中国通信服务
CHINA COMSERVICE

CHINA COMMUNICATIONS SERVICES CORPORATION LIMITED

STOCK CODE: 552

2007 ANNUAL RESULTS

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8 APRIL, 2008

Management

Mr. Li Ping
CEO

Mr. Zhang Zhiyong
Executive Vice President & COO

Mr. Yuan Jianxing
Executive Vice President & CFO

Agenda

中国通信服务 CHINA COMSERVICE

Overview

Business Review

Financial Results

中国通信服务
CHINA COMSERVICE

OVERVIEW

Highlights

中国通信服务
CHINA COMSERVICE

Favourable Financial Results

- Rapid revenue and net profit growth
- Achieved positive free cash flow
- Optimized revenue composition

Effectively Implemented Customer-Oriented Service Strategy

- >50% revenue from customers other than China Telecom
- >1/3 revenue from customers other than 3 major telecom operators

Remarkable Results on External Growth and Internal Integration

- Acquired and integrated 13 provincial subsidiaries successfully
- Deploying EMOSS (CCS's unified IT support system)
- Progressing centralized financial and risk management

Well Prepared for 3G and Industry New Opportunities

- Transforming to meet customers' changing needs
- Participated in TD-SCDMA trial network projects, and accumulated experience and resources on mobile technologies

Favourable Financial Results

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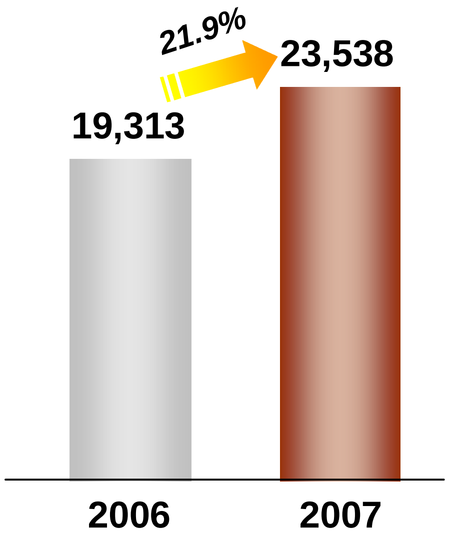
Rapid revenue and net profit growth; Achieved positive free cash flow

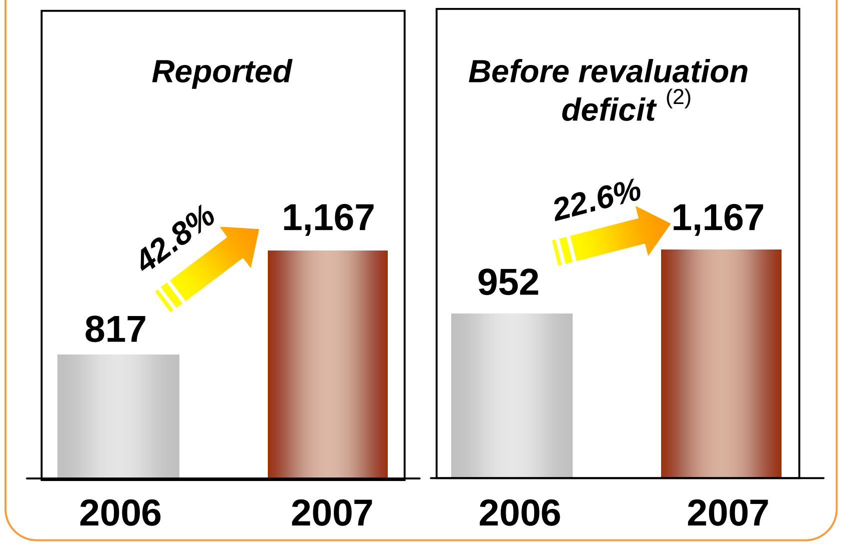
Revenue

(RMB'M)



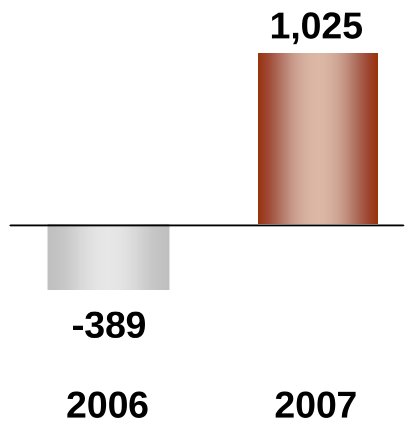
Net Profit

(RMB'M)



Free Cash Flow

(RMB'M)



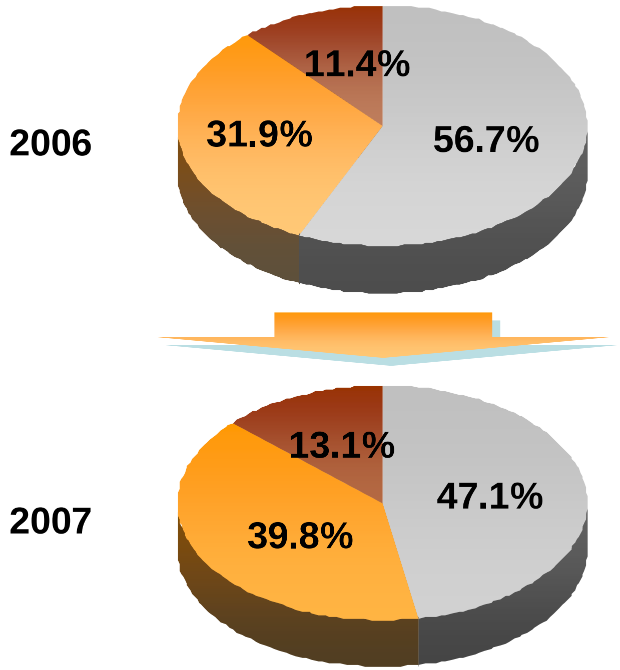
(1) *Above financial figures are extracted from our financial statements which are prepared on IFRS basis. All financial data in this presentation assumes the Group had been operating in the current primary service areas (19 provinces) since the beginning of 2006.*

(2) *Net profit before revaluation deficit excludes the effects of deficit on revaluation of property, plant and equipment of RMB135 million in 2006.*

