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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)

ACQUISITION ANNOUNCEMENT CONNECTED TRANSACTIONS

SUMMARY

The Board announces, on 20 June 2012, the Transferors entered into (i) the Ningxia Equity Transfer Agreement and the Ningxia Asset Acquisition Agreement, (ii) the SBSS Equity Transfer Agreement, (iii) the Xinjiang Equity Transfer Agreement, and (iv) the Guangdong Assets Acquisition Agreements with the Transferees, pursuant to which, the Transferors have agreed to sell, and the Transferees have agreed to acquire, certain equity interests and assets as set out in the respective agreements.

The equity interests and assets to be acquired under the Ningxia Equity Transfer Agreement and the Ningxia Asset Acquisition Agreement, at a total consideration of RMB95,945,181, are 100% equity interest in each of Ningxia Construction and Ningxia Supervision as well as certain assets owned by Ningxia Telecom Industrial.

The equity interest to be acquired under the SBSS Equity Transfer Agreement, at a total consideration of RMB264,601,398, is 51% equity interest in SBSS and all the rights and obligations related to such portion of equity interest.

The equity interest to be acquired under the Xinjiang Equity Transfer Agreement, at a total consideration of RMB15,760,000, is 100% equity interest in Xinjiang Planning & Designing.

The assets to be acquired under the Guangdong Assets Acquisition Agreement, at a total consideration of RMB39,811,000, are certain assets owned by Guangdong Telecom Industrial and/or its subsidiary.

China Telecom is the controlling shareholder of the Company, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. The Transferors are all subsidiaries of China Telecom, and are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being associates of the Company's substantial shareholder. Accordingly, any transaction entered into between any of the Transferors and the Group would constitute connected transaction of the Company. As the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreements and the Assets Acquisition Agreements, when aggregated, exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The Board announces, on 20 June 2012, the Transferors entered into (i) the Ningxia Equity Transfer Agreement and the Ningxia Asset Acquisition Agreement, (ii) the SBSS Equity Transfer Agreement, (iii) the Xinjiang Equity Transfer Agreement, and (iv) the Guangdong Assets Acquisition Agreement with the Transferees, pursuant to which, the Transferors have agreed to sell, and the Transferees have agreed to acquire, certain equity interests and assets as set out in the respective agreements.

2. NINGXIA EQUITY TRANSFER AGREEMENT AND NINGXIA ASSET ACQUISITION AGREEMENT

(1) Ningxia Equity Transfer Agreement

(a) *Parties* : (A) Ningxia Telecom Industrial; and

(B) Ningxia CCS

(b) *Subject matter*

Pursuant to the Ningxia Equity Transfer Agreement, Ningxia Telecom Industrial has agreed to sell, and Ningxia CCS has agreed to acquire, 100% equity interest in each of Ningxia Construction and Ningxia Supervision, at a total consideration of RMB35,313,400, payable in cash.

(c) *Consideration and Payment*

Pursuant to the Ningxia Equity Transfer Agreement, Ningxia CCS will pay a total consideration of RMB35,313,400 payable in cash in a lump sum within 60 days from and including the date when the alternation procedures at the competent industrial and commercial authority are completed. The consideration was arrived at after arm's length negotiation between Ningxia Telecom Industrial and Ningxia CCS and was equivalent to the appraised total value of Ningxia Construction and Ningxia Supervision as at the reference date of 31 October 2011 as set out in the valuation report prepared by CEA, by adopting income approach.

(d) *Effectiveness and Completion of the Transfer*

The parties agreed that, the transfer shall take effective on 30 June 2012, subject to the satisfaction of the following conditions precedent: (i) the execution of the Ningxia Equity Transfer Agreement by both parties; (ii) the obtaining of internal corporate approvals of Ningxia Telecom Industrial, Ningxia CCS, Ningxia Construction and Ningxia Supervision regarding the transfer; and (iii) the approval of the transfer by China Telecom. As at the date of this announcement, all the conditions precedent have been satisfied.

The transfer will be completed on the date when the alternation procedures at the competent industrial and commercial authorities for both Ningxia Construction and Ningxia Supervision are completed.

