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**中国通信服务**  
CHINA COMSERVICE

**中國通信服務股份有限公司**

**CHINA COMMUNICATIONS SERVICES CORPORATION LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 552)**

**ANNOUNCEMENT  
PURSUANT TO RULE 13.09(1) OF THE LISTING RULES  
PROPOSED RIGHTS ISSUE OF DOMESTIC SHARES AND H SHARES**

The Board is pleased to announce that it has resolved on 30 March 2011 to seek the approval of the Shareholders as well as the relevant authorization for the Rights Issue. The Rights Issue will consist of the issuance of both the Domestic Rights Shares and the H Rights Shares with the proceeds from the Rights Issue to be used for the Group's overseas expansion as well as the continuing development of non-telecommunications operator businesses in our domestic markets, potential acquisition of strategic assets and joint venture opportunities, the Group's operations center and investment in research and development and related infrastructure and general corporate purposes.

The Rights Issue will be conducted on the basis of up to four (4) Rights Shares for every ten (10) existing Shares, on the same basis for the Domestic Shares and the H Shares, subject to final determination by the Board or any other person authorized by the Board prior to the Rights Issue through consultation with underwriters having regard to the market conditions and pursuant to the authorization by the Shareholders at the EGM. The Subscription Price is expected to be determined by the Board or any other person authorized by the Board in consultation with underwriters on the Price Determination Date based on a discount to market trading prices of the H Shares having regard to prevailing market conditions at the time, including but not limited to, the trading prices of the H Shares in the secondary market, provided that the Subscription Price will not be lower than the most recent audited net asset value per Share before the Rights Issue as determined by a domestic auditor in accordance with PRC GAAP. The closing price of the H Shares as at the Latest Practicable Date was HK\$5.38.

On the basis of 5,771,682,000 Shares (comprising 3,778,831,800 Domestic Shares and 1,992,850,200 H Shares) in issue as at the Latest Practicable Date and assuming no change in the issued share capital of the Company between the Latest Practicable Date and the Record Date, the Company expects to allot and issue, on the assumption of up to four (4) Rights Shares for every ten (10) existing Shares, no more than 2,308,672,800 Rights Shares (comprising 1,511,532,720 Domestic Shares and 797,140,080 H Shares) in total. It is currently expected that the gross proceeds of the Rights Issue will be not more than RMB6 billion. The final amount of gross proceeds shall be determined based on the actual Subscription Price and the number of Rights Shares to be issued at the time of the Rights Issue.

The Rights Issue will be subject to, among other things, the approval of the Shareholders at the EGM, the approval of the Domestic Shareholders at the Domestic Shareholders Class Meeting and the approval of the H Shareholders at the H Shareholders Class Meeting. A circular containing the notices convening the EGM and the H Shareholders Class Meeting will be dispatched to the Shareholders as soon as practicable in accordance with relevant provisions of the articles of association of the Company.

The Company intends to proceed with the H Share Rights Issue on a fully underwritten basis in accordance with Rule 7.19(1) of the Listing Rules. Under PRC laws, there is no requirement that the Domestic Share Rights Issue be fully underwritten. Qualified Domestic Shareholders may apply for any Domestic Rights Shares provisionally allotted to the Qualified Domestic Shareholders but not accepted.

Prior to the commencement of the Rights Issue, the Company will make a further announcement and issue the H Share Rights Issue Prospectus, which will contain relevant details of the Rights Issue, including the definitive basis on which the Rights Shares are to be offered, the maximum number of Rights Shares to be issued, the Subscription Price, the period of closure of the register of Shareholders and the Record Date, trading arrangements of the H Rights Shares, the arrangements for excess Rights Shares, the underwriting arrangements and the expected timetable of the Rights Issue.

**The H Share Rights Issue is conditional upon the fulfillment of the conditions set out under the section headed “Conditions of the H Share Rights Issue”. If the conditions are not fulfilled, the H Share Rights Issue will not proceed. Shareholders and investors are advised to exercise caution when dealing in the H Shares.**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that it has resolved on 30 March 2011 to seek the approval of the Shareholders as well as the relevant authorization for the Rights Issue. The Rights Issue will consist of the issuance of both the Domestic Rights Shares and the H Rights Shares with the proceeds from the Rights Issue to be used for the Group’s overseas expansion as well as the continuing development of non-telecommunications operator businesses in our domestic markets, potential acquisition of strategic assets and joint venture opportunities, the Group’s operations center and investment in research and development and related infrastructure and general corporate purposes.