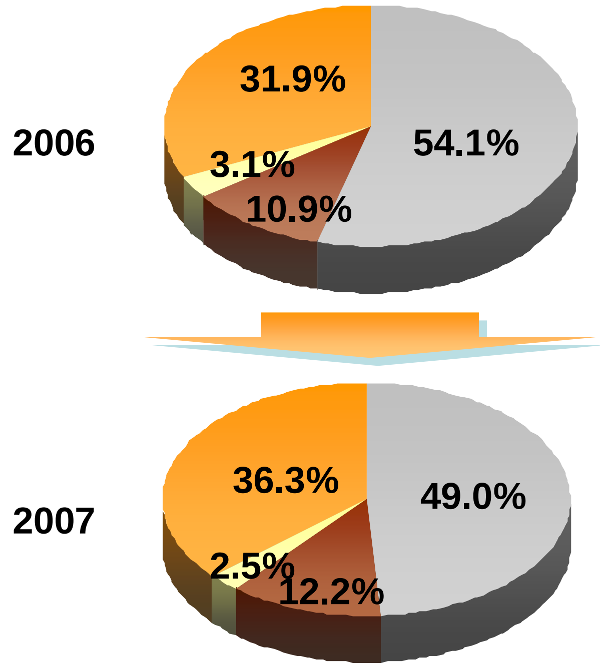
Optimized Revenue Composition

Diversified revenue sources and reduced operating risk

Business Mix



Customer Mix



- Telecommunications Infrastructure (TIS) Services
- Business Process Outsourcing (BPO) Services
- Applications, Content and Other (ACO) Services

- China Telecom
- China Unicom
- China Mobile
- Government, Corporate & Other Customers

Effectively Implemented Customer-Oriented Service Strategy

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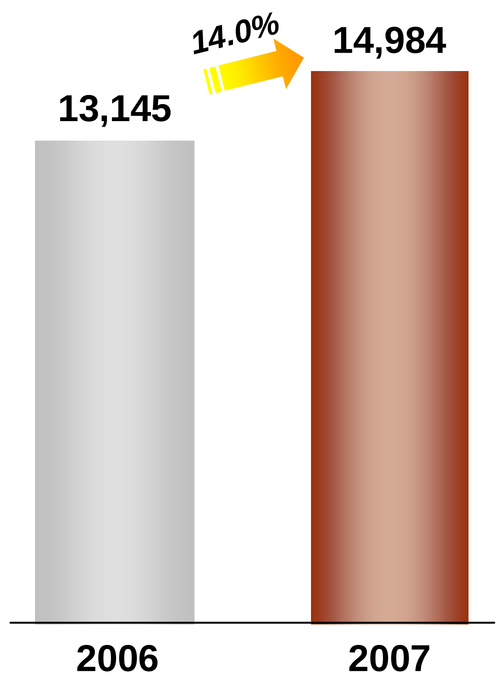
Maintained leading position in operator market
Recorded rapid revenue growth from Government, Corporate & Other Customers

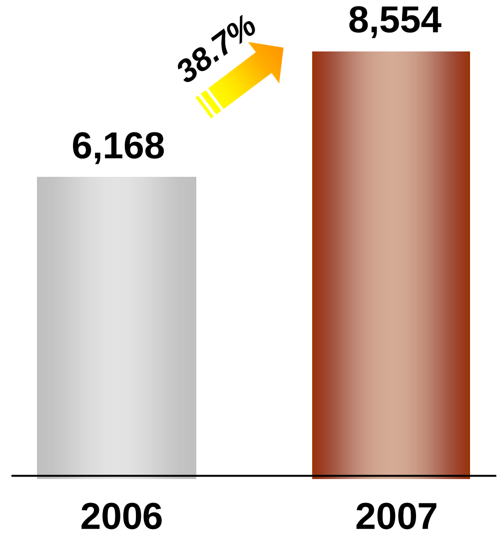
Revenue from 3 Major Telecom Operators

(RMB'M)



Revenue from Customers Other Than 3 Major Telecom Operators

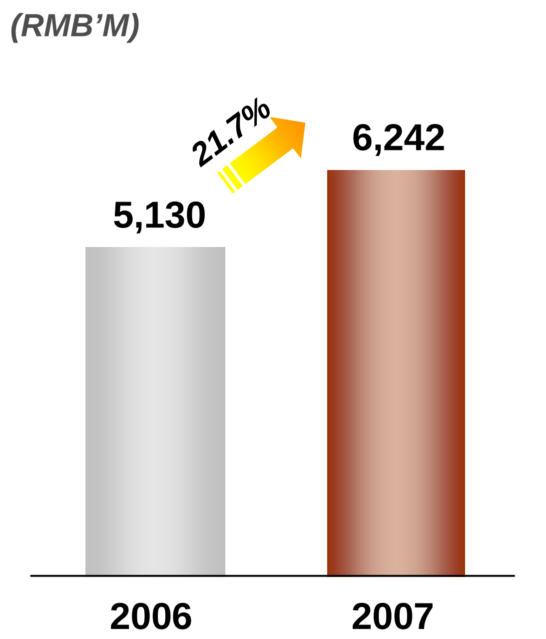
(RMB'M)



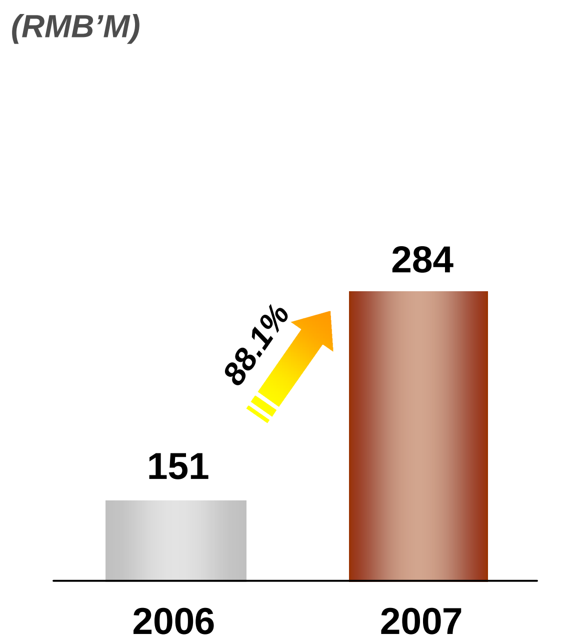
Remarkable Results on External Growth and Internal Integration

Acquired 13 provincial subsidiaries and realized external growth
Realized business & financial synergies through integration

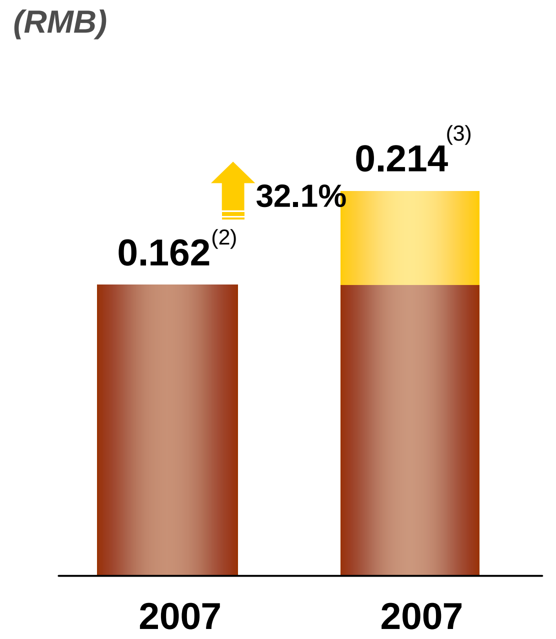
Revenue of 13 Provincial Subsidiaries



Net Profit of 13 Provincial Subsidiaries (1)



