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中國通信服務
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)

**PROPOSED H SHARE RIGHTS ISSUE OF 398,570,040 H SHARES
ON THE BASIS OF 2 H RIGHTS SHARES
FOR EVERY 10 EXISTING H SHARES AT HK\$3.19 PER H RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

**PROPOSED DOMESTIC SHARE RIGHTS ISSUE OF 755,766,360 DOMESTIC
SHARES ON THE BASIS OF 2 DOMESTIC RIGHTS SHARES
FOR EVERY 10 EXISTING DOMESTIC SHARES AT RMB2.59
PER DOMESTIC RIGHTS SHARE
PAYABLE IN FULL ON ACCEPTANCE**

**CLOSURE OF THE H SHARE REGISTER
FROM 10 JANUARY 2012 TO 12 JANUARY 2012**

INTRODUCTION

The Company announced on 9 May 2011 and delivered a circular to the Shareholders on 12 May 2011 in relation to the Rights Issue. As described in the poll results announcement published by the Company on 28 June 2011, the resolutions to approve the proposed Rights Issue were duly passed at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting. The Company announced on 19 May 2011 that the SASAC granted its written approval in respect of the Rights Issue. On 6 December 2011, the Company announced that it had received the CSRC's written approval in respect of the Rights Issue.

THE RIGHTS ISSUE

Pursuant to the authorization granted to the Board at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, the authorized persons of the Board have finalized the terms of the Rights Issue. A summary of the major terms of the H Share Rights Issue and the expected timetable of the H Share Rights Issue are set out in this announcement. All H Shareholders whose names appear on the H Share Register at the close of business on the H Share Record Date who are not Excluded Shareholders will be entitled to the Nil Paid H Rights. However, the Provisional Allotment Letters and the Excess Application Forms will not be sent to the Excluded Shareholders and only the Qualified H Shareholders can subscribe for the H Rights Shares pursuant to the terms of the H Share Rights Issue. The last day of dealings in the H Shares on a cum-rights basis will be 5 January 2012 and the H Shares will be dealt with on an ex-rights basis from 6 January 2012. To qualify for the subscription of the H Rights Shares, an H Shareholder must be a Qualified H Shareholder at the close of business on the H Share Record Date and must not be an Excluded Shareholder. The Prospectus Documents containing further details of the H Share Rights Issue are expected to be distributed to the Qualified H Shareholders on 13 January 2012. In respect of the Excluded Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send the H Share Rights Issue Prospectus to them for their information purposes only, but the Company will not send Provisional Allotment Letters and Excess Application Forms to the Excluded Shareholders.

The Rights Issue is conducted on the basis of 2 Rights Shares for every 10 existing Shares held by Shareholders on the Record Date at the Subscription Price of RMB2.59 per Domestic Rights Share and HK\$3.19 per H Rights Share. The Rights Issue is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB2,989.73 million (equivalent to approximately HK\$3,682.33 million and assuming full subscription for the Domestic Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB2,900.04 million (equivalent to approximately HK\$3,571.86 million and assuming full subscription for the Domestic Rights Shares).

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 (i) in the Group's overseas expansion as well as the continuing development of non-telecommunications operator businesses in our domestic markets; (ii) for potential acquisition of strategic assets and joint venture opportunities; and (iii) for the Group's operations center and investment in research and development and related infrastructure.

FRACTIONAL ENTITLEMENTS

Fractional entitlements to H Rights Shares will not be provisionally allotted and Qualified H Shareholders' entitlements will be rounded down to the nearest whole number. The Nil Paid H Rights representing the aggregate of fractions of the H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold by the Company or its appointed nominee in the market after dealing in the Nil Paid H Rights commences and the net proceeds of sale will be retained by the Company for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders.

CLOSURE OF THE H SHARE REGISTER

The H Share Register will be closed from Tuesday, 10 January 2012 to Thursday, 12 January 2012, both days inclusive. No transfer of H Shares will be registered during this period.

UNDERWRITING

The H Share Rights Issue will be fully underwritten by the Underwriter, CITIC Securities Corporate Finance (HK) Limited, on the terms and conditions set out in the Underwriting Agreement.

DOMESTIC SHARES RIGHTS ISSUE

A summary of the major terms of the Domestic Share Rights Issue and the expected timetable of the Domestic Share Rights Issue are included herein for information purposes only.

SHAREHOLDER UNDERTAKING FROM CHINA TELECOM AND SUB-UNDERWRITING BY A SUBSIDIARY OF CHINA TELECOM

On 28 December 2011, the Company received from China Telecom, our largest Shareholder, an undertaking that it will subscribe for all the Domestic Rights Shares to be allotted to it according to the Rights Issue plan approved by the Board.

To support the long-term business development of the Company and the Rights Issue plan, China Telecom designated its subsidiary Guang Hua Properties Limited to enter into a sub-underwriting agreement with the Underwriter on 30 December 2011, pursuant to which, Guang Hua Properties Limited agrees to sub-underwrite up to such number of H Rights Shares not exceeding a total subscription amount of HK\$600,000,000 based on the Subscription Price.