(e) *Information about the Parties*

Ningxia Telecom Industrial

Ningxia Telecom Industrial is an indirectly wholly-owned subsidiary of China Telecom, which is mainly engaged in the management of state-owned assets invested by China Telecom and Ningxia Telecommunications Co., Ltd., operation and maintenance of the telecommunication business entrusted by Ningxia Telecommunications Co., Ltd..

Ningxia CCS

Ningxia CCS is a directly wholly-owned subsidiary of the Company, which is mainly engaged in survey, design, planning and consultancy of communication projects; construction of communication network and communication equipments; intelligence buildings and system integration.

Ningxia Construction

Ningxia Construction is a directly wholly-owned subsidiary of Ningxia Telecom Industrial, which is mainly engaged in the construction of communication projects, system integration of communications business network, telecommunications supporting network and telecommunications infrastructure network system.

Based on the audited financial statements of Ningxia Construction prepared under PRC GAAP, as at 31 December 2011, the net asset value and the total asset value of Ningxia Construction were RMB14,269,144 and RMB49,457,988, respectively. The net profits before and after taxation of Ningxia Construction for the two years ended 31 December 2010 and 31 December 2011 were as follows:

	Year ended 31 December 2010	<i>Unit: RMB</i> Year ended 31 December 2011
Net Profits before Taxation	1,920,454	677,193
Net Profits after Taxation	1,920,454	-29,698

Ningxia Supervision

Ningxia Supervision is a directly wholly-owned subsidiary of Ningxia Telecom Industrial, which is mainly engaged in the supervision of second-degree class projects, such as cable and wireless transportation communications, post and telecommunication broadcasting hub exchange projects, etc.

Based on the audited financial statements of Ningxia Supervision prepared under PRC GAAP, as at 31 December 2011, the net asset value and the total asset value of Ningxia Supervision were RMB10,598,148 and RMB13,382,873, respectively. The net profits before and after taxation of Ningxia Supervision for the two years ended 31 December 2010 and 31 December 2011 were as follows:

	Year ended 31 December 2010	<i>Unit: RMB</i> Year ended 31 December 2011
Net Profits before Taxation	2,753,275	1,970,731
Net Profits after Taxation	2,287,996	1,531,780

(f) *Profit Forecast Requirement*

The income method adopted by CEA, an independent valuer, when preparing the valuation report regarding the Ningxia Construction and Ningxia Supervision is based on discounted future cash flows. Accordingly, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The principal assumptions, upon which such valuation is based, are set out below:

- (i) There is no material change in the existing laws, regulations and policies of the PRC. There is no material change in the political, economic and social environment where parties to the Ningxia Equity Transfer Agreement are located. There is no other material adverse effects caused by force majeure events or unforeseeable events.
- (ii) Each of the management of Ningxia Construction and Ningxia Supervision is responsible for and capable of holding their respective positions.
- (iii) Unless otherwise specified, each of Ningxia Construction and Ningxia Supervision is in compliance with all applicable laws and regulations and there will not occur any non-compliance events that will materially affect the development and profits of Ningxia Construction and Ningxia Supervision.
- (iv) Using the existing management method and management capability as basis, the business scope and method of each of Ningxia Construction and Ningxia Supervision will be kept consistent.
- (v) There will be no material changes in interests rates, exchange rates, taxation benchmarks, tax rates and policy levies, etc.

The Directors confirm that the valuation of Ningxia Construction and Ningxia Supervision, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry.

The Company has engaged its auditor, KPMG, to report on the arithmetical calculations of the discounted future cash flows on which the business valuations of Ningxia Construction and Ningxia Supervision at 31 October 2011 are based. A letter from KPMG in compliance with Rule 14.62(2) of the Listing Rules has been submitted to The Stock Exchange of Hong Kong Limited.

(2) Ningxia Asset Acquisition Agreement

- (a) *Parties* : (A) Ningxia Telecom Industrial; and
(B) Ningxia CCS

(b) *Subject matter*

Pursuant to the Ningxia Asset Acquisition Agreement, Ningxia Telecom Industrial has agreed to sell, and Ningxia CCS has agreed to acquire, certain assets, owned by Ningxia Telecom Industrial, at a total consideration of RMB60,631,781, payable by cash. One building is located at No.15, Zhongshan North Street, Xingqing District, Yinchuang with a construction area of 7,322.71m². The other building is located at No.45, Qianjin Street, Xingqing District, Yinchuang with a construction area of 2,280.12m².