EPS Accretion



(1) *Net profit of 13 provincial subsidiaries excludes the effects of deficit on revaluation of property, plant and equipment of RMB30 million in 2006*
(2) *Excluding the results of 13 provincial subsidiaries*
(3) *Reported EPS*

Well Prepared for 3G and Industry New Opportunities

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Transforming to meet customers' changing needs

- Transforming from "Service Provider for Telecom Operators" to "Service Provider for Telecom, Media and Technology Companies"
- Innovative business development model - brought in venture capital to nurture key products ("Golden Seeds")

3G preparation

- Participated in TD-SCDMA trial network projects in many cities in 2007
- Accumulated experience on mobile network technologies and resources in personnel and equipments

Acquisition of CITCC

- Equity transfer agreement signed on 3 April, 2008

CITCC: China International Telecommunications Construction Corporation

Acquisition of CITCC

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Consideration

Consideration for 100% equity interests:

- RMB505 million
- To be paid in cash within 30 days from execution of the equity transfer agreement

Acquire certain properties necessary for the daily business operation of the CITCC Group

- Total preliminary appraisal value of the properties was RMB193 million

Benefits

- CITCC is one of the principal service providers in the telecommunications infrastructure construction market in PRC
- CITCC has particular advantages in the 10 Northern Provinces
- CITCC has strong presence in overseas market

CITCC: China International Telecommunications Construction Corporation

Dividend

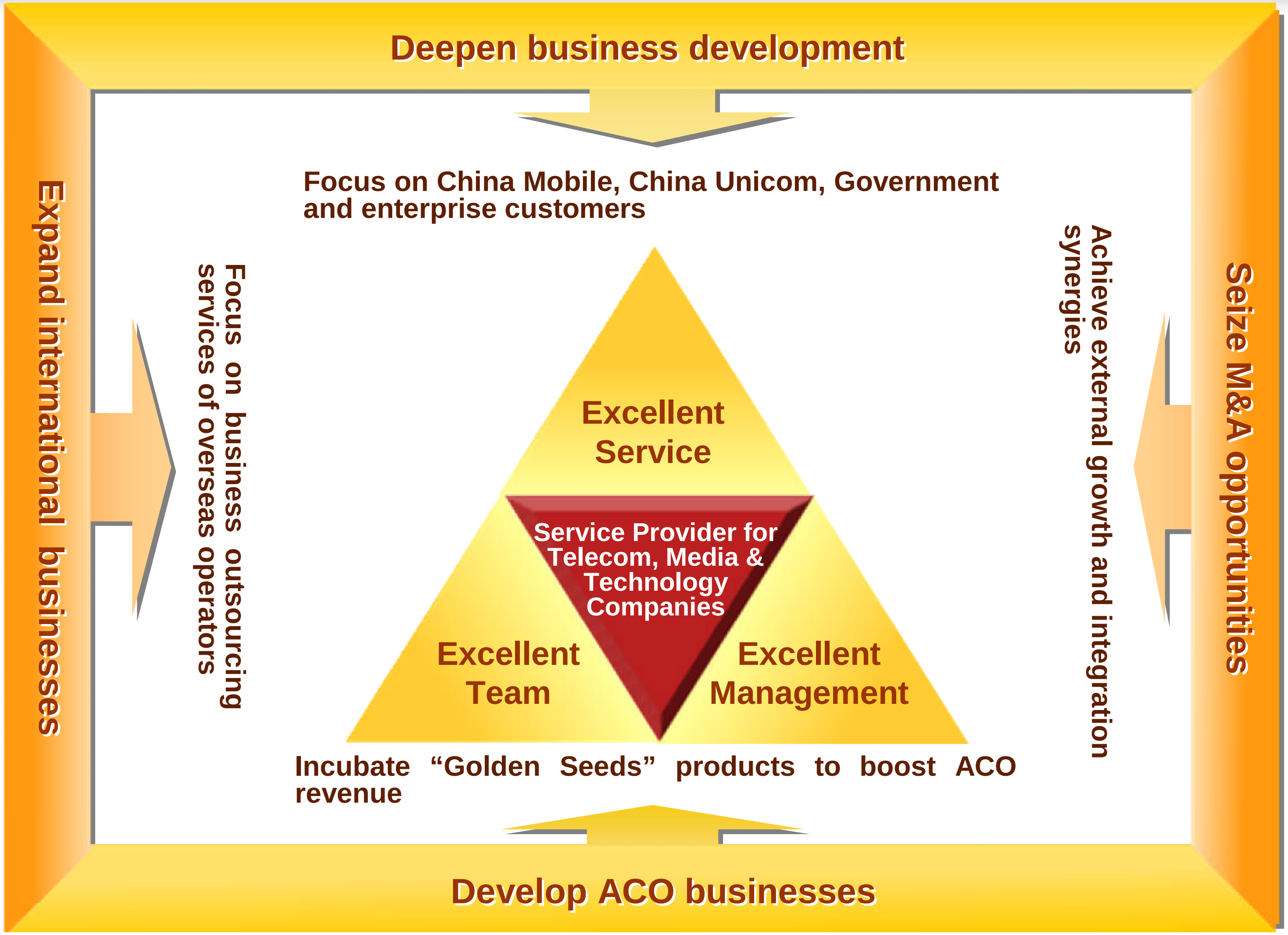
- **The board of directors recommended a final dividend of RMB0.0682 per share for 2007, representing a payout ratio of 40.02%***

- **Dividend Policy: Proper balance between shareholders' cash return requirement and future investment needs for the company's long term sustainable development**

** Exclude the net profit from the newly acquired 13 provincial subsidiaries before 31 August 2007 (i.e. completion date of the acquisition)*

