

Not for distribution in or to the United States. This document is not an offer of securities for sale in the United States or in any other jurisdiction where such offer or sale is not permitted. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. China Communications Services Corporation Limited does not intend to register any part of the offering in the United States. There will be no public offering in the United States of any securities being offered in the offering.

[For immediate release]



中国通信服务
CHINA COMSERVICE

**CHINA COMSERVICE ANNOUNCES PROPOSED LISTING
ON MAIN BOARD OF HKEX TO FUND BUSINESS EXPANSION**

* * * *

**GLOBAL OFFERING OF APPROXIMATELY 1.29 BILLION H SHARES AT
BETWEEN HK\$1.7 AND HK\$2.2 PER H SHARE TO
RAISE UP TO HK\$2.84 BILLION**

(Hong Kong, 26 November 2006) – **China Communications Services Corporation Limited** (“China Comservice” or “the Company”), a leading integrated provider of specialized telecommunications support services to telecommunications operators in China, today announced its plan to raise up to HK\$2.84 billion through a listing on the Main Board of the Stock Exchange of Hong Kong (“HKEx”) to fund business expansion.

China Comservice runs three main types of telecommunications support services: (1) telecommunications infrastructure services, including design, construction and supervision for telecommunications network infrastructure related projects; (2) business process outsourcing services, such as network maintenance and distribution of telecommunications services and products; and (3) application, content and other services, including information technology applications, Internet services and value-added voice services.

Its customers include China’s major telecommunications operators such as China Telecom, China Mobile, China Unicom, China Netcom and China Railcom as well as telecommunications equipment manufacturers and large corporations.

The Company proposes to sell 1,291,293,000 H shares globally at an offer price between HK\$1.7 and HK\$2.2 per share in an initial public offering (IPO). About 1,162,161,000 H shares, or 90% of the global offering will be earmarked for institutional investors through international placing and the remaining 129,132,000 H shares, or 10% of the global offering will be sold to the Hong Kong public. Allocations between the international placing tranche and the Hong Kong public offering tranche will be subject to adjustment. The Company can also issue additional 193,693,000 H shares which are equal to 15% of the initial offer shares in accordance with the over-allotment option.

Assuming that the over-allotment option is not exercised, the Company will raise up to HK\$2.84 billion from the IPO. China Comservice will use part of the fund to expand its business through selective acquisitions from its parent company, China Telecom Group, and other strategic investments. It will also apply the rest of the fund to purchase equipment for network construction and maintenance business, upgrade IT applications platform and R&D facilities, as well as develop business capabilities for 3G technology and new services, and as general working capital.

The public offer will begin on 27 November 2006 (Monday) and close at noon on 30 November 2006 (Thursday). The final offer price will be determined on or around 1 December 2006 (Friday). The allotment results will be announced on 7 December 2006 (Thursday). Trading in the shares of China Comservice will begin on 8 December 2006 (Friday). The shares will be traded in board lots of 2,000 shares under the stock code 552.

Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Limited are the joint global coordinators and joint bookrunners of China Comservice's global offering. China International Capital Corporation (Hong Kong) Limited and Goldman Sachs (Asia) L.L.C. are the joint sponsors and joint lead managers of global offering.

China Comservice's controlling shareholder, China Telecom Group, will hold 58.8% of the Company after the listing, while, following the satisfaction of certain conditions precedent, China Mobile will hold 9.65% of the Company's shareholdings and China Unicom Group will hold not more than 4.5% of the Company's shareholdings.

Mr. Wang Xiaochu, Chairman of China Comservice, said, "The number of telecommunications service subscribers in China continues to grow at a fast pace. We believe the telecommunications operators' capital expenditure on network expansion and maintenance will remain at a relatively high level in the near future. To fully capitalize on this trend, China Comservice intends to speed up its growth by selectively acquiring the specialized telecommunications support services business of China Telecom Group in some other provinces."

Mr. Li Ping, Chief Executive Officer of China Comservice, said, "Once the 3G licences are issued, telecommunications operators will start another round of infrastructure investment, which should increase the demand for telecommunications network design and construction services. The 3G technology will also stimulate demand for new content and IT applications. Leveraging our technology and management expertise, China Comservice is well positioned to capitalize on these opportunities."

As part of the global offering, China Comservice will also introduce Cisco, a worldwide leader in networking for the Internet, and IDG, a renowned IT media group, into the Company as its strategic and corporate investors. The respective investment of Cisco and IDG in China Comservice's H shares will amount to USD50 million and USD10 million.

China Comservice anticipates that its dividend payout ratio will be not less than 40% of its net profits for the years commencing on or after 1 January, 2007.

– End –

Summary of Issue Statistics

Number of offer shares for global offering	1,291,293,000H shares
Number of Hong Kong offer shares	129,132,000H shares
Number of international offer shares	1,162,161,000H shares
Indicative offer price range	HK\$1.7 – HK\$2.2 per H share
Offering size	HK\$2.20 billion- HK\$2.84 billion
Prospective price/earnings multiple	
– Pro forma fully diluted	14.1times – 18.3times
– Weighted average	10.9times – 14.1 times
Market capitalization of H shares	HK\$2.415 billion– HK\$3.125 billion

Use of proceeds

The net proceeds, after deduction of the estimated underwriting fees and expenses payable by the Company in relation to the global offering, are estimated to be approximately HK\$2,337 million, assuming the over-allotment is not exercised and an offer price is fixed at \$1.95 per H share, the mid-point of the estimated offer price range. The Company intends to utilize the net proceeds as follows:

	Proportion (%)
Capital expenditure items over the next 24 months:	
- Purchase of testing and construction equipment for its design, construction and project supervision and management businesses, and large scale maintenance equipment for its network maintenance business	20
- Purchase, development and/or upgrading of simulation and testing systems and applications development platforms for strategic new products in our information technology and Internet services	15
- Development of business capabilities associated with 3G technology and applications	10
- Upgrading its existing premises and/or adding new premises to house its production and research and development facilities	5
Implementation of its business strategies and funding of business expansion, including potential selective acquisition from China Telecom Group and other strategic investments	40
General working capital	10

Financial highlights

	For the year ended 31 December			For the 6 months ended 30 June	
	2003	2004	2005	2005 (unaudited)	2006
	(in RMB millions)				
Revenues	10,917	12,249	13,232	5,770	6,372
Gross profit	2,278	2,374	2,688	1,142	1,165
Profit attributable to shareholders	458.4	525.6	597.6	273.2	194.1
Gross profit margin	20.9%	19.4%	20.3%	19.8%	18.3%
Net profit margin	4.2%	4.3%	4.5%	4.7%	3.0%

Forecast profit attributable to shareholders for the year ending 31 December 2006 is estimated to be not less than RMB650 million.

About China Comservice (HKSE code:552)

China Comservice is a leading integrated provider of specialized telecommunications support services in China. A subsidiary of China Telecom Group, China Comservice undertakes design and construction of telecommunications infrastructure, network maintenance, facilities management and distribution of telecommunications services and products. It also provides value-added telecommunications and IT services such as IT applications, Internet services and value-added voice services. China Comservice's shareholders will include China Mobile, China Unicom, Cisco and IDG, in addition to its existing major shareholder, China Telecom Group. The Company has developed a strong customer base, which includes telecommunications operators, telecommunications equipment manufacturers and other large corporations.

For press enquiries:

Investor relation department

Ms. Monica Qi Tel (General): (852) 3699 0000 ir@chinaccs.com.hk

Disclaimer - Forward looking statements

This announcement 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.