OTHERS

The H Share Rights Issue is conditional upon the fulfillment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” in this announcement. **If the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed.**

The Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to terminate the Underwriting Agreement upon occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.

Shareholders’ and potential investors’ attention is also drawn to the paragraph headed “Warning of the Risks of Dealing in the H Rights Shares and the Nil Paid H Rights” in this announcement. If in any doubt, Shareholders and potential investors are recommended to consult their professional advisers.

A. APPROVALS OBTAINED FOR RIGHTS ISSUE

The Company announced on 9 May 2011 and delivered a circular to the Shareholders on 12 May 2011 in relation to the proposed Rights Issue. As described in the poll results announcement published by the Company on 28 June 2011, the resolutions to approve the proposed Rights Issue were duly passed at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting. The Company announced on 19 May 2011 that the SASAC granted its written approval in respect of the Rights Issue. On 6 December 2011, the Company announced that it had received the CSRC’s written approval in respect of the Rights Issue.

B. RIGHTS ISSUE

Pursuant to the authorization granted to the Board at the EGM, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, the authorized persons of the Board has finalized the terms of the Rights Issue.

The Rights Issue is conducted on the basis of 2 Rights Shares for every 10 existing Shares held by the Shareholders on the Domestic Share Record Date and H Share Record Date.

The Subscription Price of RMB2.59 (equivalent to approximately HK\$3.19) per Domestic Rights Share and HK\$3.19 per H Rights Share were determined by the authorized persons of the Board in consultation with the Underwriter on the Price Determination Date, based on a discount to market trading prices having regard to the current prevailing market conditions. The Subscription Prices of Domestic Rights Shares and H Rights Shares shall be the same after exchange rate adjustment.

The Rights Issue, consisting of the Domestic Share Rights Issue and the H Share Rights Issue, is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB2,989.73 million (equivalent to approximately HK\$3,682.33 million and assuming full subscription for the Domestic Rights Shares); and (ii) net proceeds (after deducting all the costs and expenses incidental to the Rights Issue) in an aggregate amount of approximately RMB2,900.04 million (equivalent to approximately HK\$3,571.86 million and assuming full subscription for the Domestic Rights Shares), on the basis of the Subscription Price of RMB2.59 (equivalent to approximately HK\$3.19) per Domestic Rights Share and HK\$3.19 per H Rights Share.

C. TERMS OF THE H SHARE RIGHTS ISSUE

The H Share Rights Issue is subject to the fulfillment of the conditions set out under the paragraph headed “Conditions of the H Share Rights Issue” of this announcement. Details of the H Share Rights Issue are as follows:

H Share Rights Issue Statistics

Basis of the H Share Rights Issue	2 H Rights Share for every 10 existing H Shares held on the H Share Record Date
Subscription Price	HK\$3.19 per H Rights Share
Number of H Shares in issue	1,992,850,200 Shares as at the date of this announcement
Number of H Rights Shares proposed to be issued	398,570,040 H Rights Shares
Underwriter	CITIC Securities Corporate Finance (HK) Limited

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants which would confer any right to subscribe for, convert or exchange into the Shares.

Basis of Entitlements

Subject to fulfillment of the conditions set out below in the paragraph headed “Conditions of the H Share Rights Issue”, Qualified H Shareholders will be allotted 2 H Rights Shares for every 10 existing H Shares held on the H Share Record Date at the Subscription Price, being HK\$3.19, for each H Rights Share payable in full on acceptance, constituting a total of 398,570,040 H Shares, representing approximately 20% of the Company’s existing issued H Shares capital as at the date of this announcement and approximately 16.7% of the enlarged issued H Share capital of the Company immediately after the H Share Rights Issue.

Qualified H Shareholders and Closure of the H Share Register

The Company will only send the Prospectus Documents to the Qualified H Shareholders. However, to the extent legally permitted, the Company will send the H Share Rights Issue Prospectus, for information purposes only, to the Excluded Shareholders, provided that the H Share Rights Issue Prospectus shall not be sent to the Excluded Shareholders who are known by the Company to be resident in the United States and Canada. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded Shareholders.

To qualify for the H Share Rights Issue, an H Shareholder must be a member of the Company at the close of business on the H Share Record Date and not be an Excluded Shareholder.

In order to be a Qualified H Shareholder, H Shareholders must lodge any transfer of H Shares (together with the relevant share certificates) with the H Share Registrar at Shops 1712 -1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 9 January 2012.

The H Share Register will be closed from Tuesday, 10 January 2012 to Thursday, 12 January 2012, both days inclusive. No transfer of H Shares will be registered during this period.