Prospect -

Service Provider for Telecom, Media and Technology Companies

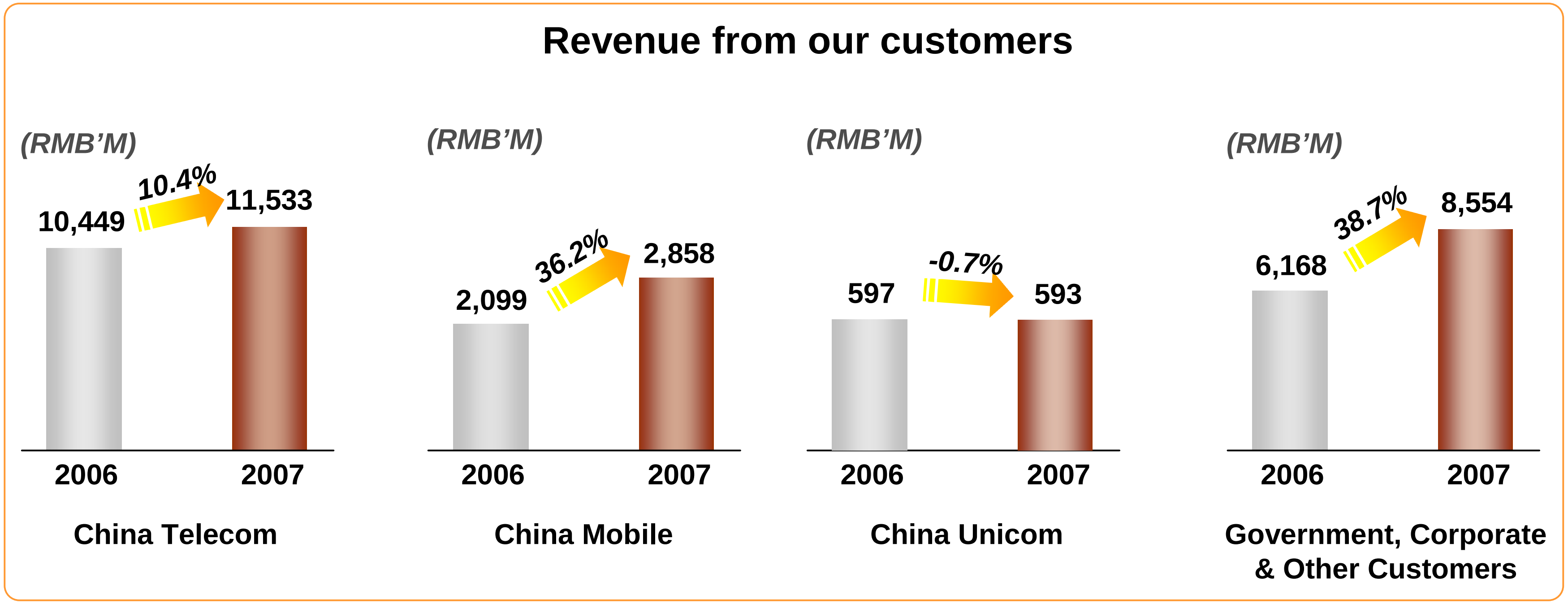


BUSINESS REVIEW

Revenue Breakdown

(RMB'M)	2006	2007	Change	Contribution to total revenue
TIS	**10,941**	**11,093**	**1.4%**	**47.1%**
Design	2,342	2,436	4.0%	10.3%
Construction	8,082	8,071	-0.1%	34.3%
Supervision	517	586	13.3%	2.5%
BPO	**6,168**	**9,365**	**51.8%**	**39.8 %**
Maintenance	723	1,573	117.6%	6.7%
Distribution	4,018	6,097	51.7%	25.9%
Facility Management	1,427	1,695	18.8%	7.2%
ACO	**2,204**	**3,080**	**39.7%**	**13.1%**
IT Applications	1,009	1,546	53.2%	6.6%
Internet Services	344	478	39.0%	2.0%
Voice VAS	287	326	13.6%	1.4%
Others	564	730	29.4%	3.1%
Total	**19,313**	**23,538**	**21.9%**	**100.0%**

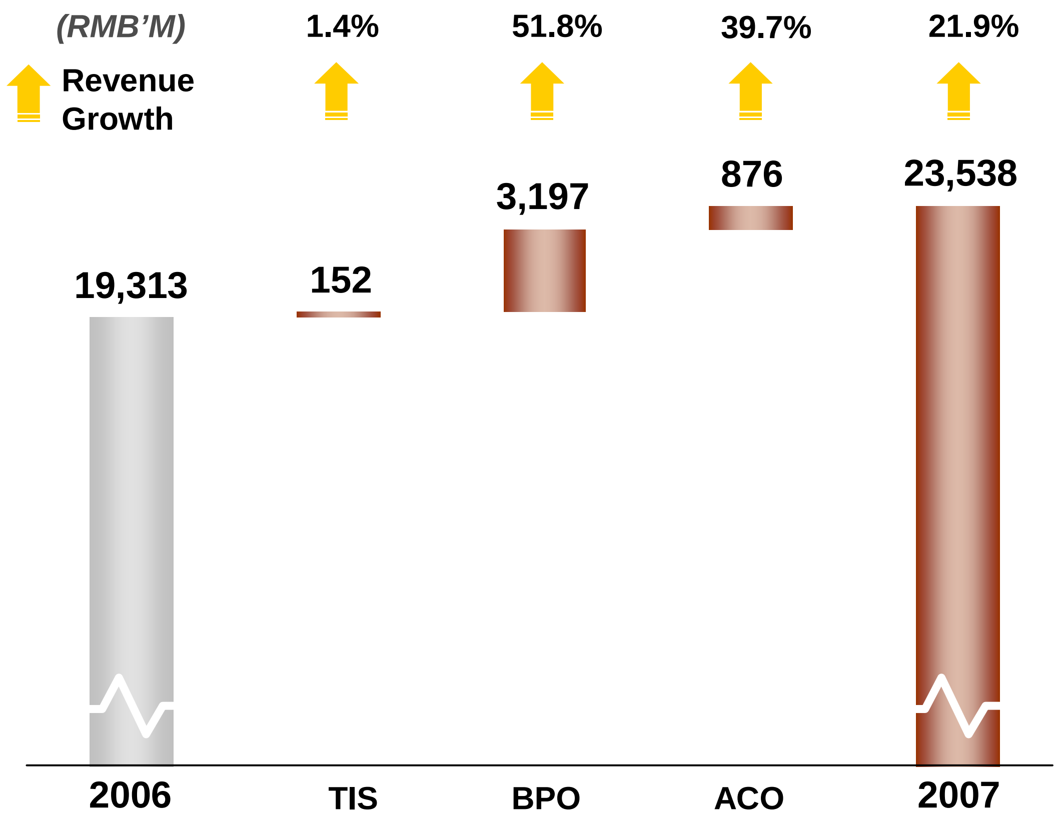
Customer Services



- Set up a three-tier sales & marketing system on key customers
- Provide multi-business solutions and one-stop services to operators
- Develop markets of Government and enterprise customers together with operators and vendors

Revenue Growth Drivers

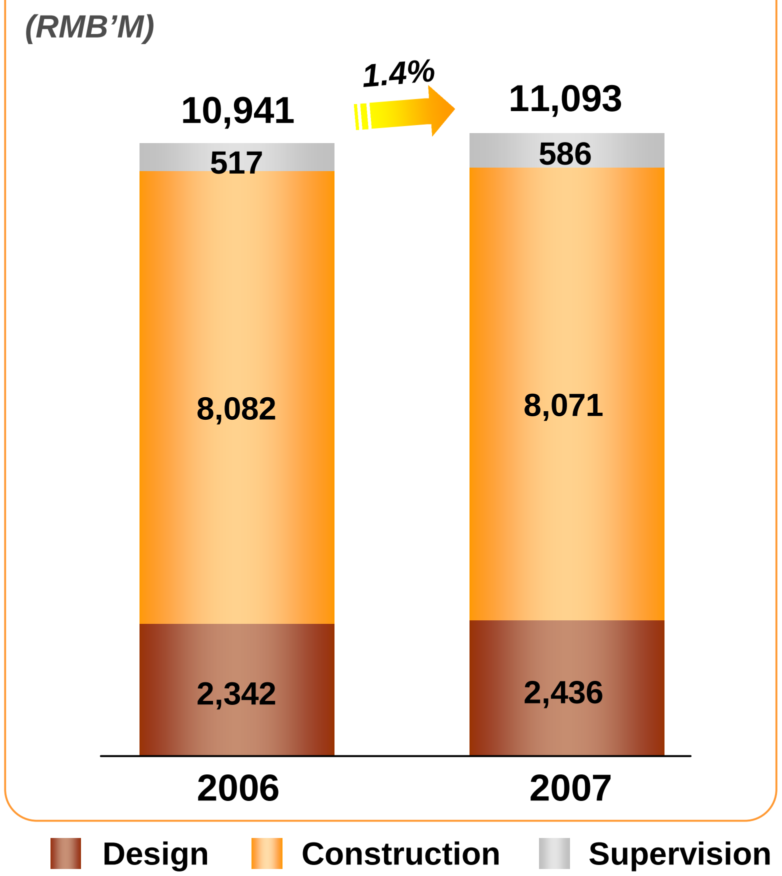
+0.8pp | +16.6pp | +4.5pp | *Contribution to 21.9% revenue growth*



