

Chairman's Statement



Dear Shareholders,

2007 was the first year after the Company's listing in Hong Kong, and also a year the Company continued its sustained, stable and healthy development. Through effective implementation of established business development strategies, we made notable achievements in our operations and significantly improved our management efficiency during the period under review. We have completed the acquisition of the businesses providing specialized telecommunications support services in 13 provinces (municipality and autonomous regions) from our parent company, and announced the acquisition of China International Telecommunications Construction Corporation ("CITCC") in April 2008, to further enhance our core competitiveness and market leading position as well as lay a solid foundation for maintaining a leadership status in the telecommunications industry that is full of opportunities in future.

Business Review

In 2007, the Company continued to infiltrate the customer-oriented service culture into its operations, and established a customer-focused sales and marketing system, providing neutral, professional and integrated support services to customers. The business revenue recorded rapid growth, and revenue structure was further optimized. In 2007, profit attributable to equity shareholders/owner was RMB1,167.25 million, representing a year-on-year growth of 42.9%, and the earnings per share were RMB0.214. Taking into consideration the Company's financial condition, cash flow and future business development, the Board of Directors (the "Board") proposed to pay a final dividend of RMB0.0682 per share for the financial year ended 31 December 2007.

Acquisition and Integration

Combining organic growth and external expansion is one of our long-term development strategies. In August 2007, the Company completed its acquisition from its parent company, China Telecommunications Corporation, of the businesses of specialized telecommunications support services in 13 provinces (municipality and autonomous regions). This strategic acquisition has extended our primary service area to 19 provinces. After completion of the acquisition, the Company accelerated the internal integration of the newly acquired subsidiaries so as to expedite the realization of synergies and enhancement of operational efficiency. On 3 April 2008, the Company announced the acquisition of CITCC, completion of which is conducive to the

realization of a nationwide operational scale. The Company will become the largest enterprise in the domestic telecommunications construction sector, and our leading position in the telecommunications support service industry will be further strengthened.

Corporate Governance

In 2007, the Company further improved its corporate governance structure. With reference to the internationally recognized COSO internal control management framework, the Company further improved its internal control and risk management systems to enable the effective implementation of its existing strategies. Our Board and specialized board committees have strictly complied with the relevant laws, regulations and procedures in the acquisition of businesses from our parent company to ensure major decisions were sound and independent, and thereby effectively protecting the interests of the public shareholders.

Corporate Social Responsibility

As the leader in China telecommunications support services sector, the Company is not only concerned about its business development but also emphasizes the social responsibility of the enterprise. In January 2008, various provinces in Southern China suffered a rare snowstorm. Under coordination of the headquarter, the Company set up cross-regional emergency teams on provincial basis, mobilized the manpower and materials to support telecommunications operators on their emergency repair of network, played a proactive role on the restoration and reconstruction of the communications facilities after the disaster, and established a good corporate image.

Future Outlook

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 services 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 high efficiency on operations and resources allocation, promoting a win-win situation for both the customers and the Company.

In over a year's time, I am very pleased to see that our business development and operations have been running in a more mature way. To further enhance the Company's operational independency and its neutrality on business development, I will resign from my position as the Chairman and non-executive director pursuant to the approval of the Board today, and will be appointed as the Honorary Chairman of the Company. Mr. Li Ping, our Vice Chairman will be appointed as the Chairman.

It's my honor to be the first Chairman of the Company and I would like to express my sincere appreciation to the Board, the management and all staff for their hard work in creating a good performance result in the past year. I firmly believe that Mr. Li Ping, with his extensive industry experiences and excellent leadership, together with the original Board members and newly appointed directors, Mr. Zhang Zhiyong and Mr. Yuan Jianxing, and other members of the management, will continue to lead the Company, as always, and achieve excellent results to maximize return for shareholders!

Finally, on behalf of the Board, I would like to express my gratitude to all shareholders and customers for their unwavering trust and support for the Company.



Wang Xiaochu
Chairman

Beijing, PRC
8 April 2008