(c) *Consideration and Payment*

Pursuant to the Ningxia Asset Acquisition Agreement, Ningxia CCS will pay a total consideration of RMB60,631,781 payable in cash in a lump sum within 60 days from and including the delivery completion date. The consideration was arrived at after arm's length negotiation between Ningxia Telecom Industrial and Ningxia CCS and was equivalent to the appraised total value of the related assets as at 31 October 2011 of RMB60,631,781 as set out in the valuation report prepared by CEA, by adopting cost approach.

The two buildings were self-built in the year 1981 and 1997, with the original land use right transfer fee of approximately RMB4,983,189 and RMB10,348,281 respectively.

(d) *Conditions Precedent and Completion of Delivery*

The parties agreed that the beginning date of the delivery shall be 30 June 2012. The beginning of the delivery is subject to, among others, the satisfaction of the following conditions precedent: (i) the obtaining of corporate approvals of both parties; (ii) the approval by China Telecom and the Company, and (iii) the filing of the valuation report with competent authorities. As at the date of this announcement, all the conditions precedent have been satisfied.

The parties agree that the substantial completion of the delivery of the assets, which includes, without limitation to, the transfer of the titles, including assets ownership right from Ningxia Telecom Industrial to Ningxia CCS will be deemed to be the completion of delivery.

(3) Reasons and Benefits of the Ningxia Equity Transfer Agreement and Ningxia Asset Acquisition Agreement

As stated in the prospectus of the Company dated 13 January 2012 in relation to the rights issue, the Company intends to apply part of its proceeds from the rights issue for potential strategic acquisition of assets. The Equity interests in Ningxia Construction and Ningxia Supervision under the Ningxia Equity Transfer Agreement as well as the assets under the Ningxia Asset Acquisition Agreement are all located at Ningxia Hui Autonomous Region, where the Company currently does not have business coverage. By acquiring such equity interests and assets, the Group could strategically expand its business to Ningxia Hui Autonomous Region and its surrounding areas, which expect to increase the Company's customer base, revenue and net profit, and to strengthen the Group's competitive market position.

3. SBSS EQUITY TRANSFER AGREEMENT

- (a) *Parties* : (A) China Telecom Industrial; and
(B) the Company

- (b) *Subject matter*

Pursuant to the SBSS Equity Transfer Agreement, China Telecom Industrial has agreed to sell, and the Company has agreed to acquire, 51% equity interest in SBSS and all the rights and obligations related to such portion of equity interest, at a total consideration of RMB264,601,398, payable in cash.

- (c) *Consideration and Payment*

Pursuant to the SBSS Equity Transfer Agreement, the Company will pay a total consideration of RMB264,601,398 payable in cash in a lump sum within 60 days from and including the date when the industrial and commercial alternation procedures are completed. The consideration was arrived at after arm's length negotiation between China Telecom Industrial and the Company and was equivalent to the appraised total value of SBSS as at the reference date of 30 June 2011 as set out in the valuation report prepared by CEA, by adopting cost method.

- (d) *Effectiveness and Completion of the Transfer*

The effectiveness of the transfer is conditional upon (i) the execution of the SBSS Equity Transfer Agreement by both parties; (ii) the obtaining of internal corporate approvals of China Telecom Industrial, the Company and SBSS regarding the transfer; (iii) the approval of the transfer by China Telecom; and (iv) approval of the transfer by the competent government authorities of SBSS. As at the date of this agreement, (i) to (iii) of the conditions precedent have been satisfied.

The transfer will be completed on the date when the alternation procedures at the competent industrial and commercial authorities are completed.

(e) *Information about the Parties*

China Telecom Industrial

China Telecom Industrial is a directly wholly-owned subsidiary of China Telecom, which is mainly engaged in industrial investment, investment consultancy, entrusted assets management, economic information consultancy and service as well as economic technology cooperation and communication.

