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If you have sold or transferred all your shares in China Communications Services Corporation Limited, you should at once hand this circular and the accompanying forms of proxies to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

*Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders*



A letter from the Board is set out from pages 3 to 9 of this circular. A letter from the Independent Board Committee is set out on pages 10 to 11 of this circular. A letter from the Independent Financial Adviser, is set out on pages 12 to 19 of this circular.

A notice convening an extraordinary general meeting (“EGM”) of the Company to be held at 10:00 a.m. on 30 December 2011, at No. 19, Chaoyangmen Beidajie, Dongcheng District, Beijing, the PRC, is set out on pages 23 to 24 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 24 hours before the time designated for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

15 November 2011

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DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, Macau and Taiwan)
“China Telecom Group”	China Telecommunications Corporation and its subsidiaries but excluding the Group
“China Telecommunications Corporation”	China Telecommunications Corporation (中國電信集團公司), 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 with limited liability on 30 August 2006, whose H Shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Existing Annual Caps”	the existing annual caps applicable to the service charges payable by the Company to China Telecom Group under the Supplies Procurement Services Framework Agreement for the two years ending 31 December 2011 and 2012, which were approved by the Independent Shareholders at the extraordinary general meeting of the Company convened on 30 December 2010
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened on 30 December 2011
“Group”	the Company together with its subsidiaries
“H Share(s)”	overseas listed foreign invested shares in the Company’s issued share capital with a par value of RMB1.00 per share which are listed on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors, consisting of Wang Jun, Chan Mo Po, Paul, Zhao Chunjun, Wu Shangzhi and Hao Weimin, formed to advise the Independent Shareholders on the Revised Annual Caps

DEFINITIONS

“Independent Financial Adviser”	GF Capital (Hong Kong) Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO
“Independent Shareholders”	Shareholders other than China Telecommunications Corporation and its associates
“Latest Practicable Date”	14 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Revised Annual Caps”	the revised annual caps proposed for the service charges payable by the Company to China Telecom Group under the Supplies Procurement Services Framework Agreement for the two years ending 31 December 2011 and 2012, Independent Shareholders’ approval of which will be sought at the EGM
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisors”	the supervisors of the Company
“Supplies Procurement Services Framework Agreement”	the Supplies Procurement Services Framework Agreement between the Company and China Telecommunications Corporation, the term of which was renewed to 31 December 2012 by the supplemental agreement dated 9 November 2010

The Company would like to caution readers about the forward-looking nature of certain statements herein. These forward-looking statements are subject to uncertainties and assumptions, some of which are beyond its control. Potential risks and uncertainties include those concerning the continued growth of the telecommunications industry in China, the development of the regulatory environment, China Telecom Group’s plan for its telecommunications operation and other strategies and the Company’s ability to successfully execute its business strategies. In addition, these forward-looking statements reflect the Company’s current views with respect to future events but are not a guarantee of future performance. The Company does not intend to update these forward-looking statements. Actual result may differ materially from the information contained in the forward-looking statements as a result of a number of factors.

LETTER FROM THE BOARD



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)

Executive Directors

Li Ping
Zheng Qibao
Yuan Jianxing
Hou Rui

Non-executive Directors

Liu Aili
Zhang Junan

Independent Non-executive Directors

Wang Jun
Chan Mo Po, Paul
Zhao Chunjun
Wu Shangzhi
Hao Weimin

Registered office

Level 5
No. 2 and B
Fuxingmen South Avenue
Xicheng District
Beijing
PRC

Place of business in Hong Kong

Room 3203-3205
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

15 November 2011

To the Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 9 November 2010 and the circular of the Company dated 12 November 2010 in relation to, among others, the continuing connected transactions under the Supplies Procurement Services Framework Agreement between the Company and China Telecommunications Corporation. Reference is also made to the announcement of the Company dated 14 November 2011 in relation to the proposed Revised Annual Caps for the service charges payable by the Company to China Telecom Group under the Supplies Procurement Services Framework

LETTER FROM THE BOARD

Agreement. For the two years ending 31 December 2011 and 2012, the Existing Annual Caps for the service charges payable by the Company to China Telecom Group under the Supplies Procurement Services Framework Agreement are RMB900 million and RMB900 million, respectively.

