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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)

Further Information on the Payment of Final Dividend

Reference is made to the poll results announcement of the annual general meeting of 2010 (“AGM”) published on 28 June 2011 by China Communications Services Corporation Limited (the “Company”). The board of directors of the Company (the “Board”) wishes to inform shareholders that details of the payment of the final dividends are as follows:

The declaration and payment of a final dividend of RMB0.1260 per share (inclusive of applicable tax) for the year ended 31 December 2010 were approved at the AGM. The payment shall be made to shareholders whose names appeared on the register of members of the Company at the close of business on 28 June 2011. According to the articles of association of the Company, dividends will be denominated and declared in Renminbi. Dividends on the Company’s domestic shares will be paid in Renminbi and dividends on the Company’s H shares will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the mid-point rates of Renminbi to Hong Kong dollars as announced by the People’s Bank of China for the week prior to the date of the annual general meeting (RMB0.83082 equivalent to HK\$1.00). Therefore, the final dividend is HK\$0.15166 per H share (inclusive of applicable tax).

Due to the recent changes in the PRC tax laws and regulations, the Notice on Matters Concerning Income Taxes on Profits on Transfer of Shares (Equity Interests) and on Dividends Received by Enterprises Invested by Foreigners, Foreign Enterprises and Individual Foreigners (Guo Shui Fa [1993] No. 45) (《關於外商投資企業、外國企業和外籍個人取得股票（股權）轉讓收益和股息所得稅收問題的通知》(國稅發[1993] 45號)) (the “Original Notice”) was repealed by the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents (《關於公布全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》) issued by the State Administration of Taxation on 4 January 2011. The Original Notice stipulated that individual foreigners holding H shares were temporarily exempted from individual income tax for the dividends (bonuses) received from PRC enterprises which issued such H shares. As a result, the individual shareholders who hold the Company’s H shares and whose names appear on the register of H shareholders of the Company (the “Individual H Shareholders”) can no longer be exempted from the individual income tax based on the Original Notice when the Company distributes the final dividends for the year ended 31 December 2010.

Pursuant to relevant laws and regulations including the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and the Regulations for the implementation of the Law of the People's Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法實施條例》), and the letter dated 28 June 2011 from the State Administration of Taxation to the Inland Revenue Department of Hong Kong, as a withholding agent, the Company is required to withhold and pay the individual income tax at the tax rate of 10% in general on behalf of the Individual H Shareholders. For Individual H Shareholders who are citizens from countries under agreements to be entitled to tax rates lower than 10%, the Company can process applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to relevant regulations, and upon approval by the tax authorities, over withheld tax amounts will be refunded. For Individual H Shareholders receiving dividends who are citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the Company will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends, and no application procedures will be necessary. For Individual H Shareholders receiving dividends who are citizens from countries without taxation agreements with the PRC or are under other situations, the Company will withhold the individual income tax at a tax rate of 20% when distributing dividends.

For the non-resident enterprise shareholders of the Company, pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and the Regulations for the implementation of the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》), the Company shall continue to withhold and pay 10% enterprise income tax when the Company distributes the 2010 final dividend to non-resident enterprise shareholders whose names appear on the Company's H share register of members in accordance with its previous practice.

Should the shareholders of the H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in China mainland, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The Company has appointed ICBC (Asia) Trustee Company Limited as the receiving agent in Hong Kong (the "Receiving Agent") and will pay to such Receiving Agent the final dividend declared for payment to holders of H shares. The final dividend will be paid by the Receiving Agent net of the applicable tax on or about 5 August 2011. Relevant cheques will be dispatched on the same day to holders of H shares entitled to receive such dividend by ordinary post at their own risk.

By Order of the Board
China Communications Services Corporation Limited
Chung Wai Cheung, Terence
Company Secretary

Beijing, PRC, 8 July 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.