Rights of the Excluded Shareholders

If at the close of business on the H Share Record Date, an H Shareholder’s address on the H Share Register is in a place outside Hong Kong, such H Shareholder may not be eligible to take part in the H Share Rights Issue. Prospectus Documents to be despatched in connection with the H Share Rights Issue have not and will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company is currently making enquiries regarding the feasibility of allowing the Overseas Shareholders to participate in the H Share Rights Issue to subscribe for the H Rights Shares. If, after making enquiries, the Board considers that it is necessary or expedient not to offer the H Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his/her/its registered address or the requirements of the relevant regulatory body or stock exchange in that place, such Overseas Shareholders will not be allowed to take up their Nil Paid H Rights to subscribe for the H Rights Shares. The basis for such arrangement with respect to the Excluded Shareholders will be set out in the H Share Rights Issue Prospectus to be issued by the Company. The Company will, to the extent reasonably practicable and legally permitted, send copies of the H Share Rights Issue Prospectus to the Excluded Shareholders for their information purposes only, but the Company will not send Provisional Allotment Letters and Excess Application Forms to the Excluded Shareholders.

Arrangements will be made for the Nil Paid H Rights of Excluded Shareholders who hold their existing H Shares in certificated form to be provisionally allotted to a nominee appointed by the Company for the benefit of the Excluded Shareholders and, if a premium (net of expenses) can be obtained, to be sold by the nominee on such Excluded Shareholders' behalf on the Hong Kong Stock Exchange as soon as practicable after the commencement of the dealings in the Nil Paid H Rights. The proceeds of such sale, less expenses, will be divided on a pro rata basis and paid to the Excluded Shareholders, provided that individual amounts of HK\$100 or less will be paid to the Company for its own benefit. With respect to Excluded Shareholders who hold interests in H Shares through CCASS, their nominees, custodians or other intermediaries may sell, on such Excluded Shareholders' behalf, their entitlements to the Nil Paid H Rights in compliance with the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time and applicable securities laws and distribute the proceeds thereof as appropriate. Any H Rights Shares in respect of unsold fractional entitlements, unsold entitlements of Excluded Shareholders, together with any H Rights Shares in respect of Nil Paid H Rights not taken up by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil Paid H Rights, will be made available for excess application on Excess Application Forms by Qualified H Shareholders.

Status of the H Rights Shares

When allotted and fully paid, the H Rights Shares will rank pari passu with the then existing H Shares in issue in all respects. Holders of such H Rights Shares will receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the H Rights Shares.

Subscription Price

The Subscription Price of HK\$3.19 per H Rights Share is payable in full when a Qualified H Shareholder accepts the relevant provisional allotments under the H Share Rights Issue or applies for excess H Rights Shares or when a transferee of Nil Paid H Rights subscribes for the H Rights Shares.

The Subscription Price of HK\$3.19 per H Rights Share represents:

- a discount of approximately 8.9% to the closing price of HK\$3.50 per H Share as quoted on the Hong Kong Stock Exchange on the Price Determination Date;
- a discount of approximately 7.5% to the average closing price of HK\$3.45 per H Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including the Price Determination Date;
- a discount of approximately 7.8% to the average closing price of HK\$3.46 per H Share as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including the Price Determination Date;
- a discount of approximately 11.1% to the average closing price of HK\$3.59 per H Share as quoted on the Hong Kong Stock Exchange for the twenty consecutive trading days up to and including the Price Determination Date; and
- a discount of approximately 7.5% to the theoretical ex-rights price of HK\$3.45 per H Share based on the closing price of HK\$3.50 per H Share as quoted on the Hong Kong Stock Exchange on the Price Determination Date.

Fractional Entitlements

Fractional entitlements to H Rights Shares will not be provisionally allotted and Qualified H Shareholders' entitlements will be rounded down to the nearest whole number. The Nil Paid H Rights representing the aggregate of fractions of the H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can be obtained, will be sold by the Company or its appointed nominee in the market after dealing in the Nil Paid H Rights commences and the net proceeds of sale will be retained by the Company for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders.

Procedure for Acceptance and Payment or Transfer of H Rights Shares by Qualified H Shareholders

For each Qualified H Shareholder, a Provisional Allotment Letter will be enclosed with the H Share Rights Issue Prospectus which entitles the Qualified H Shareholder to subscribe for the number of H Rights Shares shown therein. If you are a Qualified H Shareholder and wish to exercise your right to take up the H Rights Shares specified in the enclosed Provisional Allotment Letter, you must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, at the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or 3rd Floor, Futura Plaza, 111-113 How Ming Street, Kwun Tong, Kowloon, Hong Kong by no later than 4:00 p.m. on 1 February 2012. Unless otherwise agreed by the Company, all remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Bank of Communications (Nominee) Co. Ltd. – CHINA COMSERVICE – PAL" and must be crossed.

A Provisional Allotment Letter can be lodged from 13 January 2012 to 1 February 2012 (both days inclusive) at these times:

Monday to Friday (excluding public holidays): 9:00 a.m. to 4:30 p.m.; and

Last Acceptance Date (1 February 2012): 9:00 a.m. to 4:00 p.m..