The proposed H Share Rights Issue shall be conditional upon, among other things:

- (i) Shareholders' approval by a special resolution at the EGM, Domestic Shareholders' approval by a special resolution at the Domestic Shareholders Class Meeting and H Shareholders' approval by a special resolution at the H Shareholders Class Meeting in accordance with relevant provisions of the articles of association of the Company; and
- (ii) the approval of the CSRC, the SASAC and other relevant regulatory authorities for the Rights Issue.

Please see the section headed "Conditions of the H Share Rights Issue" below for further details.

## **PROPOSED RIGHTS ISSUE**

The Rights Issue will comprise an offer of the Domestic Rights Shares to Qualified Domestic Shareholders and an offer of the H Rights Shares to Qualified H Shareholders on the preliminary terms set out below.

It is currently expected that the gross proceeds of the Rights Issue will be not more than RMB6 billion. The final amount of gross proceeds shall be determined based on the actual Subscription Price and the number of Rights Shares to be issued at the time of the Rights Issue.

### **Details of the Proposed Rights Issue of Domestic Shares and H Shares**

**Type and Par Value of the Rights Shares:** Domestic Shares and H Shares, with a par value of RMB1.00 per Share.

**Basis of the Rights Issue:** Subject to final determination by the Board or any other person authorized by the Board prior to the Rights Issue through consultation with underwriters having regard to prevailing market conditions at the time and pursuant to the authorization by the Shareholders at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting.

*Domestic Share Rights Issue:* Up to four (4) Domestic Rights Shares for every ten (10) existing Domestic Shares held on the Domestic Share Record Date by the Qualified Domestic Shareholders.

*H Share Rights Issue:* Up to four (4) H Rights Shares for every ten (10) existing H Shares held on the H Share Record Date by the Qualified H Shareholders.

**Number of Shares in Issue as at the Latest Practicable Date:** 5,771,682,000 Shares (comprising 3,778,831,800 Domestic Shares and 1,992,850,200 H Shares).

**Number of Rights Shares  
Proposed to be Issued:**

***Domestic Share Rights Issue:*** On the basis of (i) up to four (4) Domestic Rights Shares for every ten (10) existing Domestic Shares; and (ii) the number of Domestic Shares in issue as at the Latest Practicable Date, the total number of Domestic Rights Shares to be offered in the proposed Rights Issue shall be up to 1,511,532,720 Domestic Shares.

***H Share Rights Issue:*** On the basis of (i) up to four (4) H Rights Shares for every ten (10) existing H Shares; and (ii) the number of H Shares in issue as at the Latest Practicable Date, the total number of H Rights Shares to be offered in the proposed Rights Issue shall be up to 797,140,080 H Shares.

The H Share Rights Issue will proceed on a fully underwritten basis. Under PRC laws, there is no requirement that the Domestic Share Rights Issue be fully underwritten. Qualified Domestic Shareholders may apply for any Domestic Rights Shares provisionally allotted to the Qualified Domestic Shareholders but not accepted.

**Subscription Price for  
the Rights Issue:**

The Subscription Price is expected to be determined by the Board or any other person authorized by the Board in consultation with underwriters on the Price Determination Date based on a discount to market trading prices of the H Shares having regard to prevailing market conditions at the time, including but not limited to, the trading prices of the H Shares in the secondary markets. The closing price of the H Shares as at the Latest Practicable Date was HK\$5.38.

Under applicable PRC laws and regulations, the Domestic Rights Shares and the H Rights Shares shall be issued at not less than RMB2.53, being the latest audited net asset value per Share as stated in the audited consolidated financial statements of the Company as at 31 December 2010 prepared under PRC GAAP (on the basis of the total number of Shares in issue as at 31 December 2010). The subscription prices for the Domestic Share Rights Issue and the H Share Rights Issue shall be the same based on applicable exchange rate.

**Target Subscribers for  
the Rights Issue:**

***Domestic Share Rights Issue:*** All Qualified Domestic Shareholders as determined on the Domestic Share Record Date.

***H Share Rights Issue:*** All Qualified H Shareholders as determined on the H Share Record Date.

**Use of Proceeds:**

All the proceeds raised from the Rights Issue, after deduction of all the relevant expenses, shall be mainly used for the following purposes:

- (i) up to RMB2 billion to be used in the Group's overseas expansion as well as the continuing development of non-telecommunications operator businesses in our domestic markets, including the initial deployment of capital and ongoing financial resources required for our projects, such as the purchase of equipment;
- (ii) up to RMB1.5 billion for potential acquisition of strategic assets and joint venture opportunities;
- (iii) up to RMB1.5 billion for the Group's operations center and investment in research and development and related infrastructure; and
- (iv) up to RMB1 billion for general corporate purposes.