In the past nine months of 2011, China witnessed a rapid development in the telecommunication industry and there was a rapid increase in mobile users and the corresponding demand for mobile terminals. In response to the high demand for mobile terminals, the Company increased the procurement of telecommunications supplies especially the mobile terminals from China Telecom Group, and leveraged on the existing distribution network of the Company to better address the market opportunities and promote the rapid development of business. The Company believes that the increase in the distribution of mobile terminals will increase the revenue and profit of the Company as well as reinforce its cooperation and relationship with China Telecom Group to ensure a stable revenue source, which will benefit the Company's future growth and development. In this regard, the aggregate purchases from China Telecom Group in the two years ending 31 December 2011 and 2012 are projected to be higher than that envisaged at the time of entering into the Supplies Procurement Services Framework Agreement. The Company proposed to increase the annual caps for service charges payable to China Telecom Group under the Supplies Procurement Services Framework Agreement to RMB2,100 million and RMB2,600 million respectively, for the two years ending 31 December 2011 and 2012.

As the highest applicable percentage ratio of the Revised Annual Caps, calculated on an annual basis, exceeds 5%, the proposed Revised Annual Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all of the independent non-executive Directors of the Company has been formed to advise the Independent Shareholders on the proposed Revised Annual Caps. GF Capital (Hong Kong) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the same.

The purpose of this circular is to provide, among other things, further information about the proposed Revised Annual Caps, letters from the Independent Board Committee and from the Independent Financial Adviser, and a notice to Shareholders convening the EGM to approve the Revised Annual Caps.

2. SUPPLIES PROCUREMENT SERVICES FRAMEWORK AGREEMENT

According to the Supplies Procurement Services Framework Agreement, China Telecommunications Corporation agreed to provide the Company with comprehensive supplies procurement services, including, among other things, (i) sales of telecommunications supplies manufactured by China Telecom Group, (ii) resale of supplies purchased from independent third parties, (iii) agency services of supplies procurement, and (iv) warehousing, transportation and installation services. The scope of the Supplies Procurement Services Framework Agreement covers transactions between the Company (and its subsidiaries) and China Telecommunications Corporation (and its subsidiaries but excluding the Group), as may be applicable from time to time and splits off the provision of comprehensive logistics services from the Ancillary Telecommunications Services Framework Agreement and the Operation Support Services Framework Agreement. Pursuant to the same agreement, the Company also agreed to provide China Telecommunications Corporation with comprehensive supplies procurement services.

LETTER FROM THE BOARD

The pricing basis for the provision of comprehensive logistics services relating to facilities procurement under the Supplies Procurement Services Framework Agreement is as follows:

- (1) procurement services in respect of imported telecommunications supplies are provided at 1% of the contract value at the maximum;
- (2) procurement services in respect of domestic telecommunications supplies and other domestic non-telecommunications materials are provided at 3% of the contract value at the maximum;
- (3) other procurement services are provided at:
 - (i) the government-prescribed prices;
 - (ii) where there are no government-prescribed prices but where there are government-guidance prices, the government-guidance prices apply;
 - (iii) where there are neither government-prescribed prices nor government-guidance prices, the market prices apply. The market price is defined as the price determined by business operators which is formulated through market competition. The market price is determined at the sequence of (i) the price at which the same types of services are provided by independent third parties in the ordinary course of business in the same areas or regions in close proximity thereto; or (ii) the price at which the same types of services are provided by independent third parties in the ordinary course of business within China; or
 - (iv) where none of the above is applicable, the prices are to be negotiated and agreed between the relevant parties for the provision of the above services on the basis of fairness, which shall be the reasonable costs incurred in providing the same plus reasonable profit margin (for this purpose, “reasonable costs” means such costs as confirmed by both parties after negotiations).

The pricing basis and other applicable terms for each type of services under the Supplies Procurement Services Framework Agreement will be reviewed and amended, if necessary, by way of a supplemental agreement by the parties on 31 December each year.

The Group will be given priority by China Telecom Group in the provision of comprehensive logistics services, provided that the terms and conditions offered by independent third parties to China Telecom Group are no more favourable than those offered by the Company for the same services, and in return, the Company has undertaken to China Telecommunications Corporation that the Company and its subsidiaries shall not provide supplies procurement related comprehensive logistic services to it on terms which are less favourable than those offered by the Company and its subsidiaries to independent third parties.

