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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: 0552)**

## **ANNOUNCEMENT**

### **Completion of Placing of New H Shares and Conversion of Domestic Shares into H Shares**

The Board is pleased to announce that completion (the “Completion”) of the Placing took place on 9 April 2008 after all conditions precedent under the Underwriting Agreement and (in respect of the NSSF Shares) the requirements stated in the Prospectus were fulfilled.

Reference is made to the announcement of the Company dated 28 March 2008 (the “Announcement”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those used in the Announcement.

#### **Completion of Placing**

The Board is pleased to announce that Completion of the Placing took place on 9 April 2008 after all conditions precedent under the Underwriting Agreement were fulfilled.

#### **Lock-up Undertaking of Three Placees**

The Placing Shares were placed to more than six placees, who are third parties independent of the Group and its connected persons (as defined under the Listing Rules). Three of the placees, namely Blackstone Kailix Advisors LLC (“Blackstone”), Cisco Systems International B.V. (“CISCO”) and IBM WTC ASIA INVESTMENTS LLC (“IBM”), which purchased 51,700,000, 73,900,000, and 29,500,000 Placing Shares, respectively, have entered into separate lock-up undertakings with the Company and the Placing Agent pursuant to which each of the placees agreed not to dispose of its

Placing Shares to any third party subject to the terms of the respective lock-up undertaking during the period of (in the case of Blackstone) three months and (in the case of CISCO and IBM) six months from the closing date of the Placing.

### **Fulfillment of Procedural Requirements in Respect of Placing of NSSF Shares**

The Placing of the NSSF Shares is in essence a transfer and conversion of the existing domestic shares of the Company held by the NSSF to H Shares as described in pages 116 to 117 of the Prospectus. In accordance with relevant PRC regulations regarding the disposal of state-owned shares, such number of domestic shares in aggregate equivalent to 10% of the number of the New Shares was required to be allocated from China Telecommunications Corporation, being our state-owned controlling shareholder, to the NSSF. With authorization from the NSSF and approvals of the CSRC and the SASAC, such shares, upon conversion into H Shares, were placed during the Placing as the NSSF Shares. The entire proceeds from the placing of the NSSF Shares shall be remitted to the NSSF.

As stated in the Prospectus and in accordance with the articles of association of the Company, the transfer and conversion of the domestic shares into H Shares (including the issue of the NSSF Shares) did not require the approval of any class shareholder meeting, but needed to comply with certain procedural requirements as set out in pages 116 to 117 of the Prospectus. Complying with such procedural requirements is one of the conditions to the listing approval granted by the Stock Exchange in respect of the issue of the NSSF Shares. The Board confirms that all such procedural requirements, as well as the conditions precedents in the Underwriting Agreement, were fulfilled.

The Company had obtained all necessary regulatory approvals in respect of the conversion of domestic shares of the Company into the NSSF Shares, including approvals of the CSRC, the SASAC and the NSSF. As entrusted by the NSSF, such number of domestic shares equal to the number of the NSSF Shares were removed from the Company's domestic share registrar, and the NSSF Shares were simultaneously registered on the Company's H Share registrar, in respect of which the relevant share certificates were delivered to the placees.

### **Change of Share Capital upon Completion of the Placing**

The NSSF Shares were converted from the Company's existing domestic shares and did not affect the Company's total issued share capital. The total number of issued shares of the Company has increased from 5,444,986,000 shares to 5,771,682,000 shares resulting from the issue of the New Shares. The total number of H Shares held by the public has increased from 1,633,484,600 H Shares to 1,992,850,200 H Shares upon Completion of the Placing of the New Shares and the NSSF Shares, and the domestic shares of the Company were accordingly reduced by 32,669,600 Shares.

The share capital of the Company as of the Completion of the Placing is as follows:

<b>Holder of Shares</b>	<b>Type of Shares</b>	<b>Upon Completion of the Placing</b>	
		<b>No. of shares (in millions)</b>	<b>Percentage of issued share capital (%)</b>
China Telecommunications Corporation	Domestic Shares	3,778,831,800 (Note)	65.47
Public	H Shares	<u>1,992,850,200</u>	<u>34.53</u>
		<u><u>5,771,682,000</u></u>	<u><u>100.00</u></u>

*Note:* Such shares include shares held through wholly owned subsidiaries of China Telecommunications Corporation. As disclosed in the Prospectus, China Telecommunications Corporation has arrangements with China Mobile Communications Corporation and China United Telecommunications Corporation to transfer to each of them certain shares of the Company, and China Telecommunications Corporation continues to hold such shares until the transfers become effective.

By Order of the Board  
**China Communications Services Corporation Limited**  
**Li Ping**  
*Executive Director*

Beijing, PRC, 9 April 2008

*As at the date of this announcement, our Chairman and executive director is Mr. Li Ping, our President and executive director is Mr. Zhang Zhiyong, our Executive Vice President, Chief Financial Officer and executive director is Mr. Yuan Jianxing, 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.*