- **Accelerate BPO businesses in accordance with operators' increasing non-core business outsourcing trend**
- **Boost ACO businesses through nurturing of new businesses and fast cross-regional replication**

TIS Businesses

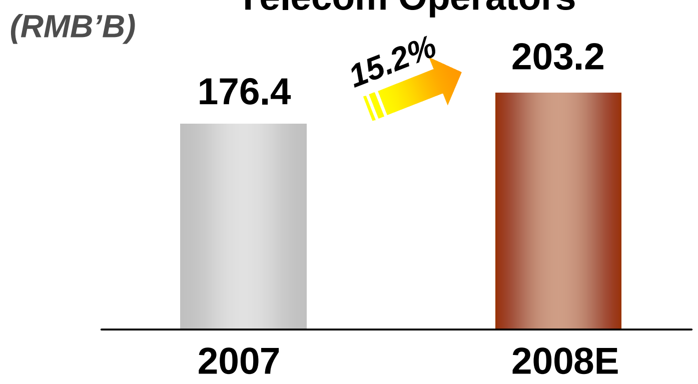
Revenue



Solid Market Position

(07 v 06 figures)	Change in CAPEX	Change in TIS Revenue
China Telecom	-7.2%	-1.4%
China Mobile	20.8%	20.5%

CAPEX of 3 Major Telecom Operators



* *CAPEX figures of operators are extracted from 2007 annual result announcements of the respective listed companies (China Telecom, China Mobile & China Unicom)*

BPO Businesses

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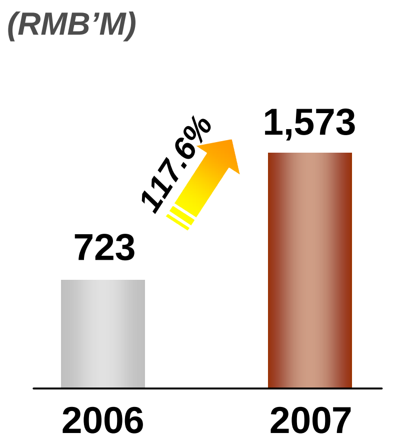
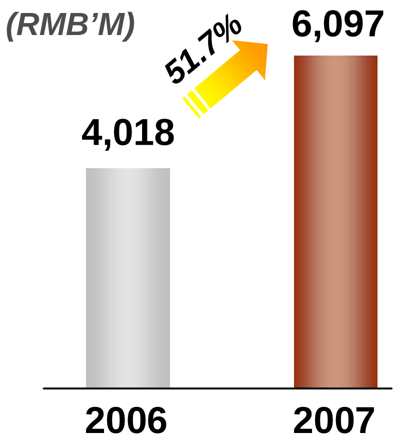
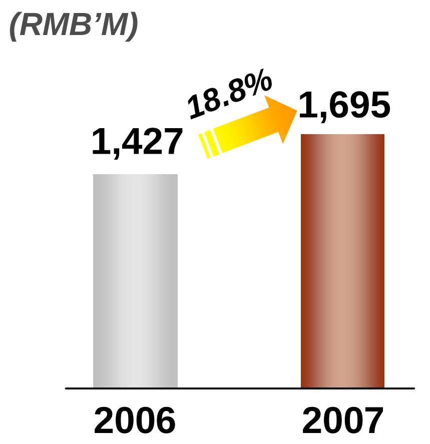
Maintenance



Distribution



Facility Management

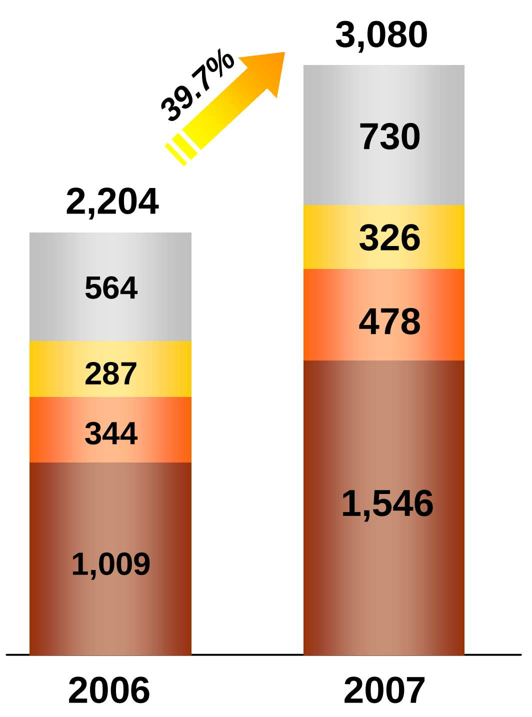


- **Endeavor to develop high-end businesses in maintenance and facility management to optimize business structure**
- **Provide distribution services to satisfy operators and corporate customers**
- **Provide multi-business solutions to capture the opportunities of operators' increasing non-core business outsourcing trend**