The Company

The Company is an investment holding company which holds shareholding interest in companies primarily involved in the provision of telecommunications infrastructure services, business process outsourcing services and applications, content and other services to telecommunications and media operators, telecommunication equipment manufacturers, government agencies, corporate and public customers.

SBSS

SBSS is a Sino-foreign invested company, with 51% of its equity interest owned by China Telecom Industrial and the remaining 49% of its equity interest owned by an independent third party. SBSS is mainly engaged in the construction, maintenance and repair of international and domestic submarine cable system as well as investigation and exploration of submarine pipelines or its submarine projects.

Based on the audited financial statements of SBSS prepared under PRC GAAP, as at 31 December 2011, the net asset value and the total asset value of SBSS were RMB471,135,694 and RMB671,871,917, respectively. The net profits before and after taxation of SBSS for the two years ended 31 December 2010 and 31 December 2011 were as follows:

	<i>Unit: RMB</i>	
	Year ended 31 December 2010	Year ended 31 December 2011
Net Profits before Taxation	21,586,758	25,908,184
Net Profits after Taxation	18,931,648	22,810,895

(f) *Reasons and Benefits of the SBSS Equity Transfer Agreement*

As stated in the prospectus of the Company dated 13 January 2012 in relation to the rights issue, the Company intends to apply part of its proceeds from the rights issue for potential strategic acquisition of joint venture equity interests. The business of SBSS possesses high growth potential, the acquisition of the 51% equity interests in SBSS under the SBSS Equity Transfer Agreement represents a new and important opportunity for the Company to add new source of income and optimise its business structure. In addition, such equity acquisition is in compliance with the Company's overseas business development strategy, and will further strengthen the Company's competitiveness in providing service to submarine communication cable construction and maintenance as well as to energy industry.

4. XINJIANG EQUITY TRANSFER AGREEMENT

- (a) *Parties* : (A) Xinjiang Telecom; and
(B) Xinjiang CCS

(b) *Subject matter*

Pursuant to the Xinjiang Equity Transfer Agreement, Xinjiang Telecom has agreed to sell, and Xinjiang CCS has agreed to acquire, 100% equity interest in Xinjiang Planning & Designing, at a total consideration of RMB15,760,000, payable in cash.

(c) *Consideration and Payment*

Pursuant to the Xinjiang Equity Transfer Agreement, Xinjiang CCS will pay a total consideration of RMB15,760,000 payable in cash in a lump sum within 60 days from and including the date when the industrial and commercial alternation procedures are completed. The consideration was arrived at after arm's length negotiation between Xinjiang Telecom and Xinjiang CCS and was equivalent to the appraised total value of Xinjiang Planning & Designing as at the reference date of 30 June 2011 as set out in the valuation report prepared by CEA, by adopting income method.

(d) *Effectiveness and Completion of the Transfer*

The parties agreed that, the transfer shall take effective on 30 June 2012, subject to the satisfaction of the following conditions precedent: (i) the execution of the Xinjiang Equity Transfer Agreement by both parties; (ii) the obtaining of internal corporate approvals of the Xinjiang Planning & Designing, Xinjiang Telecom and Xinjiang CCS regarding the transfer; and (iii) the approval of the transfer by China Telecom. As at the date of this agreement, all the conditions precedent have been satisfied.

The transfer will be completed on the date when the alternation procedures at the competent industrial and commercial authorities are completed.

(e) *Information about the Parties*

Xinjiang Telecom

Xinjiang Telecom is a directly wholly-owned subsidiary of China Telecom, which is mainly engaged in supplying various international and domestic fixed telecommunications networks and facilities; telecommunications networks voice, data and image and multi-media communication and other services.

Xinjiang CCS

Xinjiang CCS is a directly wholly-owned subsidiary of the Company, which is mainly engaged in manufacturing, sales, maintaining and repair of communication facilities; development and promotion of telecommunication technologies.

Xinjiang Planning & Designing

Xinjiang Planning & Designing is a directly wholly-owned subsidiary of Xinjiang Telecom, which is mainly engaged in design, construction and maintenance of security technology prevention system and bidding agency service for communications construction projects.