Subject to the terms and conditions set out above, the payment for the procurement of related comprehensive logistic services is made at the time when relevant services are provided in the manner set forth in each specific contract entered into between the parties. Settlement of payment shall be made at least once every 60 days.

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The Company entered into the Supplies Procurement Services Framework Agreement with China Telecommunications Corporation on 29 October 2009 for a term of two years ending 31 December 2010, which was subsequently extended for another two years to 31 December 2012 by a supplemental agreement dated 9 November 2010.

3. REASONS FOR AND BENEFITS OF TRANSACTIONS UNDER THE SUPPLIES PROCUREMENT SERVICES FRAMEWORK AGREEMENT

China Telecom Group is one of the largest telecommunications operators in the PRC. The Group is the leading specialized telecommunications support services provider in the PRC and has been providing such services to China Telecom Group on a long-term basis which are currently governed by, among other things, the Supplies Procurement Services Framework Agreement.

It is expected that China Telecom Group will continue to expand its business operation, construct and optimize its telecommunications network as well as broaden its customer base. The Board considers that it is in the interest of the Company to promote cooperation with China Telecom Group and ensure a stable revenue source from one of the largest telecommunications operators in the PRC so as to benefit the Company's future growth and development. The Supplies Procurement Services Framework Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. THE REVISED ANNUAL CAPS AND REASONS FOR SETTING THE REVISED ANNUAL CAPS

For the two years ending 31 December 2011 and 2012, the Existing Annual Caps for the service charges payable by the Company to China Telecom Group under the Supplies Procurement Services Framework Agreement are RMB900 million and RMB900 million, respectively. The continuing connected transactions under the Supplies Procurement Services Framework and the Existing Annual Caps have been approved by the Independent Shareholders at the extraordinary general meeting of the Company convened on 30 December 2010.

In the past nine months of 2011, China witnessed a rapid development in the telecommunication industry and there was a rapid increase in mobile users and the corresponding demand for mobile terminals. In response to the high demand for mobile terminals, the Company increased the procurement of telecommunications supplies especially the mobile terminals from China Telecom Group, and leveraged on the existing distribution network of the Company to better address the market opportunities and promote the rapid development of business. The Company believes that the increase in the distribution of mobile terminals will increase the revenue and profit of the Company as well as reinforce its cooperation and relationship with China Telecom Group to ensure a stable revenue source, which will benefit the Company's future growth and development. In this regard, the aggregate purchases from China Telecom Group in the two years ending 31 December 2011 and 2012 are projected to be higher than that envisaged at the time of entering into the Supplies Procurement Services Framework Agreement. The Company proposed to increase the annual caps for service charges payable to China Telecom Group under the Supplies Procurement Services Framework Agreement to RMB2,100 million and RMB2,600 million respectively, for the two years ending 31 December 2011 and 2012.

LETTER FROM THE BOARD

When determining the Revised Annual Caps, the Board has considered: (i) the amounts paid by the Company to China Telecom Group under the Supplies Procurement Services Framework Agreement for the year of 2010 and for the period from 1 January 2011 to 30 June 2011; (ii) the dramatic increase in the amounts paid by the Company to China Telecom Group for the second half year of 2010 compared with those for the first half, which is expected to recur for the year of 2011; (iii) the existing business scale and operations of the Company together with the latest business plans for the two years ending on 31 December 2011 and 2012; and (iv) the expected rapid development of the mobile terminal market.

The table below sets out the historical figures, the Existing Annual Caps and the proposed Revised Annual Caps relating to the Supplies Procurement Services Framework Agreement.