It should be noted that unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the H Share Registrar by no later than 4:00 p.m. on the Last Acceptance Date whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If you wish to transfer all of your rights to subscribe for the H Rights Shares provisionally allotted to you, you must complete and sign the form of transfer and nomination in the Provisional Allotment Letter, and hand the Provisional Allotment Letter to the transferee(s) or through whom you are transferring such rights of yours to subscribe for the H Rights Shares. The transferee(s) must then complete and sign the registration application form in the Provisional Allotment Letter, and lodge the Provisional Allotment Letter intact together with a remittance for the full amount payable on acceptance at the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or 3rd Floor, Futura Plaza, 111-113 How Ming Street, Kwun Tong, Kowloon, Hong

Kong not later than 4:00 p.m. on the Last Acceptance Date. If you wish to accept only part of your provisional allotment or if you wish to transfer all or part of your provisional allotment to more than one person, the Provisional Allotment Letter must be surrendered by not later than 4:30 p.m. on 19 January 2012 to the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong which will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your Nil Paid H Rights to the transferee(s) and the acceptance by the transferee(s) of such rights. All enquiries in connection with the Provisional Allotment Letter should be addressed to the H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Provisional Allotment Letter in respect of which the accompanying cheque or cashier's order is not honored on first presentation is liable to be rejected, and in that event the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

You must pay the exact amount payable upon application for the H Rights Shares by cheque or cashier order or any method agreed by the Company; underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to you only if the overpaid amount is HK\$100 or above.

Application for Excess 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 by the Qualified H Shareholders or otherwise subscribed for by transferees of Nil Paid H Rights.

Application for excess H Rights Shares may be made by completing the Excess Application Form and lodging the same with a separate remittance for such excess H Rights Shares with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or 3rd Floor, Futura Plaza, 111-113 How Ming Street, Kwun Tong, Kowloon, Hong Kong by no later than 4:00 p.m. on the Last Acceptance Date. Unless otherwise agreed by the Company, all remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Bank of Communications (Nominee) Co. Ltd. – CHINA COMSERVICE – EAF" and must be crossed.

An Excess Application Form can be lodged from 13 January 2012 to 1 February 2012 (both days inclusive) at these times:

Monday to Friday (excluding public holidays): 9:00 a.m. to 4:30 p.m.; and

Last Acceptance Date (1 February 2012): 9:00 a.m. to 4:00 p.m..

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and lodgement of an Excess Application Form together with a cheque or cashier's order in payment for the excess H Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Any Excess Application Form in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected.

You must pay the exact amount payable upon application for the excess H Rights Shares by cheque or cashier order or any method agreed by the Company; underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to you only if the overpaid amount is HK\$100 or above.

If no excess H Rights Shares are allotted to you, the amount tendered on application by you is expected to be refunded in full without interest by means of cheque(s) despatched by ordinary post at your own risk on or about 8 February 2012. If the number of excess H Rights Shares allotted to you is less than the number applied for, the surplus application monies are also expected to be returned to you without interest by means of cheque(s) despatched by ordinary post at your own risk on or about 8 February 2012. The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

If the Underwriter exercises the rights to terminate its obligations or if the conditions precedent under the Underwriting Agreement are not fulfilled before the Latest Time Termination, the monies received in respect of relevant applications for excess H Rights Shares will be returned to the relevant applicants without interest, by means of cheque(s) to be despatched by ordinary post at the risk of such applicants on or about 8 February 2012.

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, unless the total number of excess H Rights Shares are not sufficient to top up all odd lots in to whole board lots or the Board is satisfied that such applications are made with the intent to abuse this mechanism; and after applying the preference principle above, the remaining excess H Rights Shares (if preference will be given) or all excess H Rights Shares (if no preference will be given) will be allocated to Qualified H Shareholders who have applied for excess H Rights Shares on a pro rata basis with reference to their number of excess H Rights Shares applied for. In applying the preference principle above, reference will only be made to the number of excess H Rights Shares being applied for. No reference will be made to H Rights Shares comprised in applications by Provisional Allotment Letter or the existing number of H Shares held by Qualified H Shareholders.

Beneficial H Shareholders with their H Shares held by a registered H Shareholder, or which are held in CCASS, should note that the registered H Shareholder (including HKSCC Nominees Limited) is regarded as a single H Shareholder according to the H Share Register. Accordingly, beneficial H Shareholders whose H Shares are registered in the name of a registered H Shareholder, or which are held in CCASS, should note that the foresaid top up arrangement in relation to the allocation of the excess H Rights Shares will not be extended to beneficial owners individually. Shareholders with their H Shares held by registered H Shareholders as nominee are advised to consider whether they would like to arrange registration of the relevant H Shares in the name of the beneficial owner(s) prior to the H Share Record Date.

Application for Listing

An application has been made to the Listing Committee of the Hong Kong Stock Exchange for the listing of and permission to deal in the H Rights Shares and the Nil Paid H Rights on the Hong Kong Stock Exchange. The H Rights Shares do not constitute a new class of securities to be listed on the Hong Kong Stock Exchange. No part of the share capital of the Company is listed or dealt in on any other stock exchange, nor is listing of or permission to deal in the share capital or any part of the share capital of the Company being or proposed to be sought on any other stock exchange.