Based on the audited financial statements of Xinjiang Planning & Designing prepared under PRC GAAP, as at 31 December 2011, the net asset value and the total asset value of the Xinjiang Planning & Designing were RMB15,394,224 and RMB24,029,755, respectively. The net profits before and after taxation of Xinjiang Planning & Designing for the two years ended 31 December 2010 and 31 December 2011 were as follows:

	<i>Unit: RMB</i>	
	Year ended 31 December 2010	Year ended 31 December 2011
Net Profits before Taxation	4,125,824	1,555,874
Net Profits after Taxation	3,518,720	1,213,021

(f) *Profit Forecast Requirement*

The income method adopted by CEA, an independent valuer, when preparing the valuation report regarding Xinjiang Planning & Designing is based on discounted future cash flows. Accordingly, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The principal assumptions, upon which such valuation is based, are set out below:

- (i) There is no material change in the existing laws, regulations and policies of the PRC. There is no material change in the political, economic and social environment where parties to the Xinjiang Equity Transfer Agreement are located. There is no other material adverse effects caused by force majeure events or unforeseeable events.
- (ii) The management of Xinjiang Planning & Designing is responsible for and capable of holding their respective positions.
- (iii) Unless otherwise specified, Xinjiang Planning & Designing is in compliance with all applicable laws and regulations and there will not occur any non-compliance events that will materially affect the development and profits of Xinjiang Planning & Designing.
- (iv) The valuation was prepared based on the assumptions that the existing business structure, operation model and business focus will not change in the coming several years, and without taking into consideration of the possible improvements and optimization in business structure, staffing and cost structure.
- (v) Using the existing management method and management capability as basis, the business scope and method of Xinjiang Planning & Designing will be kept consistent.
- (vi) There will be no material changes in interests rates, exchange rates, taxation benchmarks, tax rates and policy levies, etc.

The Directors confirm that the valuation of Xinjiang Planning & Designing, which constitutes a profit forecast under Rule14.61 of the Listing Rules, has been made after due and careful enquiry.

The Company has engaged its auditor, KPMG, to report on the arithmetical calculations of the discounted future cash flows on which the business valuation of Xinjiang Planning & Designing at 30 June 2011 is based. A letter from KPMG in compliance with Rule14.62(2) of the Listing Rules has been submitted to The Stock Exchange of Hong Kong Limited.

(g) Reasons and Benefits of the Xinjiang Equity Transfer Agreement

As stated in the prospectus of the Company dated 13 January 2012 in relation to the rights issue, the Company intends to apply part of its proceeds from the rights issue for potential strategic acquisition of assets. In addition, by acquiring the 100% equity interest in Xinjiang Planning & Designing under the Xinjiang Equity Transfer Agreement, the Group could further expand its core businesses to northwestern area of China and to avoid competition with China Telecom, the controlling shareholder of the Company.

5. GUANGDONG ASSETS ACQUISITION AGREEMENT

- (a) *Parties* : (A) Guangdong Telecom Industrial; and
(B) Guangdong CCS

(b) *Subject matter*

Pursuant to the Guangdong Assets Acquisition Agreement, Guangdong Telecom Industrial and/or its subsidiary has agreed to sell, and Guangdong CCS and/or its subsidiaries has agreed to acquire, the following assets, at a total consideration of RMB39,811,000, payable by cash.

No.	Location	Construction Area (m ²)
1	No.5 Nanjiang Road, Shiqi District, Zhongshan	4,892.39
2	Building 2, No.3 Nanjiang Road, Shiqi District, Zhongshan	2,348.63
3	No. 626 and No.628 of Yueken Road, Tianhe District, Guangzhou	739.56
4	No. 64 and No. 66, Qingcai East Street, Xianlienan Road, Dongshan District, Guangzhou	544.79

(c) *Consideration and Payment*

Pursuant to the Guangdong Assets Acquisition Agreement, Guangdong CCS and/or its subsidiaries will pay a total consideration of RMB39,811,000 payable in cash in a lump sum within 60 days from and including the delivery completion date. The consideration was arrived at after arm's length negotiation between Guangdong Telecom Industrial and Guangdong CCS and was equivalent to the appraised total value of the assets as at 30 June 2011 of RMB39,811,000 as set out in the valuation reports prepared by CEA.