Unit: RMB million

Transaction	Year ended 31 December 2010		Year ending 31 December 2011		Year ending 31 December 2012		
	Annual Cap	Actual amount	Existing Annual Cap	Actual amount (up to 30 June 2011)	Revised Annual Caps	Existing Annual Cap	Revised Annual Caps
Supplies Procurement Services provided by China Telecom Group							
Expenditure	900	448	900	523	2,100	900	2,600

The Board (including the independent non-executive Directors of the Company) is of the view that the Supplies Procurement Services Framework Agreement and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, that they are on normal commercial terms, and that they have been implemented in accordance with the terms contained therein, and that the terms, as well as the Revised Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

5. INFORMATION ABOUT THE COMPANY AND CHINA TELECOMMUNICATIONS CORPORATION

The Company is principally engaged in the provision of specialized telecommunications support services to telecommunications operators in the PRC, offering telecommunications infrastructure services (including design, construction and project supervision and management), business process outsourcing services and applications, content and other services.

China Telecommunications Corporation is a state-owned enterprise engaged in the investment holding of companies primarily involved in the provision of telecommunications services, the provision of specialized telecommunications support services and other business.

As at the Latest Practicable Date, China Telecommunications Corporation holds approximately 50.71% of the issued share capital of the Company.

LETTER FROM THE BOARD

6. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, China Telecommunications Corporation holds approximately 50.71% of the issued share capital of the Company. Accordingly, China Telecommunications Corporation is a substantial shareholder of the Company, being a connected person of the Company, and the transactions under the Supplies Procurement Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Revised Annual Caps, calculated on an annual basis, exceeds 5%, the proposed Revised Annual Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board has approved the Revised Annual Caps. Due to their positions in China Telecommunications Corporation, Mr. Li Ping, Mr. Zheng Qibao and Mr. Yuan Jianxing, have abstained from voting on the Board resolution to approve the Revised Annual Caps.

China Telecommunications Corporation and its associates, being connected persons to the Company, will abstain from voting at the EGM on the ordinary resolution to approve the Revised Annual Caps. Any vote of the Independent Shareholders at the EGM shall be taken by poll. The Company confirms that none of the independent non-executive Directors has any interests in the Revised Annual Caps.

The Company undertakes to comply with the rules in relation to annual review of continuing connected transactions set out in the Listing Rules. The Company specifically undertakes upon any further material variation or renewal of the above relevant agreement, the Company will comply in full with all applicable requirements set out in Chapter 14A of the Listing Rules.

7. EXTRAORDINARY GENERAL MEETING

A notice convening an EGM of the Company to be held at 10:00 a.m. on 30 December 2011, at No. 19, Chaoyangmen Beidajie, Dongcheng District, Beijing, the PRC, is set out on pages 23 to 24 of this circular at which the ordinary resolution will be proposed to approve the Revised Annual Caps. The vote of the Independent Shareholders at the EGM on the ordinary resolution shall be taken by poll. In accordance with the Listing Rules, China Telecommunications Corporation, the ultimate controlling shareholder of the Company holding 50.71% of the total issued share capital of the Company as at the Latest Practicable Date, and its associates, will abstain from voting on the ordinary resolution at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not Shareholders are able to attend the EGM, they are requested to complete and return the enclosed form of proxy to (i) for domestic Shareholders, the Office of the Board of the Company, at No.19, Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC; and (ii) for holders of H Shares, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event no later than 24 hours before the time designated for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM should they so wish.

LETTER FROM THE BOARD

8. CONCLUSION AND RECOMMENDATION

GF Capital (Hong Kong) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Revised Annual Caps.

The Independent Financial Adviser considers that the entering into of the Supplies Procurement Services Framework Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms; and that the terms of the Supplies Procurement Services Framework Agreement and the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Financial Adviser would advise the Independent Shareholders, as well as recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution as set out in the notice of the EGM at the end of the circular.

The Independent Board Committee, after taking into account, among other things, the advice of the Independent Financial Adviser, concurs with the views of the Independent Financial Adviser and considers that the Supplies Procurement Services Framework Agreement and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, that they are on normal commercial terms, and that they have been implemented in accordance with the terms contained therein, and that the terms, as well as the Revised Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

9. OTHER INFORMATION

Your attention is drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders, the letter from the Independent Board Committee which sets out its recommendation to the Independent Shareholders, the additional information set out in the appendices to this circular and the EGM notice.