ACO Businesses

Revenue

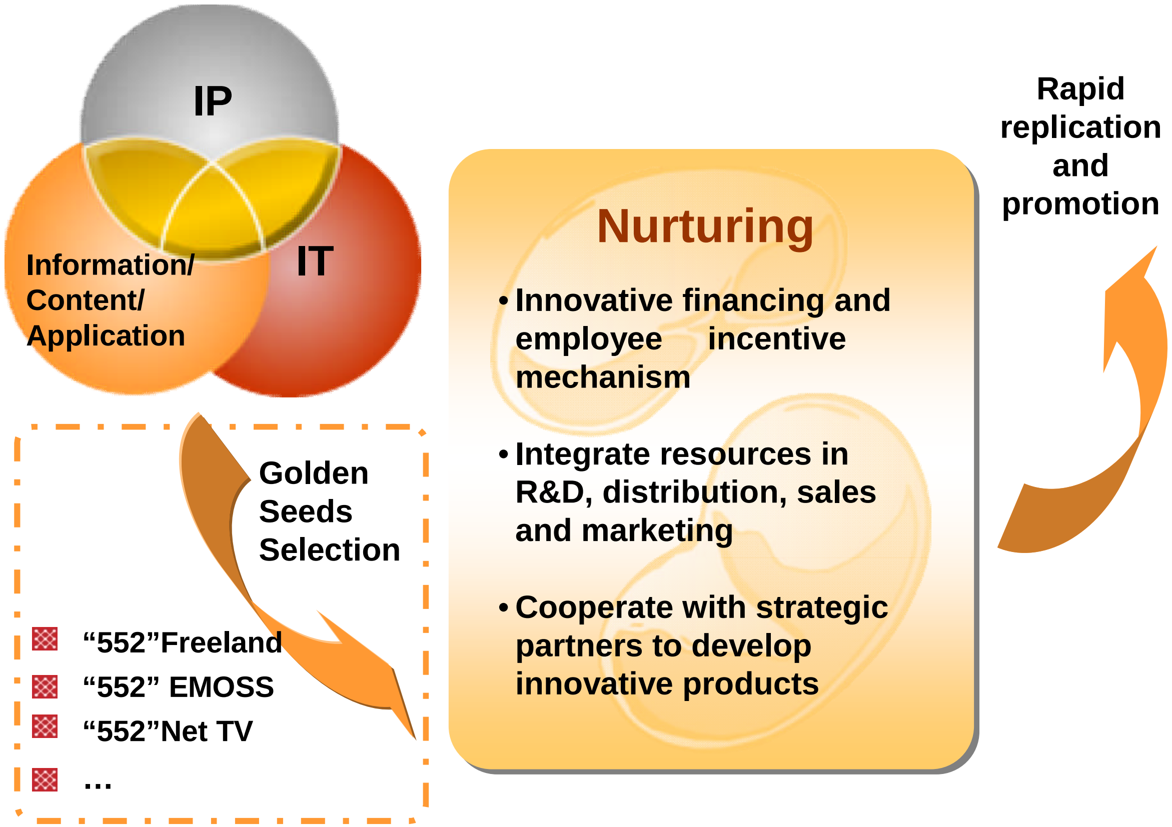
(RMB'M)



IT Applications | Internet Services

Voice VAS | Others

Development Strategy



Continuously Implement Customer-Oriented Service Strategy

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Focus on customers' needs

- Specialized and neutral service teams
- Work closely with telecom operators and vendors
- Support transformation of operators and their non-core business outsourcing

Enhance service capabilities

- Multi-business solutions and one-stop service
- High-end facility management service
- Core network outsourcing service

Innovate business development model

- Design services to professional consultancy services
- Bundle maintenance with construction services
- Focus on products & services in ACO's 3I area*

Solidify Domestic Market

Expand Overseas Market

Capture Industry Opportunities

Transforming from "Service Provider for Telecom Operators" to "Service Provider for Telecom, Media and Technology Companies"

* 3I represents the common area of IP, IT, Information/content/application businesses

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CHINA COMSERVICE

FINANCIAL RESULTS

Financial Performance

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(RMB'M)	2006	2007	Change	% of Revenue
Revenue	**19,313**	**23,538**	**21.9%**	**100.0%**
Cost of Revenue	**15,746**	**19,473**	**23.7%**	**82.7%**
Direct personnel	3,937	4,557	15.7%	19.4%
Subcontracting	3,582	4,577	27.8%	19.4%
Materials	5,713	7,632	33.6%	32.4%
D&A	327	305	-6.7%	1.3%
Others	2,187	2,402	9.8%	10.2%
Gross Profit	**3,567**	**4,065**	**14.0%**	**17.3%**
SG&A	**2,477**	**2,795**	**12.8%**	**11.9%**
Net Profit	**817**	**1,167**	**42.8%**	**5.0%**
Net Profit (before reval)[1]	**952**	**1,167**	**22.6%**	**5.0%**
CAPEX[2]	**972**	**720**	**-25.9%**	**3.1%**

(1) *Net profit before revaluation deficit excludes the effects of deficit on revaluation of property, plant and equipment of RMB135 million in 2006.*

(2) *CAPEX excludes the acquisition of assets relating to our restructuring in 2006 and acquisition in 2007.*

Shareholder Return

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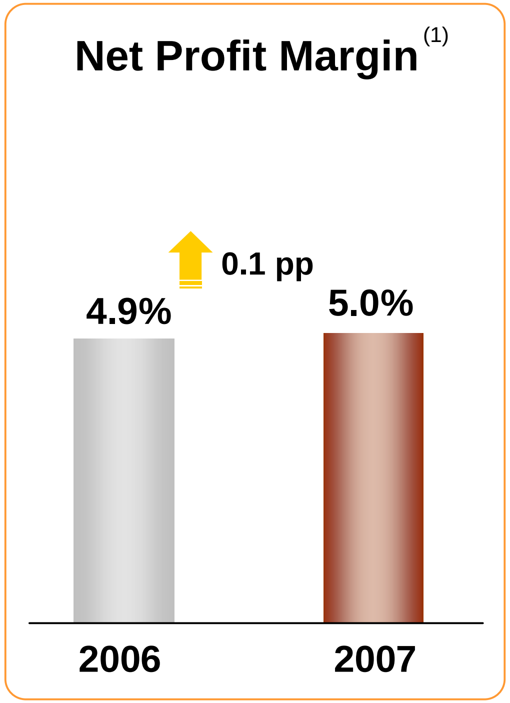
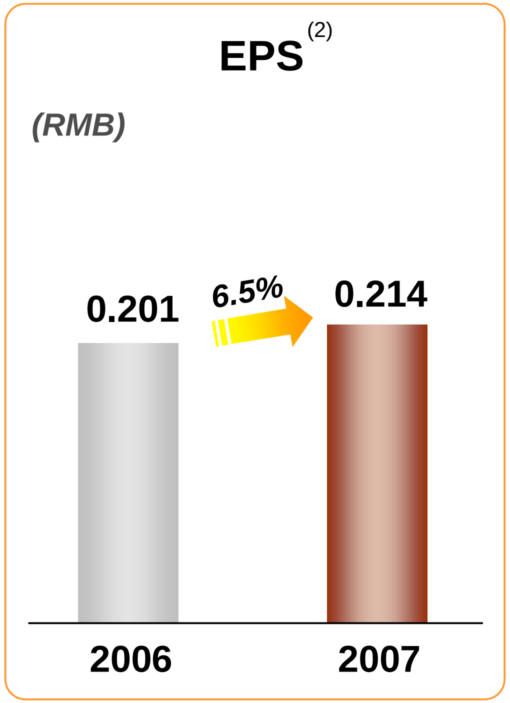
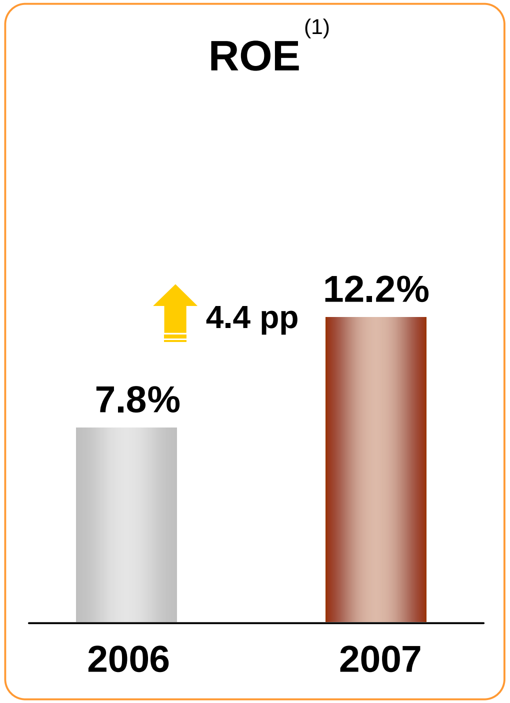