The four buildings were self-built in the year 1991, 1995, 2005 and 1982, with the original land use right transfer fee and construction cost of approximately RMB4,917,046, RMB2,223,360, RMB1,824,389 and RMB2,844,988, respectively.

(d) *Conditions Precedent and Completion of the Delivery*

The parties agreed that the beginning date of the delivery shall be 30 June 2012. The beginning of the delivery is subject to, among others, the satisfaction of the following conditions precedent: (i) the obtaining of corporate approvals of both parties; (ii) the approval by China Telecom and the Company, and (iii) the filing of the valuation report with competent authorities. As at the date of this announcement, all the conditions precedent have been satisfied.

The parties agree that the substantial completion of the delivery of the properties, which includes, without limitation to the transfer of the titles, including assets ownership right, from Guangdong Telecom Industrial and/or its subsidiary to Guangdong CCS and/or its subsidiary will be deemed to be the completion of delivery.

(e) *Information about the Parties*

Guangdong Telecom Industrial

Guangdong Telecom Industrial is an indirectly wholly-owned subsidiary of China Telecom, which is mainly engaged in equity management, project investment, marketing and pipeline maintenance businesses entrusted by Guangdong Telecom; investment in telecommunication business permitted by the State and other businesses.

Guangdong CCS

Guangdong CCS is a directly wholly-owned subsidiary of the Company, which is mainly engaged in communications technology development, technology service, consultation and training, production and sales of communication equipment, computer application system integration, investment consultancy, design, production, publication and undertaking of domestic and overseas various types of advertisements, maintenance and repair of telecommunications equipment, property management, design and construction of communication projects; communication information service, etc.

(f) *Reasons and Benefits of Guangdong Assets Acquisition Agreement*

As stated in the prospectus of the Company dated 13 January 2012 in relation to the rights issue, the Company intends to apply part of its proceeds from the rights issue for potential strategic acquisition of assets. The properties acquired by the Group under the Guangdong Assets Acquisition Agreements are necessary for the development of the Group's current businesses, and could benefit the business development of the Group, reduce cost as well as have great potential to appreciate in value in the future.

6. IMPLICATIONS UNDER THE LISTING RULES

China Telecom is the controlling shareholder of the Company, beneficially holding 3,559,362,496 shares in the Company as at the date of this announcement, which represents approximately 51.39% of the entire issued share capital of the Company. As the Transferors are all subsidiaries of China Telecom, and are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being associates of the Company's substantial shareholder. Accordingly, any transaction entered into between any of the Transferors and the Group would constitute connected transaction of the Company.

As the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreements and the Assets Acquisition Agreements, when aggregated, exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Right of First Refusal and Priority Right Committee, which comprise only independent non-executive Directors, had convened a meeting to consider the exercise of the priority right and the proposed transactions contemplated under the Equity Transfer Agreements and the Assets Acquisition Agreements and was of the view that such exercise would be in the interests of the Company.

The Board has passed the resolutions to approve the Equity Transfer Agreements and the Assets Acquisition Agreements. The Directors (including the independent non-executive Directors) are of the view that each of the transactions under the Equity Transfer Agreements and the Assets Acquisition Agreements is on normal commercial terms, the consideration payable and payment arrangement for each of the Equity Transfer Agreements and the Assets Acquisition Agreements and the other terms of the Equity Transfer Agreements and the Assets Acquisition Agreements are fair and reasonable, and the Equity Transfer Agreements and the Assets Acquisition Agreements are in the interests of the Company and its shareholders taken as a whole. Due to their positions in China Telecom, Mr. Li Ping, Mr. Zheng Qibao and Mr. Yuan Jianxing, have abstained from voting on the resolutions to approve the Equity Transfer Agreements and the Assets Acquisition Agreements.

