



中国通信服务
CHINA COMSERVICE

CHINA COMSERVICE ANNOUNCES 2009 INTERIM RESULTS

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**CAPTURED INDUSTRY DEVELOPMENT OPPORTUNITIES
LAID SOLID FOUNDATION FOR SUSTAINABLE GROWTH**

Financial Highlights (Unaudited)

	For the six months ended 30 June		Growth
	2008	2009	
Revenues (RMB million)	13,867	18,263	31.7%
Gross Profit (RMB million)	2,174	2,854	31.3%
Profit attributable to shareholders (RMB million)	569	758	33.3%
EPS (RMB)	0.102	0.131	28.4%

(Hong Kong, 1 September 2009) — **China Communications Services Corporation Limited** (“China Comservice” or the “Company”)(HKSE code: 552), today announced its unaudited interim results for the six months ended 30 June 2009.

In the first half of 2009, the Company recorded revenues of RMB18,263 million, representing a growth of 31.7% over the same period last year. Cost of revenue was RMB15,409 million, increased 31.8% over the same period last year. Gross profit grew by 31.3% over the same period last year to RMB2,854 million. Profit attributable to shareholders grew by 33.3% over the same period last year to RMB758 million. Basic earnings per share were RMB0.131. Since the beginning of the second half of last year, domestic telecommunications operators have significantly increased its investment in network. As a result, the Company’s business volume recorded a significant increase. With the rapid growth of the Company’s business volume, the Company recruited temporary workers and outsourced part of its low-end businesses to cope with the increase in workload, and direct personnel costs and subcontracting charges increased accordingly. During the review period, the Company continued to push forward centralized cash management, and achieved progress for improving cash utilization efficiency. By repaying part of the bank loans from with funds made available through the centralized cash management system, the net financing expense decreased by 39.5% over the same period last year.

Mr. Li Ping, Chairman of the Company said “In the first half this year, despite the international financial crisis continuing to entwine and the obvious slowdown of development in the domestic telecommunications industry, we were able to achieve rapid growth in both its revenue and profits by implementing our established strategies effectively and grasping the precious opportunities brought by the increases in network investments by domestic telecommunications operators after industry restructuring and the issuance of 3G licence. We also continued to attain further progress in areas such as external acquisition, internal integration and capability enhancement, thereby laying a strong foundation for our future development.”

Telecommunications Infrastructure Services

In the first half of 2009, revenue from telecommunications infrastructure services was RMB8,771 million, an increase of 48.8% over the same period last year, representing 48.0% of total revenues. In the first half year, the Company continued its proactive market development strategy and quickly responded to the needs of the three telecommunications operator customers regarding network construction, especially in 3G network construction. Revenue from telecommunications infrastructure services contributed by the Company’s three telecommunications operator customers increased by 56.4% over the same period last year. At the same time, the Company also captured the opportunities provided by the growth of government investment in public infrastructural facilities and undertook construction projects in communications and information facilities, such as subways, highways and the Shanghai World Expo Park etc. As such, revenue from the telecommunications infrastructure services contributed by customers other than the Company’s three telecommunications operator customers also achieved a growth of 27.5%.

Business Process Outsourcing Services

In the first half of 2009, revenue from business process outsourcing services was RMB7,764 million, an increase of 23.6% over the same period last year, representing 42.5% of total revenues. Among the businesses, maintenance business mainly benefited from the operators’ expanding network scale and increasing proportion of network maintenance outsourcing, and recorded a robust growth of 68.9%. Due to the gradual launch of 3G services by telecommunications operators, the businesses on terminal sales and logistics services also increased accordingly, and revenue from distribution of telecommunications services and products increased by 17.1% over the same period last year.

Applications, Content and Others

Revenue from applications, contents and other services was RMB1,728 million, an increase of 2.3% over the same period last year, representing 9.5% of total revenues. During the first half of 2009, the Company followed the plan in progress towards the cooperation with strategic partners and continued to enhance the Company’s core service capabilities and brand value.

In the first half year, the Company fully implemented a proactive market development plan, focused on the needs of telecommunications operators in massive 3G network construction and full-services operations. Revenue from the three telecommunications operator customers reached RMB11,557 million, an increase of 44.5% over the same period last year. Among the revenue from the Company’s three telecommunications

operator customers, revenue from China Telecom increased by 35.1%, and revenue from China Mobile and China Unicom increased by 68.1%, accounted for 20.9% of total revenues, an increase of 4.5 percentage points over the same period last year, which demonstrated a favorable result in market development and further optimized revenue structure.

In the first half of 2009, the Company's projects in which we acted as the principal contractors in the overseas market were executed smoothly, with revenue from overseas reaching RMB595 million, doubling that of the same period last year. The Company deepened cooperation with equipment vendors, operators and domestic financial institutions, complementing each other's advantages, supporting one another and developing overseas markets together. On top of the outsourcing projects, the Company will focus on joint tenders with equipment vendors so as to jointly explore and develop large-scale projects in which we will act as principal contractor. The Company will strive to control risks, rationalize resource allocation and continue to make progress in the overseas development strategies.

In the first half of 2009, the Company completed the acquisitions of the 51% equity interests in Guoxin Lucent Technologies Network Technologies Co., Ltd., 95.945% equity interests in Shanghai Tongmao Import & Export Co., Ltd. and 40% equity interests in Shenzhen Telecom Engineering Co. Limited (the "Acquisitions"). The Acquisitions facilitated the further integration and enhancement of its current businesses on comprehensive logistic services and the development of operation support system, enabling the Company to provide more premium and comprehensive services to its customers.

Looking forward, Mr. Li Ping, Chairman of the Company, said: "We see clearly the opportunities and challenges ahead. Currently, there are signs of gradual recovery in the macroeconomic environment, but the upward trend is not yet stable. The development momentum of the domestic telecommunications industry is still slow, and objectively speaking, there are cyclical fluctuations in the network investment scale by operators. All the above will bring challenges to the Company in our future development. On the other hand, we also envisage that operators' demands in such areas as network maintenance and optimization, product and service distribution, and value-added business development are sustainable. The evolution of technologies and the ever-emerging new models in the telecommunications industry will continue to provide new opportunities to us. With the continuous enhancement of national informatization, our positioning as the "service provider for telecommunications, media and technology companies" shall allow us to reap the benefits of the overall national economic development and establish a sustainable momentum for development. In future, the Company will continue to focus on the operator market to solidify our industry leading position. We will also strive to develop the markets of government agencies and corporate customers as well as overseas markets, so as to achieve further breakthrough."

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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 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.