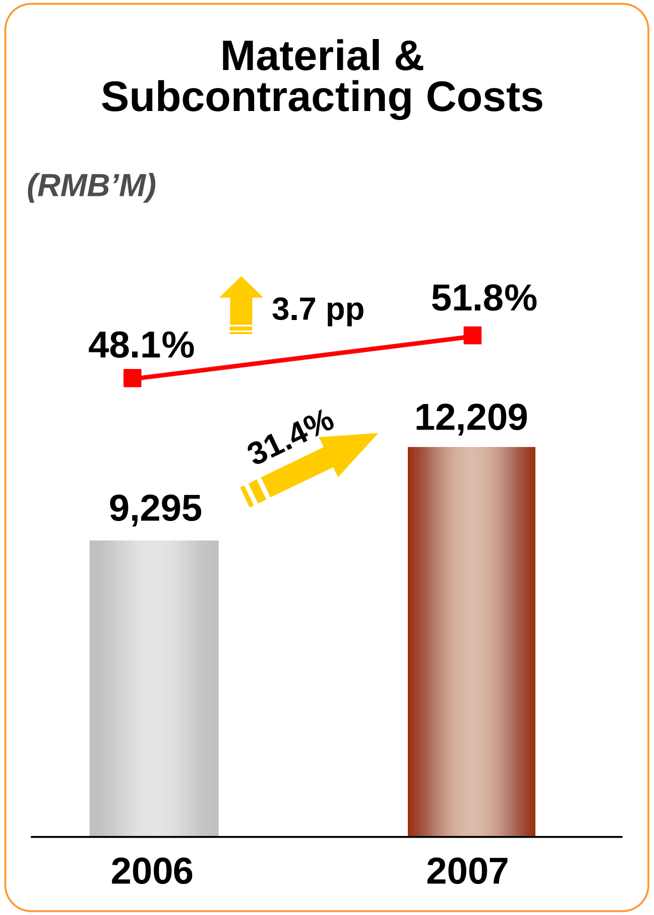


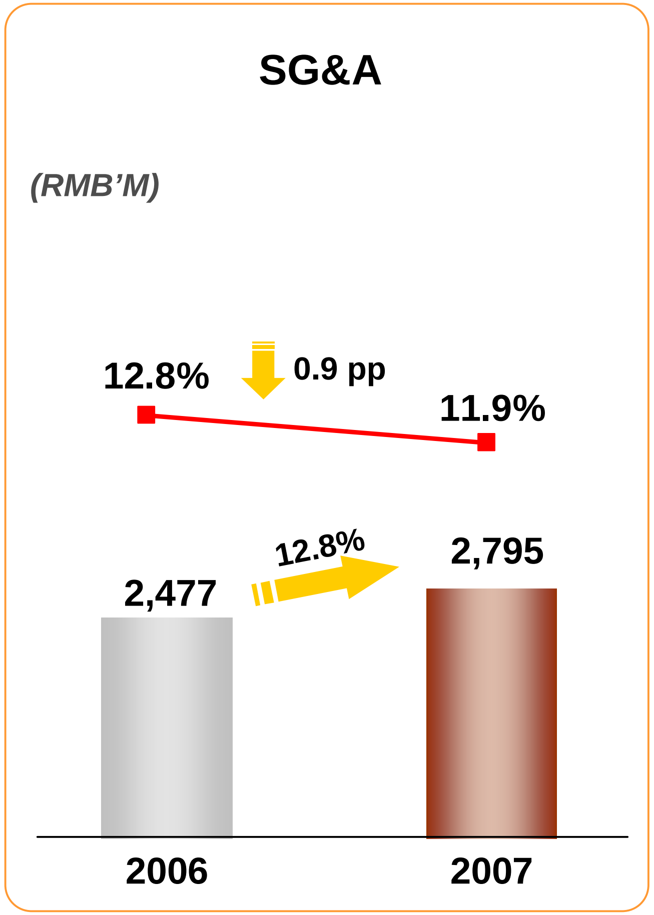


(1) Net profit margin and ROE exclude the effects of deficit on revaluation of property, plant and equipment of RMB135 million in 2006

(2) Pursuant to our IPO in December 2006, the weighted average number of shares used in the EPS calculation in 2006 and 2007 are 4,057,643 thousands shares and 5,444,986 thousands shares, respectively.