Subject to the granting of listing of, and permission to deal in, the H Rights Shares and the Nil Paid H Rights on the Hong Kong Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the H Rights Shares and the Nil Paid H Rights will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the H Rights Shares and the Nil Paid H Rights or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests. All necessary arrangements will be made to enable the H Rights Shares and the Nil Paid H Rights to be admitted into CCASS.

Nil Paid H Rights Shares are expected to be traded in board lots of 2,000 (as the H Shares are currently traded on the Hong Kong Stock Exchange in board lots of 2,000).

Dealings in the H Rights Shares and the Nil Paid H Rights will be subject to the payment of stamp duty, Hong Kong Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Conditions of the H Share Rights Issue

The H Share Rights Issue is conditional upon fulfillment 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 and the Nil Paid H Rights, 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. As at the date of this announcement, conditions (i) to (iv) have been satisfied. **If any of the conditions is not fulfilled, the H Share Rights Issue will not proceed.**

Furthermore, it should be noted that the H Share Rights Issue will proceed on a fully underwritten basis in accordance with Rule 7.19 of the Listing Rules. Please refer to the paragraphs headed “H Share Rights Issue Underwriting Arrangement” below for details. **In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.**

H Share Rights Issue Underwriting Arrangement

Date:	30 December 2011
Underwriter:	CITIC Securities Corporate Finance (HK) Limited
Number of the Underwritten H Rights Shares:	Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite up to 398,570,040 H Rights Shares not taken up and for which purchasers are not otherwise procured

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon, among other things:

- (i) the H Rights Shares being duly issued and provisionally allotted by the Company on the terms set out in the Prospectus Documents to the Qualified H Shareholders;
- (ii) the Company having delivered to the Sole Bookrunner (in the form and substance satisfactory to it) the documents listed therein by the times and dates specified therein;
- (iii) the approval of the H Share Rights Issue granted by SASAC being valid and not having been withdrawn, amended or revoked;
- (iv) the approval of the H Share Rights Issue granted by CSRC being valid and not having been withdrawn, amended or revoked;

- (v) the delivery of the Prospectus Documents and all the documents required by the provisions of section 342C of the Companies Ordinance to be delivered to the Companies Registry and to the Hong Kong Stock Exchange and the issue by the Hong Kong Stock Exchange of a certificate of authorisation of registration before 3:00 p.m. or such later time as agreed by the Hong Kong Stock Exchange on the Dealing Day before the Prospectus Date;
- (vi) the Companies Registry registering the Prospectus Documents and all the documents required by the provisions of section 342C of the Companies Ordinance on or before the despatch of the Prospectus;
- (vii) the grant of listing of and permission to deal in the Nil Paid Rights and the H Rights Shares (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Hong Kong Stock Exchange and dealings in the Nil Paid Rights and the H Rights Shares being allowed by the Hong Kong Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);
- (viii) posting of the Prospectus Documents to the Qualified H Shareholders on or before the despatch date of the Prospectus Documents (or such later date to be agreed with the Sole Bookrunner); and the posting, to the extent reasonably practicable and legally permitted, of the Prospectus for information purposes only to the Excluded Shareholders, provided that the Prospectus shall not be posted to Excluded Shareholders who are known by the Company to be resident in the United States or Canada;
- (ix) the Domestic Share Rights Issue having become unconditional; and
- (x) no matter having arisen prior to 5:00 p.m. on the date that is three Dealing Days after the Last Acceptance Date which might reasonably be expected to give rise to a claim under certain clause of the Underwriting Agreement and which, in any such case, the Sole Bookrunner, might in its absolute discretion consider to be material in the context of the H Share Rights Issue or the underwriting of the H Share Rights Issue.

If the conditions of the Underwriting Agreement are not duly satisfied, when and as required by the Underwriting Agreement to be satisfied (unless otherwise waived or modified by the Sole Bookrunner), or if the Underwriting Agreement shall be terminated as set out in the section headed “Termination of the Underwriting Agreement” in this announcement, save in respect of certain rights and obligations under the Underwriting Agreement, all liabilities of the parties under the Underwriting Agreement will cease.

Any of the conditions set out above (except conditions (i), (iii), (iv), (v), (vi) and (vii)) may be waived at any time by the Sole Bookrunner, in its absolute discretion, subject to such terms and conditions as are determined by the Sole Bookrunner.

