

Chairman's Statement



Dear shareholders,

In 2006, our Company successfully completed its restructuring and was successfully listed on the Main Board of the Hong Kong Stock Exchange. The great success of our initial public offering (the “IPO”) and the favourable performance of our share price fully reflects the confidence of the capital markets in our business model and future prospects.

Our restructuring and IPO facilitated substantial changes within the Company, which consolidated our leadership position in the telecommunications support services market in China and enabled our Company to capture the business opportunities presented by the dramatic growth of our industry. Our Company achieved favourable results with stable revenue growth and improved operational efficiency in 2006. We are confident that our distinct business strategies, excellent execution capabilities, comprehensive resources and outstanding staff will enable our Company to maintain a sustainable, healthy growth in future.

In 2006, our Company established a sound corporate governance structure, perfected its management systems, implemented the integration of our business and resources, enhanced and improved our knowledge management and our efforts in human resources development, hence reinforcing our core competitiveness and providing a solid foundation for the continued improvement and optimization of our integrated one-stop services business model.

Our high quality shareholder base and strong shareholder support guarantee the sustainable growth of our business. Our major customers, China Telecommunications Corporation, China Mobile Communications Corporation and China United Telecommunications Corporation are also our key shareholders and this will beneficially facilitate our Company's further expansion of our market share in our industry. We will actively work with leading operators in the Chinese telecommunications sector to explore new business areas, including the development of innovative new products and services. At the same time, we have also established a close partnership with Cisco, one of our strategic shareholders, and other equipment suppliers to develop new business solutions for our customers.

With reference to international best practices, we established a sound Board structure. We invited reputable professionals with extensive knowledge and management experience in the fields of telecommunications, finance, commerce and academia to join our Board. We also established five specialised Board committees comprising independent non-executive directors of the Company to ensure major strategic decisions of the Company are sound and independent. We believe that a sound Board structure will effectively safeguard the interests of our public shareholders.

While making great endeavours to realize our organic growth, we are also actively looking for opportunities for external growth. Pursuant to the non-competition undertaking with our parent company, China Telecommunications Corporation, we have a priority right to acquire its quality assets for telecommunications support services. Through cross-regional and cross-market business integration of such specialized companies to be acquired, we will be able to further enhance our core competitiveness.

In 2007, we will seize business development opportunities to facilitate the sustainable and steady development of the Company and maximize shareholder value. We will also continue to shape a fresh and highly energetic corporate culture which can maximize and consolidate the enthusiasm and creativity of all employees and to closely link the efforts of each employee with the success of the Company. At the same time, as a market leader, we will continue to place emphasis on social responsibility, environmental protection and contribution to the community.

We have full confidence for the future. We believe that China's strong economic growth will provide unlimited business opportunities and the favourable prospects of our industry will provide our Company with substantial room for development and growth. Leveraging our well-established customer relationships, our unique business model, our outstanding staff teams, and our close cooperation with our strategic investors, we believe that we can create higher returns for our shareholders and society through the unified efforts of the Board and our employees.

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



Wang Xiaochu
Chairman

Beijing, PRC
17 April 2007