**Arrangements for the Accumulated Undistributed Profits of the Company prior to the Rights Issue:**

Subject to the completion of the Rights Issue, existing Shareholders and new Shareholders alike shall be entitled to share in the undistributed profits of the Company accrued before the completion of the Rights Issue based on their respective shareholding after the completion of the Rights Issue.

**Effective Period of the Resolution:**

The effective period of the resolution on the proposed Rights Issue shall be 12 months starting from the date on which the resolution is approved by the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting.

**FURTHER DETAILS OF THE H SHARE RIGHTS ISSUE****Qualified H Shareholders**

The Company will send the H Share Rights Issue Prospectus to the Qualified H Shareholders (and to the Excluded Shareholders for their information purposes only). To qualify for the H Share Rights Issue, a Shareholder must:

- (i) be registered as an H Shareholder of the Company on the H Share Record Date; and
- (ii) not be an Excluded Shareholder.

The Company will announce before the commencement of the H Share Rights Issue the date by which the H Shareholders must lodge any transfers of existing H Shares (together with the relevant H Share certificates) with the Company's H Share registrar in Hong Kong, in order for the transferee to be registered as an H Shareholder of the Company on or before the H Share Record Date.

## **H Share Record Date**

The H Share Record Date and the trading arrangements for the nil-paid H Rights Shares will be determined by the Board at a later time and once so fixed, a further announcement will be made by the Company. The H Share Rights Issue will proceed only after the Rights Issue has been approved by the Shareholders at the EGM, the H Shareholders at the H Shareholders Class Meeting and the Domestic Shareholders at the Domestic Shareholders Class Meeting and all other conditions to the H Share Rights Issue have been fulfilled. The H Share Record Date will not precede the date of the EGM, the H Shareholders Class Meeting and the Domestic Shareholders Class Meeting or the date on which all relevant PRC governmental and regulatory approvals have been granted to the Company in relation to the proposed Rights Issue.

## **Trading of the H Rights Shares**

Dealings in the H Rights Shares in both nil-paid and fully-paid forms registered with the Company's H Share registrar in Hong Kong will be subject to the payment of stamp duty in Hong Kong. A further announcement will be made by the Company regarding the trading arrangements for the H Rights Shares (in both nil-paid and fully-paid forms) after such arrangements have been finalized by the Board.

## **Status of the H Rights Shares**

The H Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

## **Rights of Overseas Shareholders**

The H Share Rights Issue Prospectus will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong. The Company will make enquiries regarding the feasibility of extending the H Share Rights Issue to the Overseas Shareholders. If, based on advice received from the relevant legal advisers, the Board considers that it is necessary or expedient not to offer the H Rights Shares to certain Overseas Shareholders (that is, those Overseas Shareholders who are the Excluded Shareholders) on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place, the H Share Rights Issue will not be made available to such Overseas Shareholders.

The Company will send copies of the H Share Rights Issue Prospectus to the Excluded Shareholders for their information only, but the Company will not send any provisional allotment letters or excess application forms to the Excluded Shareholders. A further announcement will be made by the Company before the commencement of the H Share Rights Issue in relation to the basis upon which any such Overseas Shareholders are regarded as Excluded Shareholders.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form as soon as practicable after the commencement of the dealings in the nil-paid H Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be divided on a *pro rata* basis to the Excluded Shareholders, provided that the Company will pay individual amounts of more than HK\$100 to the relevant Excluded Shareholders in Hong Kong dollars and will retain individual amounts of HK\$100 or less for its own benefit.

## **Application for Excess H Rights Shares**

Qualified H Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any H Rights Shares provisionally allotted to the Qualified H Shareholders but not accepted.

Application for excess H Rights Shares may be made by completing the excess application form to be dispatched to the Qualified H Shareholders together with the H Share Rights Issue Prospectus and lodging the same with a separate remittance for such excess H Rights Shares. The Board or any other person authorized by the Board will allocate the excess H Rights Shares at its discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots.