If the Underwriting Agreement does not become unconditional or is terminated, the H Share Rights Issue may not proceed.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter the right to terminate the Underwriter's obligations thereunder, on the occurrence of certain events. The Sole Bookrunner may, in its absolute discretion, terminate the Underwriting Agreement if prior to 5:00 p.m. on 6 February 2012:

- (i) there shall have developed, occurred, happened or come into effect any change (whether permanent or not) or development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in or affecting the assets, liabilities, conditions (financial or otherwise), business, general affairs, management, prospects, profits, losses or financial or trading position or performance of the Group taken as a whole, the effect of which is, individually or in the aggregate, in the sole and absolute judgment of the Sole Bookrunner, so material and adverse as to make it or likely to make it impracticable or inadvisable to proceed with the H Share Rights Issue or the delivery of the H Rights Shares on the terms and in the manner contemplated in the Prospectus or is likely to have a material adverse effect on the success of the H Share Rights Issue or the level of the H Rights Shares taken up;
- (ii) there has been any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement, in either case which is material in the context of the H Share Rights Issue; or
- (iii) there shall have developed, occurred, happened or come into effect any of the following:
 - (A) a suspension or limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on any of the Hong Kong Stock Exchange, the New York Stock Exchange, NASDAQ, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
 - (B) a suspension or limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange;
 - (C) a general moratorium on commercial banking activities declared by relevant authorities in any of Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member state thereof), or a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member state thereof);
 - (D) a change or development in taxation or exchange control, currency exchange rates or foreign investment regulations (or the implementation of any exchange control) in any of Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member state thereof) which will have a material adverse effect on the investment in the H Rights Shares;

- (E) any Authority (as defined in the Underwriting Agreement) or a political body or organization in any of Hong Kong, the PRC, the United States, the United Kingdom, or the European Union (or any member state thereof) commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group;
- (F) any event or any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting any of Hong Kong or the PRC;
- (G) there shall have occurred any outbreak or escalation of hostilities, or any change in any financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member state thereof) or the international financial markets; or
- (H) any new law or any change or development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in existing laws or in the interpretation or application thereof by any court or other competent Authority in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member state thereof),

if the effect of any such event or circumstance specified above, individually or in the aggregate, in the sole and absolute judgment of the Sole Bookrunner is so material and adverse as to make it or is likely to make it impracticable or inadvisable to proceed with the H Share Rights Issue or the delivery of the H Rights Shares on the terms and in the manner contemplated in the Prospectus, or has or is likely to have a material adverse effect on the success of the H Share Rights Issue or the level of the H Rights Shares taken up.

If the Sole Bookrunner elects to terminate the Underwriting Agreement thereof, the Company shall be notified promptly in writing. In such event, a further announcement will be made by the Company at the relevant time.

Lock-up Undertaking

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriter that:

(i) except for the H Rights Shares and Domestic Rights Shares to be allotted and issued pursuant to the H Share Rights Issue and the Domestic Rights Issue respectively, or (ii) with the prior written consent of the Sole Bookrunner, from the date of the Underwriting Agreement up to 90 days after the first day of trading of the H Rights Shares on the Hong Kong Stock Exchange, the Company will not (a) allot or issue or sell, or offer to allot or issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or other equity securities of the Company or any interests therein (including but not limited to any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase or receive Shares), or deposit Shares with a depository in connection with the issue of depository receipts, or (b) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or such securities of the Company or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or repurchase any Shares, or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above, or (d) offer or agree or contract or announce any intention to enter into or effect any such transaction described in (a), (b) or (c) above whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, and whether or not the issue or sales of such Shares or other securities will be completed within the lock-up period; provided, however, that the foregoing restrictions shall not apply to (i) any issuance of stock dividends, (ii) the application of any capital reserve to issue Shares, or (iii) the grant of share appreciation rights under or the exercise of share appreciation rights by any holders thereof under the existing share appreciation rights scheme of the Company.

Sub-underwriting by Guang Hua Properties Limited

To support the long-term business development of the Company and the Rights Issue plan, China Telecom designated its subsidiary Guang Hua Properties Limited to enter into a sub-underwriting agreement with the Underwriter on 30 December 2011, pursuant to which, Guang Hua Properties Limited agrees to sub-underwrite up to such number of H Rights Shares not exceeding a total subscription amount of HK\$600,000,000 based on the Subscription Price.

Guang Hua Properties Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, is a subsidiary of China Telecom and therefore a connected person of the Company under the Listing Rules. As such, the sub-underwriting of H Rights Shares by Guang Hua Properties Limited constitutes a connected transaction for the Company. However, such connected transaction is exempt from all the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.31(3) of the Listing Rules.

Warning of the Risks of Dealing in the H Rights Shares and the Nil Paid H Rights

Existing H Shares are expected to be dealt on an ex-rights basis from 6 January 2012. Dealings in the Nil Paid H Rights are expected to take place from 17 January 2012 to 27 January 2012 (both days inclusive). **If the conditions of the H Share Rights Issue (please refer to the paragraphs headed “Conditions of the H Share Rights Issue” above) are not fulfilled, the H Share Rights Issue will not proceed.**

The Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to terminate the Underwriting Agreement upon occurrence of certain events described above. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.

Any dealing in the H Rights Shares or the Nil Paid H Rights is at the investor’s own risk. If in any doubt, Shareholders and investors are recommended to consult their professional advisers.