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



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)

15 November 2011

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION**

We refer to the circular issued by the Company to the Shareholders dated 15 November 2011 (the “Circular”) of which this letter forms part. The terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

On 14 November 2011, the Board announced that the Company has proposed to increase the annual caps for service charges payable to China Telecom Group under the Supplies Procurement Services Framework Agreement to RMB2,100 million and RMB2,600 million respectively, for the two years ending 31 December 2011 and 2012. Further details are contained in the letter from the Board set out on pages 3 to 9 of the Circular.

The Independent Board Committee was formed to make a recommendation to the Independent Shareholders as to whether, in its view, the proposed Revised Annual Caps are fair and reasonable in so far as the Independent Shareholders are concerned.

GF Capital (Hong Kong) Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the proposed Revised Annual Caps. The text of the letter of advice from the Independent Financial Adviser containing their recommendation and the principal factors they have taken into account in arriving at their recommendation are set out from pages 12 to 19 of the Circular.

The Independent Shareholders are recommended to read the letter from the Independent Financial Adviser, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

As your Independent Board Committee, we have discussed with the management of the Company the reasons for the proposed Revised Annual Caps. We have also considered the key factors taken into account by the Independent Financial Adviser in arriving at its opinion regarding the proposed Revised Annual Caps.

The Independent Board Committee concurs with the view of the Independent Financial Adviser and considers that the proposed Revised Annual Caps are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole. Our view related to fairness and reasonableness is necessarily based on the information, facts and circumstances currently prevailing. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM at the end of the Circular.

Yours faithfully

For and on behalf of
Independent Board Committee

Wang Jun

Chan Mo Po, Paul

Zhao Chunjun

Wu Shangzhi

Hao Weimin

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from GF Capital (Hong Kong) Limited to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of inclusion in this circular.



Suites 2301-5 & 2313, COSCO Tower
183 Queen's Road Central
Hong Kong

15 November 2011

*To the Independent Board Committee
and the Independent Shareholders of
China Communications Services Corporation Limited*

Dear Sirs,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed revision of annual caps for the continuing connected transactions under the Supplies Procurement Services Framework Agreement for two years ending 31 December 2012, details of which, amongst other things, are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 15 November 2011 (the “**Circular**”) of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular, unless the context requires otherwise.

The existing terms of the Supplies Procurement Services Framework Agreement and the Existing Annual Caps for the two years ending 31 December 2011 and 2012 were approved by the Independent Shareholders at the extraordinary general meeting of the Company convened on 30 December 2010. As set out in the Letter from the Board, in the past nine months of 2011, China witnessed a rapid development in the telecommunication industry and there was a rapid increase in mobile users and the corresponding demand for mobile terminals. In response to the high demand for mobile terminals, the Company increased the procurement of telecommunications supplies especially the mobile terminals from China Telecom Group, and leveraged on the existing distribution network of the Company to better address the market opportunities and promote the rapid development of business. The Company believes that the increase in the distribution of mobile terminals will increase the revenue and profit of the Company as well as reinforce its cooperation and relationship with China Telecom Group to ensure a stable revenue source, which will benefit the Company's future growth and development. In this regard,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the aggregate purchases from China Telecom Group in the two years ending 31 December 2011 and 2012 are projected to be higher than that envisaged at the time of entering into of the Supplies Procurement Services Framework Agreement.

The Directors have been closely monitoring the continuing connected transactions under the Supplies Procurement Services Framework Agreement. Based on internal estimates, the Directors consider that the Existing Annual Caps for the two years ending 31 December 2011 and 2012 for the service charges payable by the Company to China Telecom Group will not be sufficient for the Group's current requirements, and therefore propose the Revised Annual Caps, details of which are set out in the Letter from the Board.

China Telecommunications Corporation is the controlling shareholder of the Company and holds 2,926,752,080 shares in the Company as at the Latest Practicable Date, which represents approximately 50.71% of the entire issued share capital of the Company. As such, China Telecommunications Corporation is a connected person of the Company as defined under Rule 14A.11 of the Listing Rules. Accordingly, the proposed Revised Annual Caps under the Supplies Procurement Services Framework Agreement constitutes continuing connected transactions of the Company.

