



**中国通信服务**  
**CHINA COMSERVICE**

**CHINA COMSERVICE ANNOUNCES 2008 ANNUAL RESULTS**

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**CAPTURED OPPORTUNITIES TO REALIZE SUSTAINABLE GROWTH**

**Financial Highlights (audited)**

<b>For the year ended 31 December</b>	<b>2007</b>	<b>2008</b>	<b>Growth</b>
Revenues (RMB million)	<b>23,538.38</b>	<b>32,470.57</b>	<b>37.9%</b>
Gross Profit (RMB million)	<b>4,064.75</b>	<b>5,300.84</b>	<b>30.4%</b>
Profit attributable to shareholders (RMB million)	<b>1,167.25</b>	<b>1,316.27</b>	<b>12.8%</b>
EPS (RMB)	<b>0.214</b>	<b>0.232</b>	<b>8.4%</b>

(Hong Kong, 2 April 2009) — **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 2008.

During the review period, the Company recorded revenue of RMB 32,470.57 million, representing an increase of 37.9% over last year. Profit attributable to shareholders was RMB 1,316.27 million, an increase of 12.8% from 2007. Basic earnings per share was RMB 0.232. By strengthening working capital management and adopting a prudent capital expenditure policy, the free cash flow amounted to RMB 1,271.12 million, maintained a sound position. The Board of Directors recommended a final dividend of RMB 0.0913 per share for the year ended 31 December 2008.

Mr. Zhang Zhiyong, President of the Company said “The rapid growth in revenues was mainly driven by the increase in revenue from telecommunications operators in the second half of the year and the integration synergies achieved after the acquisition of China International Telecommunications Construction Corporation (“CITCC”). After the formal announcement of telecommunications industry restructuring, our three major operator customers increased their capital expenditure in mobile networks during the year and expanded their scale of non-core businesses outsourcing. In 2008, revenues from our three major operator customers was RMB 21,695.55 million, an increase of 44.8% over the same period last year, representing 66.8% of our total revenues. Of which, revenue from China Telecom was up by 38.0%, and revenue from China Mobile and China Unicom

together was up by 67.6%, representing 49.0% and 17.8% of total revenues respectively. Revenue from the government agencies and corporate customers was up by 26.0%, representing 33.2% of total revenues.”

### **Telecommunications Infrastructure Services**

Revenue from telecommunications infrastructure services was RMB 15,329.46 million, an increase of 38.2% over the same period last year, representing 47.2% of total revenues. Of which, revenues from design services, construction services and project supervision and management services were increased by 30.0%, 40.2% and 44.6% respectively. As the telecommunications industry restructuring proposal was finalized and the PRC government’s policy for granting 3G licenses became clearer, telecommunications operators began to increase their investments in network construction and optimization, providing tremendous opportunities to the Company. Through timely response to telecommunications operators’ demand, and the provision of strong business support, revenue of telecommunications infrastructure services achieved substantial growth.

### **Business Process Outsourcing Services**

Revenue from business process outsourcing services was RMB 13,288.37 million, an increase of 41.9% over the same period last year, representing 40.9% of total revenues. Among the businesses, revenue from network maintenance increased by 49.4%. It was mainly due to the increase of network capacity of the operators and their continuous progress in network maintenance outsourcing. Revenue from distribution of telecommunications services and products increased by 47.4%, mainly benefited from the strong growth in demand for telecommunications machinery and terminals by telecommunications operators. During the year, the Company further adjusted and optimized the business structure of the distribution of telecommunications services and products, and achieved successful results.

### **Applications, Content and Other Service**

Revenue from applications, content and other service was RMB 3,852.74 million, representing an increase of 25.1% over the same period last year, accounted for 11.9% of total revenues. Among the business, revenue from IT applications service increased by 29.2% and revenue from voice VAS service increased by 77.5%. The growth in these businesses was mainly attributable to the active expansion of businesses such as system integration to cope with the demand for informationization from government agencies and corporate customers, and gradual implementation of call centre service outsourcing by telecommunications operators. In 2008, the Company further integrated the Internet services in order to enhance its operational efficiency.

In 2008, the Company completed the acquisition of CITCC and obtained nationwide business coverage. In addition, the acquisition laid a good foundation for our further expansion in overseas markets and the realization of economies of scale and synergies. After the acquisition, the Company steadily propelled the integration of risk control, financial management, operational analysis and corporate operations, which led to the optimization of the organizational structure of CITCC and an obvious improvement in its operational efficiency. After completion of the acquisition on 30 May, revenue and net profit contributed by CITCC to the Company in 2008 amounted to RMB 1,689.60 million and RMB 41.10 million respectively, driving revenue growth and net profit growth of the Company by 7.1 and 3.6 percentage points respectively.

The Company actively expanded our overseas markets in 2008. We started to act as the principal contractor for larger-scale projects in certain regions such as Africa, including the nationwide optical fiber transmission

network in Congo (K). In 2008, revenues from overseas markets increased by more than 50 % over the same period last year. In future, the Company will focus on expansion in the markets of Africa, the Middle East, Latin America, Hong Kong, Macau and Southeast Asia, and actively undertake overseas projects as principal contractor.

Mr. Li Ping, the Chairman of the Company said: “2009 is a year full of opportunities and challenges. The international financial crisis led to the slowdown of global economic slowdown, and the domestic telecommunications industry began to show signs of dampening growth in the second half of 2008. This is expected to continue as the macroeconomic environment continues to negatively impact on market demand in the telecommunications industry. There will be changes in the competitive landscape following industry restructuring, and uncertainties in regulatory policy governing the industry will also emerge. However, we believe that the opportunities thrown up in these times will outweigh the challenges. With our excellent management team, professional staff members and years of industry experience, we are confident that we, as the “service provider for telecommunications, media and technology companies”, are well positioned to achieve our mission of being customer-oriented, maintaining excellent operations, allocating our resources efficiently, demonstrating innovative leadership and bringing maximized returns to our shareholders.”

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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 spanning from design, construction to project supervision and management, business process outsourcing services, IT applications, Internet services and value-added voice services. Its shareholders include China Telecommunications Corporation, China Mobile, China Unicom as well as CISCO, IBM and Blackstone. 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](http://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.