7. DEFINITIONS

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

“Asset Acquisition Agreements”	the Ningxia Asset Acquisition Agreement and the Guangdong Assets Acquisition Agreement
“Board”	the board of directors of the Company
“CEA”	China Enterprise Appraisals Co., Ltd., a property valuer incorporated in the PRC, which is an independent third party of the Group
“China Telecom”	中國電信集團公司 (China Telecommunications Corporation), a state-owned enterprise established under the laws of the PRC and our controlling shareholder
“China Telecom Industrial”	中國電信集團實業資產管理中心 (China Telecommunications Corporation Industrial Assets Management Center*), a directly wholly-owned subsidiary of China Telecom
“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 with limited liability on 30 August 2006, whose H shares are listed on The Stock Exchange of Hong Kong Limited

“Director(s)”	the director(s) of the Company
“Equity Transfer Agreements”	the Ningxia Equity Transfer Agreement, the SBSS Equity Transfer Agreement and the Xinjiang Equity Transfer Agreement
“Group”	the Company and its subsidiaries
“Guangdong Assets Acquisition Agreement”	the assets acquisition agreement entered into between Guangdong Telecom Industrial and Guangdong CCS on 20 June 2012
“Guangdong CCS”	廣東省通信產業服務有限公司 (Guangdong Communications Industrial Service Company Limited*), a directly wholly-owned subsidiary of the Company
“Guangdong Telecom Industrial”	廣東省電信實業集團公司 (Guangdong Telecom Industrial Group Corporation*), an indirectly wholly-owned subsidiary of China Telecom
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ningxia Asset Acquisition Agreement”	the asset acquisition agreement entered into between Ningxia Telecom Industrial and Ningxia CCS on 20 June 2012
“Ningxia CCS”	寧夏回族自治區通信產業服務有限公司 (Ningxia Hui Autonomous Region Communications Industrial Services Company Limited*), a directly wholly-owned subsidiary of the Company
“Ningxia Equity Transfer Agreement”	the equity transfer agreement entered into between the Ningxia Telecom Industrial and the Ningxia CCS on 20 June 2012
“Ningxia Construction”	寧夏通信建設有限公司 (Ningxia Communications Constructions Co., Ltd.*), a directly wholly-owned subsidiary of Ningxia Telecom Industrial
“Ningxia Supervision”	寧夏電信建設監理諮詢有限公司 (Ningxia Telecom Constructions Supervision Consultancy Co., Ltd.*), a directly wholly-owned subsidiary of Ningxia Telecom Industrial
“Ningxia Telecom Industrial”	寧夏電信實業有限公司 (Ningxia Telecommunications Industrial Company Limited*), an indirectly wholly-owned subsidiary of China Telecom

“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“PRC GAAP”	the Accounting Standards and Accounting Regulations For Business Enterprises and its supplementary regulations of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SBSS”	中英海底系統有限公司 (Sino-British Submarine System Co., Ltd.*), 51% equity interest of which is currently held by China Telecom Industrial
“SBSS Equity Transfer Agreement”	the equity transfer agreement entered into between China Telecom Industrial and the Company on 20 June 2012
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Transferees”	Xinjiang CCS, the Company, Ningxia CCS and Guangdong CCS
“Transferors”	Xinjiang Telecom, China Telecom Industrial, Ningxia Telecom Industrial and Guangdong Telecom Industrial
“Xinjiang CCS”	新疆維吾爾自治區通信產業服務有限公司 (Xinjiang Uygur Autonomous Region Communications Industry Service Company Limited*), a directly wholly-owned subsidiary of the Company

“Xinjiang Equity Transfer Agreement”	the equity transfer agreement entered into between the Xinjiang Telecom and the Xinjiang CCS on 20 June 2012
“Xinjiang Planning & Designing”	新疆通信規劃設計院有限責任公司 (Xinjiang Communications Planning & Designing Institute Co., Ltd.*), a directly wholly-owned subsidiary of Xinjiang Telecom
“Xinjiang Telecom”	中國電信集團新疆維吾爾自治區電信公司 (China Telecommunications Corporation Xinjiang Uygur Autonomous Region Telecommunications Company Limited*), a directly wholly-owned subsidiary of China Telecom

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

Beijing, the PRC, 20 June 2012

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.

* For identification purpose only