As the highest applicable percentage ratio of the Revised Annual Caps, calculated on an annual basis, exceeds 5%, the proposed Revised Annual Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As China Telecommunications Corporation is materially interested in the Supplies Procurement Services Framework Agreement, China Telecommunications Corporation and its associates shall abstain from voting at the EGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the independent non-executive Directors, namely Mr. Wang Jun, Mr. Chan Mo Po, Paul, Mr. Zhao Chunjun, Mr. Wu Shangzhi and Mr. Hao Weimin, has been established to advise the Independent Shareholders on the proposed Revised Annual Caps.

We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the entering into of the Supplies Procurement Services Framework Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms; and whether the terms, and the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, statements, opinions and representations provided to us by the Company, its representatives, its management and the Directors for which they are solely and wholly responsible and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true, accurate and complete as at the date of the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have assumed that all statements of belief, opinion and intention made by the Company, its representatives and the Directors as set out in the Circular were reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. The Directors confirmed that they have provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information and the information contained in the Circular to provide a reasonable basis of our opinions.

Our review and analyses were based upon the information provided by the Company which include among others, the Supplies Procurement Services Framework Agreement, the announcement of the Company dated 9 November 2010 and the circular of the Company dated 12 November 2010 in relation to, among others, the continuing connected transactions under the Supplies Procurement Services Framework Agreement between the Company and China Telecommunications Corporation as well as the announcement of the Company dated 14 November 2011 in relation to the proposed Revised Annual Caps for the continuing connected transactions under the Supplies Procurement Services Framework Agreement, the Circular, the interim report for the six months ended 30 June 2010 (the “**Interim Report 2010**”), the interim report for the six months ended 30 June 2011 (the “**Interim Report 2011**”) and the annual report for the year ended 31 December 2010 (the “**Annual Report**”) of the Company.

We consider that we have reviewed sufficient information to reach a reasonably informed view to justify our reliance on the accuracy of the information contained in the Circular as aforesaid and to provide reasonable grounds for our advice. In addition, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided to us by the Directors. We, however, have not conducted any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor we have carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the Supplies Procurement Services Framework Agreement and the Revised Annual Caps, we have considered the following principal factors and reasons:

Information on the Group

The Group is principally engaged in the provision of telecommunications support services in the PRC and overseas, including (i) telecommunications infrastructure design, construction and supervision and management; (ii) business process outsourcing (including network maintenance, facilities management, distribution of telecommunications service and products); and (iii) a variety of other services including applications, content and others.

Information on China Telecommunications Corporation

China Telecommunications Corporation is a state-owned enterprise established under the laws of the PRC on 17 May 2000. Its principal business is the investment holding of companies engaged in the provision of telecommunication services in the PRC, the provision of specialised telecommunications support services and other business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Background of the Supplies Procurement Services Framework Agreement

The Group has from time to time carried out certain continuing connected transactions with China Telecommunications Corporation and/or its associates during its ordinary and usual course of business involving, among others, the provision of comprehensive procurement services. In this connection, the Company entered into the Supplies Procurement Services Framework Agreement with China Telecommunications Corporation on 29 October 2009 for a term of two years ended 31 December 2010, which was subsequently extended for another two years to 31 December 2012 by a supplemental agreement dated 9 November 2010.

Supplies Procurement Services Framework Agreement

(a) Terms of the Supplies Procurement Services Framework Agreement

Pursuant to the Supplies Procurement Services Framework Agreement, China Telecommunications Corporation agreed to provide the Company with comprehensive supplies procurement services, including, among other things, (i) sales of telecommunications supplies manufactured by China Telecom Group, (ii) resale of supplies purchased from independent third parties, (iii) agency services of supplies procurement, and (iv) warehousing, transportation and installation services. The scope of the Supplies Procurement Services Framework Agreement covers transactions between the Company (and its subsidiaries) and China Telecommunications Corporation (and its subsidiaries but excluding the Group), as may be applicable from time to time and splits off the provision of comprehensive logistics services from the Ancillary Telecommunications Services Framework Agreement and the Operation Support Services Framework Agreement. Pursuant to the same agreement, the Company also agreed to provide China Telecommunications Corporation with comprehensive supplies procurement services.

The current term of the Supplies Procurement Services Framework Agreement will expire on 31 December 2012.