Despatch of H Share Certificates and the Refund Cheques for the H Rights Shares

Subject to the fulfillment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares and the refund cheque(s) in respect of wholly or partly unsuccessful applications for excess H Rights Shares (if any) will be dispatched by ordinary post to the allottees and those entitled thereto, at their own risk, to their registered addresses by the H Share Registrar on or about 8 February 2012.

Taxation

Qualified H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the H Rights Shares and/or the Nil Paid H Rights and, as regards the Excluded Shareholders, their receipt of the net proceeds of the Nil Paid H Rights otherwise falling to be issued to them under the H Share Rights Issue. It is emphasized that neither the Company, the Directors nor any other party involved in the H Share Rights Issue accept responsibility for any tax effects or liabilities of holders of the H Rights Shares resulting from the purchase, holding, disposal of, or dealing in the H Rights Shares and/or the Nil Paid H Rights.

Expected Timetable of H Share Rights Issue

Last day of dealings in H Shares on a cum-rights basis	5 January 2012
First day of dealings in H Shares on an ex-rights basis	6 January 2012
Latest time for lodging transfer of H Shares in order to qualify for the H Share Rights Issue	4:30 p.m. on 9 January 2012
H Share Register closed (both days inclusive)	10 January 2012 to 12 January 2012
H Share Record Date	12 January 2012

H Share Register re-opens	13 January 2012
Despatch of the Prospectus Documents	13 January 2012
First day for acceptance of, and payment for, the H Rights Shares and for application and payment for the excess H Rights Shares	13 January 2012
First day of dealings in Nil Paid H Rights	17 January 2012
Latest time for splitting of Nil Paid H Rights	4:30 p.m. on 19 January 2012
Last day of dealings in Nil Paid H Rights	27 January 2012
Latest time for acceptance of, and payment for, the H Rights Shares and for application and payment for the excess H Rights Shares	4:00 p.m. on 1 February 2012
Latest time for the termination of the Underwriting Agreement and for the H Share Rights Issue to become unconditional	5:00 p.m. on 6 February 2012
Announcement of results of acceptance of and excess applications for the H Share Rights Issue	6 February 2012
Despatch of certificates for fully-paid H Rights Shares	8 February 2012
Despatch of refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares	8 February 2012
Commencement of dealings in fully-paid H Rights Shares	9:00 a.m. on 10 February 2012

Shareholders should note that the dates specified in the expected timetable for the H Share Rights Issue as set out above, and in other parts of this announcement, are indicative only. In the event any special circumstances arise, the Board or the authorized persons by the Board may extend or make adjustments to the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be announced and notified to the Shareholders as and when appropriate.

D. TERMS OF DOMESTIC RIGHTS ISSUE

Basis of the Domestic Rights Issue	2 Domestic Rights Share for every 10 Domestic Shares held on the Domestic Share Record Date
Subscription Price	RMB2.59 per Domestic Rights Share
Number of Domestic Shares in issue	3,778,831,800 Domestic Shares as at the date of this announcement
Number of Domestic Rights Shares proposed to be issued	755,766,360 Domestic Rights Shares

Basis of Entitlement

Subject to fulfillment of the conditions set out below in the paragraphs headed “Conditions of the Domestic Share Rights Issue”, Qualified Domestic Shareholders will be provisionally allotted 2 Domestic Rights Shares for every 10 existing Domestic Shares held on the Domestic Share Record Date at the Subscription Price, being RMB2.59, for each Domestic Rights Share payable in full on acceptance.

Qualified Domestic Shareholders

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

Expected Timetable of Domestic Rights Issue

Domestic Share Record Date	12 January 2012
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Commencement of the Domestic Share Rights Issue

First day of acceptance and payment for the Domestic Rights Shares	13 January 2012
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Close of the Domestic Share Rights Issue

Last day of acceptance of and payment for the Domestic Rights Shares	1 February 2012
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Verification of payment for subscription for the Domestic Rights Shares	5 February 2012
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Announcement of results of the Domestic Share Rights Issue	6 February 2012
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Shareholders should note that the dates specified in the expected timetable of the Domestic Share Rights Issue as set out above are indicative only and may be changed by the Board. Any such change to the expected timetable will be announced and notified to the Shareholders as and when appropriate.

Shareholder Undertaking

China Telecom, our largest Shareholder, holds 2,926,752,080 Domestic Shares, representing approximately 77.5% of the total Domestic Shares in issue and approximately 50.7% of the Company’s issued Shares as at the date of this announcement. On 28 December 2011, the Company received from China Telecom an undertaking that it will subscribe for all the Domestic Rights Shares to be allotted to it according to the Rights Issue plan approved by the Board and make the payment as soon as practicable.

Conditions of the Domestic Share Rights Issue

The Domestic Share Rights Issue will be conditional upon the fulfillment 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. As at the date of this announcement, conditions (i) to (iv) have been satisfied.

Application for the Excess Domestic Rights Shares

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

E. REASONS FOR AND BENEFITS OF 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. The Company will use internal funds and debt financing channel to satisfy insufficient portion of funding requirements.

