders was RMB284.38 million, reaching the Company's profit forecast, with increased operational efficiency.

In April 2008, the Company announced the acquisition of CITCC. Upon completion of the acquisition, the Company will become the largest enterprise in the domestic telecommunications construction sector. The acquisition will further extend the Company's primary service area in the Northern 10 provinces, conducive to realization of a nationwide operational scale. Meanwhile, CITCC's advantages in high-end business areas and extensive experience in overseas businesses will make sound contribution to the Company's future development. After completion of the acquisition, our Company will apply the successful experience in integrating the 13 provincial subsidiaries to integrate the newly acquired companies to realize synergies at an early stage.

Mr. Wang Xiaochu, Chairman of the Company, said: "With the development of an information society in the PRC speeding up, the rapid evolvement of communications technology and the trend of telecommunications operators to accelerate their transformation, the Company will be evolving into a "Service Provider for Telecommunications, Media & Technology Companies", focusing on the expanding of service area and the changing needs of our customers. We will strive to become a leader in the telecommunications and media support service sector with excellent customer service and operational efficiency, and high efficiency on resources allocation, promoting a win-win situation for both the customers and the Company. We believe that through the implementation of our existing development strategies, with our specialized one-stop service model, and adhering to service innovation, we will be able to seize future opportunities in our industry."

Pursuant to the approval of Board resolution today, Mr. Wang Xiaochu will resign from his positions as the Chairman and non-executive director, and he will be appointed as the Honorary Chairman of the Company. Meanwhile, Mr. Li Ping, former Vice Chairman, will be appointed as the Chairman.

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About China Comservice (HKSE code:552)

China Communications Services Corporation Limited (“China Comservice”) is a leading integrated provider of specialized telecommunications support services in the PRC. A subsidiary of China Telecommunications Corporation, China Comservice offers telecommunications infrastructure services, including design, construction, project supervision and management, business process outsourcing services, IT applications, Internet services and value-added voice services. Its shareholders include China Mobile, China Unicom and Cisco in addition to its major shareholder, China Telecommunications Corporation. The Company has developed a strong customer base, which includes telecommunications operators, telecommunications equipment manufacturers and other large corporations.

For further information, please browse the Company’s website at: www.chinaccs.com.hk

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Forward-looking statements

This press release contains forward-looking statements and information relating to us and our operations and prospects that are based on current beliefs and assumptions as well as information currently available to us. The words “anticipate”, “believe”, “estimate”, “expect”, “plans”, “prospects”, “going forward” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions.

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statement. We do not intend to update these forward-looking statements other than our on-going disclosure obligations pursuant to the Hong Kong Listing Rules or other requirements of the Hong Kong Stock Exchange.