## **Conditions of the H Share Rights Issue**

It is expected that the H Share Rights Issue will be conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue by the Shareholders at the EGM;
- (ii) the approval of both the H Share Rights Issue and the Domestic Share Rights Issue at the H Shareholders Class Meeting and the Domestic Shareholders Class Meeting, respectively;
- (iii) the approval of the SASAC for the Rights Issue;
- (iv) the approval of the CSRC for the Rights Issue;
- (v) the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of posting of the H Share Rights Issue Prospectus;
- (vi) the delivery to the Hong Kong Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by law to be filed by and registered with the Registrar of Companies in Hong Kong; and
- (vii) the Domestic Share Rights Issue has become unconditional.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Company or has been satisfied as at the date of this announcement. If the conditions are not fulfilled, the H Share Rights Issue will not proceed.

## **FURTHER DETAILS OF THE DOMESTIC SHARE RIGHTS ISSUE**

### **Qualified Domestic Shareholders**

To qualify for the Domestic Share Rights Issue, a Shareholder must be registered as a Domestic Shareholder of the Company on the Domestic Share Record Date.

## **Domestic Share Record Date**

The Domestic Share Record Date will be determined by the Board at a later time and once so fixed, a further announcement will be made by the Company. The Domestic Share Rights Issue will proceed only after the Rights Issue has been approved by the Shareholders at the EGM, the Domestic Shareholders at the Domestic Shareholders Class Meeting and the H Shareholders at the H Shareholders Class Meeting and all other conditions to the Domestic Share Rights Issue have been fulfilled. The Domestic Share Record Date will not precede the date of the EGM, the H Shareholders Class Meeting and the Domestic Shareholders Class Meeting or the date on which all relevant PRC governmental and regulatory approvals have been granted to the Company in relation to the proposed Rights Issue.

## **Application for the Excess Domestic Rights Shares**

Qualified Domestic Shareholders may apply for any Domestic Rights Shares provisionally allotted to the Qualified Domestic Shareholders but not accepted. The Board or any other person authorized by the Board will allocate the excess Domestic Rights Shares on a *pro rata* basis with reference to the number of excess Domestic Rights Shares being applied for if such applications exceed the total number of the Domestic Rights Shares proposed to be issued but not accepted.

## **Status of the Domestic Rights Shares**

The Domestic Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Domestic Shares then in issue. Holders of fully-paid Domestic Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Domestic Rights Shares. The Domestic Shares are not, and the Domestic Rights Shares will not be, listed on any stock exchanges unless the Domestic Shares and the Domestic Rights Shares are approved by the authorized securities approval authorities of the State Council for listing.

## **Conditions of the Domestic Share Rights Issue**

It is expected that the Domestic Share Rights Issue will be conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue by the Shareholders at the EGM;
- (ii) the approval of both of the Domestic Share Rights Issue and the H Share Rights Issue at the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, respectively;
- (iii) the approval of the SASAC for the Rights Issue; and
- (iv) the approval of the CSRC for the Rights Issue.

None of the above conditions for the completion of the Domestic Share Rights Issue may be waived by the Company or has been satisfied as at the date of this announcement. If the conditions are not fulfilled, the Domestic Share Rights Issue will not proceed.



## **OTHER INFORMATION ABOUT THE PROPOSED RIGHTS ISSUE**

### **Registered Capital and Amendments to the Articles of Association**

As a result of the completion of the Rights Issue, the registered capital of the Company will be increased and certain amendments will be made to the articles of association of the Company in relation to such increase in the registered capital of the Company. The Company will duly comply with the relevant PRC laws and regulations and the requirements as set out under the Listing Rules in respect of such amendments to the articles of association of the Company. Details of such amendments will be provided to the Shareholders in a further announcement to be issued by the Company in due course.

### **Shareholders' Approval for the Rights Issue**

Under applicable PRC laws and regulations and the articles of association of the Company, the following Shareholders' approvals are required for the Rights Issue:

- (i) approval of the Rights Issue (both the Domestic Share Rights Issue and the H Share Rights Issue) by a special resolution passed at the EGM by at least two-thirds of the Shares with voting rights represented by the Shareholders (or their proxies) attending the EGM;
- (ii) approval of the Rights Issue (both the Domestic Share Rights Issue and the H Share Rights Issue) by a special resolution passed at the Domestic Shareholders Class Meeting by at least two-thirds of the Domestic Shares with voting rights represented by the Domestic Shareholders (or their proxies) attending the Domestic Shareholders Class Meeting;
- (iii) approval of the Rights Issue (both the Domestic Share Rights Issue and the H Share Rights Issue) by a special resolution passed at the H Shareholders Class Meeting by at least two-thirds of the H Shares with voting rights represented by the H Shareholders (or their proxies) attending the H Shareholders Class Meeting;
- (iv) approval of the increase in the registered capital of the Company as a result of the completion of the Rights Issue by a special resolution passed at the EGM by at least two-thirds of the Shares with voting rights represented by the Shareholders (or their proxies) attending the EGM;
- (v) approval of the amendments to the articles of association of the Company in relation to the increase in the registered capital of the Company as a result of the completion of the Rights Issue by a special resolution passed at the EGM by at least two-thirds of the Shares with voting rights represented by the Shareholders (or their proxies) attending the EGM; and
- (vi) authorization to the Board (and any Director or senior management member delegated by the Board) to take any action and execute any document as it thinks necessary and fit to effect and implement the Rights Issue (both the Domestic Share Rights Issue and the H Share Rights Issue) by at least two-thirds of the Shares with voting rights represented by the Shareholders (or their proxies) attending the EGM.

Appropriate resolutions will be proposed at the EGM, the H Shareholders Class Meeting and the Domestic Shareholders Class Meeting to obtain such approvals.

## **Underwriting**

The Company intends to proceed with the H Share Rights Issue on a fully underwritten basis in accordance with Rule 7.19(1) of the Listing Rules and such underwriting will be conducted in accordance with the requirements of the Listing Rules. Details of the underwriting arrangement in relation to the H Share Rights Issue will be provided to the Shareholders in a further announcement on the H Share Rights Issue to be issued by the Company in due course.

Under PRC laws, there is no requirement that the Domestic Share Rights Issue be fully underwritten. Qualified Domestic Shareholders may apply for any Domestic Rights Shares provisionally allotted to the Qualified Domestic Shareholders but not accepted.

## **Further Announcement and Issuance of H Share Rights Issue Prospectus in relation to the H Share Rights Issue**

Prior to the commencement of the H Share Rights Issue, the Company will make a further announcement and issue the H Share Rights Issue Prospectus, which will contain relevant details of the Rights Issue, including the definitive basis on which the Rights Shares are to be offered, the maximum number of Rights Shares to be issued, the Subscription Price, the period of closure of the register of H Shareholders and the Record Date, trading arrangements of the H Rights Shares, the arrangements for excess H Rights Shares, the underwriting arrangements and the expected timetable of the Rights Issue.

## **Reasons for the Rights Issue and Use of Proceeds**

All the proceeds raised from the Rights Issue, after deduction of all the relevant expenses, shall be mainly used for the following purposes:

- (i) up to RMB2 billion to be used in the Group's overseas expansion as well as the continuing development of non-telecommunications operator businesses in our domestic markets, including the initial deployment of capital and ongoing financial resources required for our projects, such as the purchase of equipment;
- (ii) up to RMB1.5 billion for potential acquisition of strategic assets and joint venture opportunities;
- (iii) up to RMB1.5 billion for the Group's operations center and investment in research and development and related infrastructure; and
- (iv) up to RMB1 billion for general corporate purposes.

The Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole and the Rights Issue is an appropriate means of raising capital to support the Company's continuing development and business growth.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the Company's current shareholding structure and its proposed shareholding structure upon completion of the Rights Issue (assuming the Rights Issue is conducted on the basis of four (4) Rights Shares for every ten (10) existing Shares with full subscription for the Rights Shares and assuming no change in the issued share capital of the Company between the Latest Practicable Date and the Record Date):

Share Class	Total number of issued Shares before the Rights Issue as at the Latest Practicable Date	Percentage of the total number of issued Shares	Number of Shares to be issued under the Rights Issue	Total number of issued Shares immediately after the Rights Issue	Percentage of the total number of issued Shares immediately after the Rights Issue
H Shares	1,992,850,200	34.53%	797,140,080	2,789,990,280	34.53%
Domestic Shares	3,778,831,800	65.47%	1,511,532,720	5,290,364,520	65.47%
<b>TOTAL</b>	<b>5,771,682,000</b>	<b>100.0%</b>	<b>2,308,672,800</b>	<b>8,080,354,800</b>	<b>100%</b>

The Company did not issue any equity securities in the 12 months immediately preceding the date of this announcement.

### GENERAL

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

### Shareholders' Approvals

It is proposed that the EGM, the H Shareholders Class Meeting and the Domestic Shareholders Class Meeting will be convened on Tuesday, 17 May 2011, to propose resolutions to vote by poll, among other things, to approve the Rights Issue.

