



中国通信服务
CHINA COMSERVICE

CHINA COMSERVICE ANNOUNCES 2009 ANNUAL RESULTS

* * * *

**ACHIEVED STRONG OPERATING RESULTS
STRIVING FOR EXCELLENCE**

Financial Highlights (audited)

For the year ended 31 December	2008	2009	Growth
Revenues (RMB million)	33,005.37	39,499.45	19.7%
Gross Profit (RMB million)	5,373.00	6,371.94	18.6%
Gross Profit Margin (%)	16.3%	16.1%	-0.2pp
Profit attributable to shareholders (RMB million)	1,326.77	1,598.59	20.5%
EPS (RMB)	0.233	0.277	18.9%
DPS (RMB)	0.0913	0.1108	21.4%

(Hong Kong, 30 March 2010) — **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 2009.

In 2009, the Company recorded revenues of RMB39,499 million, representing a year-on-year growth of 19.7%. Costs of revenues amounted to RMB33,127 million, representing a year-on-year growth of 19.9%. Gross profit margin was 16.1%, maintaining a similar level with last year. Profit attributable to equity shareholders amounted to RMB1,599 million, representing a year-on-year growth of 20.5%. Basic earnings per share were RMB0.277. Through strengthening working capital management and adopting a prudent strategy in capital expenditure, free cash flow for the year amounted to RMB1,207 million.

Having considered the interests of, and return to our shareholders, and the funding requirements of the Company’s long-term development, the Board of Directors has proposed to pay a final dividend of RMB0.1108 per share for the financial year ended 31 December 2009, representing a year-on-year growth of 21.4%.

Telecommunications Infrastructure Services

In 2009, the Company's revenue from telecommunications infrastructure services was RMB19,289 million, representing a year-on-year growth of 25.8%, accounted for 48.8% of the total revenues. The favorable revenue growth was mainly attributable to the increased investments in 3G network construction and optimization by the three telecommunications operators, increased investments in urbanization and informatization construction by the government, and our aggressive efforts to expand business in overseas markets.

Business Process Outsourcing Services

In 2009, the Company's revenue from business process outsourcing services was RMB15,943 million, representing a year-on-year growth of 16.0%, accounted for 40.4% of the total revenues. Among which, revenue from maintenance service was RMB3,484 million, representing a strong growth of 47.8%. The rapid growth in revenue was mainly benefited from the strong demand of ongoing operational support services following network construction of the telecommunications operators and the increasing trend towards outsourcing services. Moreover, by exercising effective control in the development of the distribution business which has a lower profit margin, there was a positive contribution to keeping our overall gross profit margin stable.

Applications, Content and Other Services

In 2009, the Company's revenue from applications, contents and other ("ACO") services was RMB4,267 million, representing a year-on-year growth of 8.5%, accounted for 10.8% of the total revenues. In 2009, the Company continued to accelerate the development of ACO services, strengthened internal integration and external co-operation, and strived to improve its core competitiveness. The Company and Accenture International Sarl recently established a joint venture, China Communication Service Application Solution Technology Co. Ltd., to jointly develop business in the domestic IT market. In future, the Company will continue to identify suitable acquisition opportunities, and strive to capture opportunities to accelerate its development.

In 2009, the Company quickly responded to the network construction demands of the three telecommunications operators, with revenues from those customers achieving a year-on-year growth of 26.3%. In 2009, the three telecommunications operators invested tremendously in 3G network construction, and the subsequent demand for services, including network capacity expansion, optimization, maintenance and content applications etc. is expected to continue. Furthermore, industry development and technology evolution will bring new business opportunities for the improvement and upgrade of broadband networks. While revenue from telecommunications operators grew stably, contributions from government agencies and corporate customers to the Company became more and more significant. In 2009, in accordance with the State's policy of stimulating domestic demand, the Company captured the opportunities of the country's urbanization construction and informatization construction of government agencies and corporate customers and provided them integrated services such as communications network consulting, design, construction and maintenance, and achieved favorable growth in revenues from government agencies and corporate customers.

Overseas markets expansion is one of our long-term development strategies. In 2009, the Company implemented proactive overseas market expansion strategies, further improved our mechanism in overseas market expansion, strengthened the management in overseas platforms and co-ordination and interaction of front-end and back-end operation, and set up co-operative mechanisms with telecommunications equipment vendors, telecommunications operators, large-scale state-owned enterprises and national financial institutions for the purpose of complementing our mutual strengths, sharing resources and jointly developing overseas markets. In 2009, overseas revenues achieved a substantial year-on-year growth of 82.3%, representing 3.3% of the Company's overall revenues. At present, the Phase I of the nationwide optical fiber transmission network projects in Congo (K) and Tanzania have been completed. Phase II of the project has already commenced in Congo (K) and several strategic projects are in the pipeline. The Company expects that contributions of overseas revenues to overall revenues will continue to increase significantly over the coming years.

Mr. Li Ping, Chairman of the Company said, "Throughout more than three years since our listing in the end of 2006, through the enormous efforts of the whole Company, we have been able to sustain healthy business growth with expanding market share and continued enhancement in operating results, laying a solid foundation for our sustained, rapid and healthy development in the future. Looking forward, macro-economic environment in the PRC continue to be optimistic, and potential in both domestic and overseas markets is expected to expand further. With telecommunications operators' full service integrated operations, convergence of the three networks, the emergence of Cloud Computing and Internet of Things and escalating demand for mobile Internet applications, there will be tremendous opportunities provided to the Company for our future development. Entering 2010, we will adhere to our defined development strategy, optimize the resource allocation, speed up the overseas development, enhance our core capabilities and drivers for innovation. Our goal is to establish ourselves as an enterprise delivering excellent results through high efficiency and outstanding core competitiveness."

– End –

About China Comservice (HKSE code:552)

China Communications Services Corporation Limited ("China Comservice") is a service provider for telecommunications, media and technology companies, and also the largest telecommunications infrastructure service group in the PRC. As 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 and China Unicom. The Company has developed a strong customer base, which includes telecommunications operators, telecommunications equipment manufacturers and other large corporations. In 2009, China Comservice was ranked as one of "China's Most Promising Companies 2009" by the authoritative international financial magazine, The Asset.

For further information, please browse the Company's website at: www.chinaccs.com.hk

For press enquiries:

Investor Relations Department

Mr. Terence Chung

Ms. Monica Qi

Tel : (852) 3699 0000

Fax: (852) 3699 0120

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.