- (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; and
- (iii) up to RMB1.5 billion for the Group's operations center and investment in research and development and related infrastructure.

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.

F. CHANGES OF THE SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE RIGHTS ISSUE

The following table sets out the Company's current shareholding structure and its shareholding structure upon completion of the Rights Issue (assuming the Rights Issue is conducted on the basis of 2 Rights Shares for every 10 existing Shares with full subscription for the Rights Shares and assuming no change in the issued share capital of the Company between the date of this announcement and the Record Date):

Share Class	Total number of issued Shares before the Rights Issue as at the date of this announcement	Percentage of the total number of issued Shares	Number of Share 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%	398,570,040	2,391,420,240	34.53%
Domestic Shares	3,778,831,800	65.47%	755,766,360	4,534,598,160	65.47%
Total	5,771,682,000	100%	1,154,336,400	6,926,018,400	100%

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

G. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Beneficial H Shareholder(s)”	any beneficial owner(s) of H Shares whose H Shares are registered as shown in the H Share Register in the name of a registered H Shareholder
“Board”	the board of Directors of the Company
“Business Day”	any day other than Saturday or Sunday on which commercial banks and financial institutions in Hong Kong are open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Telecom”	中國電信集團公司 (China Telecommunications Corporation), a state-owned enterprise established under the laws of the PRC on 17 May 2000, and the controlling Shareholder 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
“Dealing Day”	a day on which dealings in H Shares may take place on the Hong Kong Stock Exchange
“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”	12 January 2012, by reference to which entitlement to the Domestic Share Rights Issue is to be determined
“Domestic Share Rights Issue”	the proposed issue of 755,766,360 Domestic Rights Shares at the Subscription Price on the basis of 2 Domestic Rights Shares for every 10 existing Domestic Shares held on the Domestic Share Record Date
“Domestic Shareholder(s)”	holder(s) of the Domestic Shares
“Domestic Shareholders Class Meeting”	the class meeting of the Domestic Shareholders convened on 28 June 2011 at which, among other matters, the Rights Issue was considered and approved
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“EGM”	the extraordinary general meeting of the Shareholders convened on 28 June 2011 at which, among other matters, the Rights Issue was considered and approved
“Excluded Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the H Share Register at the close of business on the H Share Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories; and any H Shareholders or Beneficial H Shareholders at the close of business on the H Share Record Date who are otherwise known by the Company to be resident in any of the Specified Territories
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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”	12 January 2012, by reference to which entitlement to the H Share Rights Issue is to be determined
“H Share Register”	the H Shareholders’ register of the Company
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the Company’s registrar of the H Shares
“H Share Rights Issue”	the proposed issue of 398,570,040 H Rights Shares at the Subscription Price on the basis of 2 H Rights Shares for every 10 existing H Shares held on the H Share Record Date
“H Share Rights Issue Prospectus”	the prospectus, containing details of the H Share Rights Issue, to be published by the Company on the websites of Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinaccs.com.hk)
“H Shareholder(s)”	holder(s) of the H Shares
“H Shareholders Class Meeting”	the class meeting of the H Shareholders convened on 28 June 2011 at which, among other matters, the Rights Issue was considered and approved
“Last Acceptance Date”	1 February 2012, being the latest date for acceptance of and payment for H Rights Shares and application for excess H Rights Shares
“Latest Time for Termination”	5:00 p.m. on 6 February 2012
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Nil Paid H Rights”	rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid form) before the Subscription Price is paid
“Overseas Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the H Share Register on the H Share Record Date and whose registered address(es) is/are in a place outside Hong Kong
“PRC” or “China”	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
“Price Determination Date”	29 December 2011, the date on which the Subscription Price was fixed for the purpose of the Rights Issue, being the last trading day of H Shares immediately before the date of this announcement
“Prospectus Date”	the date of issue of the H Share Rights Issue Prospectus, currently expected to be 13 January 2012
“Prospectus Documents”	the H Share Rights Issue Prospectus, the Provisional Allotment Letter and the Excess Application Form
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“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 H Share Register at the close of business 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”	the State-owned Assets Supervision and Administration Committee of the State Council
“Share(s)”	Domestic Share(s) and/or H Share(s)

“Shareholder(s)”	holder(s) of the Shares of the Company
“Sole Bookrunner”	CITIC Securities Corporate Finance (HK) Limited
“Specified Territories”	Canada, Japan, the Philippines, the PRC and the U.S.
“Subscription Price”	RMB2.59 for each Domestic Rights Share and HK\$3.19 for each H Rights Share
“Underwriter”	CITIC Securities Corporate Finance (HK) Limited
“Underwriting Agreement”	the underwriting agreement dated 30 December 2011 entered into between the Company and the Underwriter in relation to the H Share Rights Issue
“U.S.”	the United States of America

Unless otherwise specified in this announcement, translations of RMB into and from HK\$ are made in this announcement for illustration only, at the rate of HK\$1.00 to RMB0.81190. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rates or at all.

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

Beijing, PRC, 30 December 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.