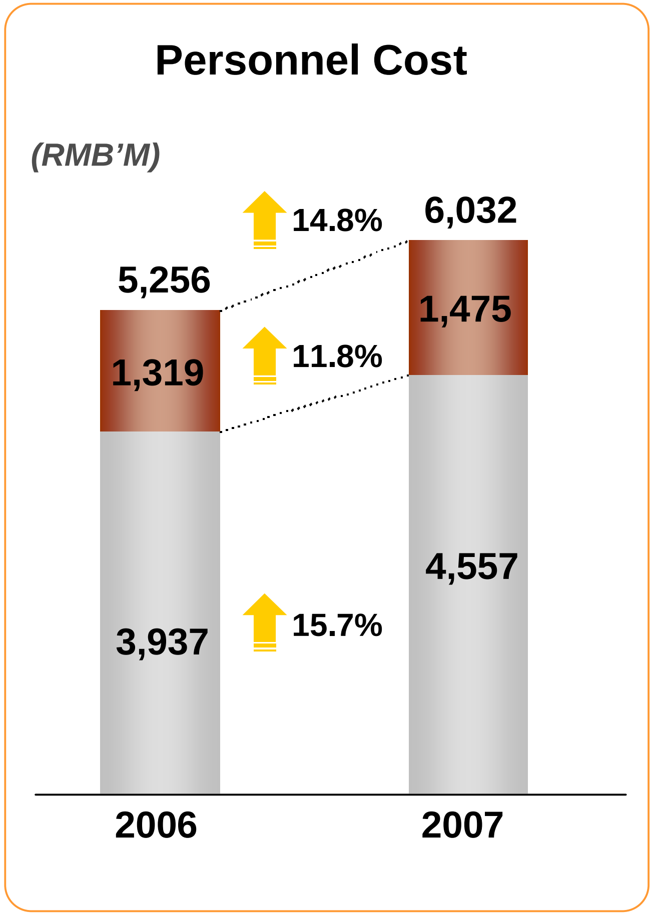
Major Costs

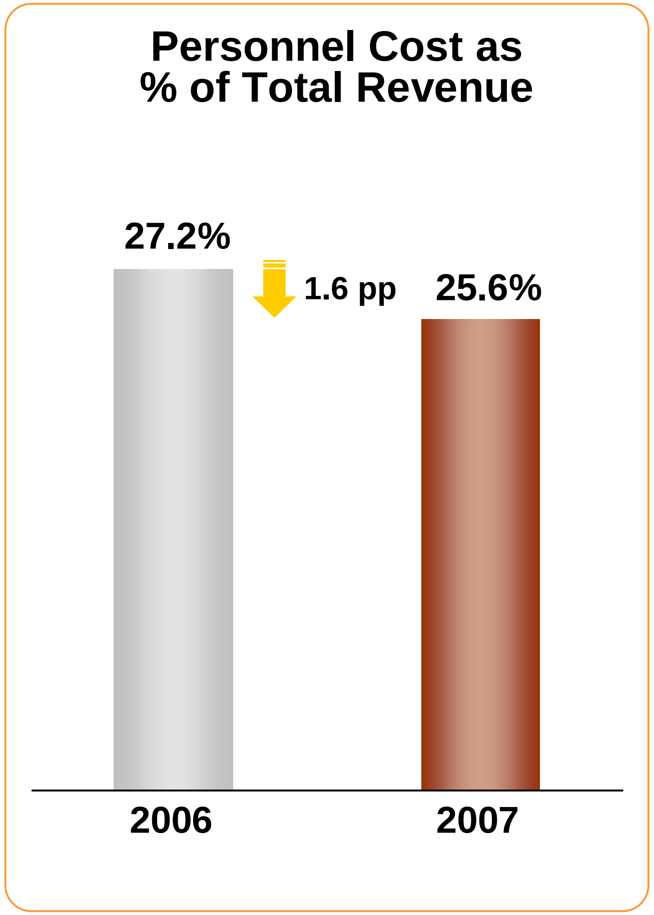




As % of total revenue

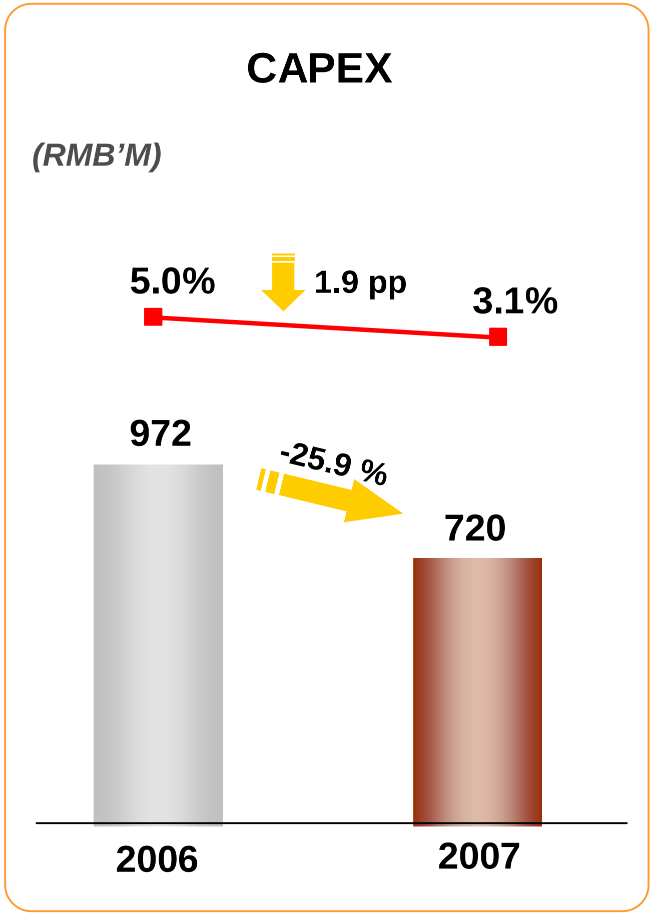
Effective Personnel Cost Control

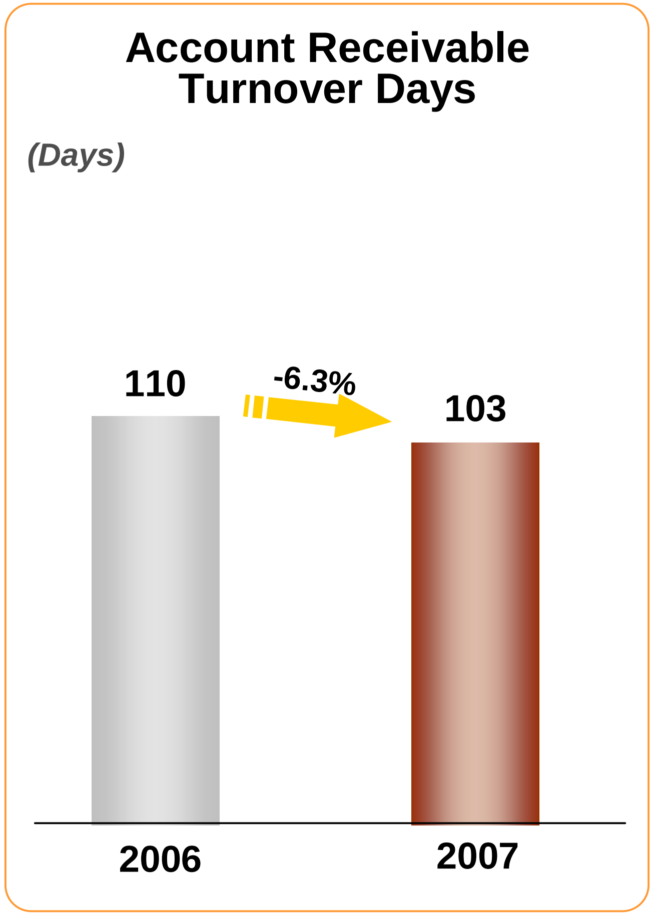




Staff Cost in SG&A
Direct Personnel

CAPEX and Working Capital Management





As % of total revenue

Financial Position

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(RMB'M)	2006	2007
Total assets	**21,292**	**21,840**
Cash & cash equivalents	8,164	6,632
Total liabilities	**8,928**	**12,202**
Total debt	171	2,561
Total liabilities/Total assets	**41.9%**	**55.9%**
Debt to capitalization ratio	**1.4%**	**21.1%**

Strengthen Financial Management

- **Focus on customer service and market expansion; optimize resources allocation**
- **Optimize capital structure and strengthen cash management**
- **Enhance financial management, comprehensive budget management and performance appraisal system**
- **Strengthen risk management and improve corporate governance**

Enterprise Value

Thank You

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Forward-looking Statements

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