### Circular

A circular containing, among other things, the notices convening the EGM and the H Shareholders Class Meeting will be dispatched to the Shareholders as soon as practicable in accordance with relevant provisions in the articles of the association of the Company.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:

“Board”	the board of Directors of the Company
“Company”	China Communications Services Corporation Limited (中國通信服務股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 552)
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Domestic Rights Shares”	the new Domestic Shares proposed to be allotted and issued to the Qualified Domestic Shareholders pursuant to the Domestic Share Rights Issue
“Domestic Share(s)”	domestic ordinary share(s) with a par value of RMB1.00 each in the share capital of the Company
“Domestic Share Record Date”	a date to be determined by the Board or any other person authorized by the Board by reference to which entitlements to the Domestic Share Rights Issue are to be determined
“Domestic Share Rights Issue”	the proposed issue of up to 1,511,532,720 Domestic Rights Shares at the Subscription Price on the basis of up to four (4) Domestic Rights Shares for every ten (10) existing Domestic Shares held on the relevant Domestic Share Record Date
“Domestic Shareholder(s)”	holder(s) of the Domestic Shares
“Domestic Shareholders Class Meeting”	the class meeting of the Domestic Shareholders to be convened on Tuesday, 17 May 2011 to consider and, if thought fit, approve, among other things, the Rights Issue
“EGM”	the extraordinary general meeting of the Shareholders to be convened on Tuesday, 17 May 2011 to consider and, if thought fit, approve, among other things, the Rights Issue
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries

“H Rights Shares”	the new H Shares proposed to be allotted and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue
“H Share(s)”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Share Record Date”	a date to be determined by the Board or any other person authorized by the Board by reference to which entitlements to the H Share Rights Issue are to be determined
“H Share Rights Issue”	the proposed issue of up to 797,140,080 H Rights Shares at the Subscription Price on the basis of up to four (4) H Rights Shares for every ten (10) existing H Shares held on the H Share Record Date
“H Share Rights Issue Prospectus”	the prospectus to be issued by the Company and to be dispatched to the H Shareholders in respect of the H Share Rights Issue containing further details of the H Share Rights Issue
“H Shareholder(s)”	holder(s) of the H Shares
“H Shareholders Class Meeting”	the class meeting of the H Shareholders to be convened on Tuesday, 17 May 2011 to consider and, if thought fit, approve, among other things, the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	Monday, 28 March 2011, being the last practicable date to determine certain information as set forth herein prior to the publication of this announcement
“Overseas Shareholder(s)”	H Shareholders whose name(s) appear on the register of members of the Company on the H Share Record Date and whose registered address(es) is/are in a place outside Hong Kong
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the financial reporting standards of enterprises promulgated by Chinese Accounting Standards Committee under the Ministry of Finance of the PRC and related interpretation bulletins

“Price Determination Date”	the date on which the Subscription Price will be fixed for the purposes of the Rights Issue, being a trading day prior to the date of the announcement in respect of the Rights Issue to be published by the Company
“Qualified Domestic Shareholder(s)”	Domestic Shareholders whose name(s) appear(s) on the register of members of the Company on the Domestic Share Record Date
“Qualified H Shareholder(s)”	H Shareholders whose name(s) appear(s) on the register of members of the Company on the H Share Record Date and who are not Excluded Shareholders
“Record Date”	the Domestic Share Record Date and/or the H Share Record Date
“Rights Issue”	the Domestic Share Rights Issue and the H Share Rights Issue
“Rights Share(s)”	the H Rights Share(s) and the Domestic Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Committee of the State Council
“State Council”	the PRC State Council
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Shares of the Company
“Subscription Price”	the final subscription price for the Domestic Rights Shares and the H Rights Shares to be offered pursuant to the Rights Issue

By order of the Board of  
**China Communications Services Corporation Limited**  
**Li Ping**  
*Chairman*

Beijing, the PRC  
30 March 2011

*As at the date of this announcement, our executive directors are Mr. Li Ping (Chairman), Mr. Zheng Qibao (President), Mr. Yuan Jianxing (Executive Vice President) and Ms. Hou Rui (Executive Vice President and Chief Financial Officer), our non-executive directors are Mr. Liu Aili and Mr. Zhang Junan, and our independent non-executive directors are Mr. Wang Jun, Mr. Chan Mo Po, Paul, Mr. Zhao Chunjun, Mr. Wu Shangzhi and Mr. Hao Weimin.*