(b) Reasons for and benefits of entering into of the Supplies Procurement Services Framework Agreement

As disclosed in the Letter from the Board, it is expected that China Telecom Group will continue to expand its business operation, construct and optimize its telecommunications network as well as broaden its customer base. The Board considers that it is in the interest of the Company to promote cooperation with China Telecom Group and ensure a stable revenue source from one of the largest telecommunications operators in the PRC so as to benefit the Company's future growth and development. The Supplies Procurement Services Framework Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have reviewed the Interim Report 2011 and noted that, for the six months ended 30 June 2011, the historical transaction amounts for procurement service provided by China Telecom Group to the Company under the Supplies Procurement Services Framework Agreement was approximately RMB523.4 million, representing a sizeable increase of approximately 268.3% as compared to that for the corresponding period in 2010.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above, we consider that the entering into of the Supplies Procurement Services Framework Agreement and the Revised Annual Caps can facilitate the Group to seize the business opportunity arising from market expansion. In addition, we are of the view that the entering into of the Supplies Procurement Services Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

(c) *Pricing basis of the Supplies Procurement Services Framework Agreement*

The pricing basis for the provision of comprehensive logistics services relating to facilities procurement under the Supplies Procurement Services Framework Agreement is determined as below: (i) 1% of the contract value at maximum for procurement services relating to imported telecommunications supplies; (ii) 3% of the contract value at the maximum for procurement services relating to domestic telecommunications supplies and other domestic non-telecommunications materials; and (iii) for other procurement services under the Supplies Procurement Services Framework Agreement, pricing basis is determined by reference to (a) the government-prescribed prices; (b) where there are no government-prescribed prices, but where there are government-guidance prices, the government-guidance prices apply; (c) where there are neither government-prescribed prices nor government-guidance prices, the market prices apply; and (d) where none of the prices as mentioned in (a), (b) and (c) is applicable, the prices are to be negotiated and agreed between the relevant parties for the provision of the above services on the basis of fairness, which shall be the reasonable costs incurred in providing the same plus reasonable profit margin (for this purpose, “reasonable costs” means such costs as confirmed by both parties after negotiations). We also noted that the pricing basis for the procurement services under the Supplies Procurement Services Framework Agreement is subject to review and amend by both parties when necessary on 31 December each year. We further noted that the payment for the procurement of related comprehensive logistic services is made at the time when relevant services are provided in the manner set forth in each specific contract entered into between the parties. Settlement of payment shall be made at least once every 60 days.

In addition, the Group will be given priority by China Telecom Group in the provision of comprehensive logistics services, provided that the terms and conditions offered by independent third parties to China Telecom Group are no more favourable than those offered by the Company for the same services, and in return, the Company has undertaken to China Telecommunications Corporation that the Company and its subsidiaries shall not provide supplies procurement related comprehensive logistic services to it on terms which are less favourable than those offered by the Company to independent third parties.

In view of the above, we consider that the entering into of the Supplies Procurement Services Framework Agreement is on normal commercial terms and the terms of the Supplies Procurement Services Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Revised Annual Caps

When determining the Revised Annual Caps, the Board has considered: (i) the amounts paid by the Group to China Telecom Group under the Supplies Procurement Services Framework Agreement for the year of 2010 and for the period from 1 January 2011 to 30 June 2011; (ii) the dramatic increase in the amounts paid by the Company to China Telecom Group for the second half year of 2010 compared with those for the first half, which is expected to recur for the year of 2011; (iii) the existing business scale and operations of the Company together with the latest business plans for the two years ending on 31 December 2011 and 2012; and (iv) the expected rapid development of the mobile terminal market.

The table below illustrates the Existing Annual Caps, historical transaction amounts and the proposed Revised Annual Caps relating to the Supplies Procurement Services Framework Agreement:

Transaction	Unit: RMB million				
	Year ending 31 December 2011			Year ending 31 December 2012	
	Existing Annual Caps	Actual amounts (up to 30 June 2011)	Revised Annual Caps	Existing Annual Caps	Revised Annual Caps
Supplies procurement services provided by China Telecom Group					
Expenditure	900	523	2,100	900	2,600
% of utilization		58.1%			
% of increase			133.3% ¹		23.8% ²

Notes:

1. The percentage increase in the 2011 Revised Annual Cap is with reference to the 2011 Existing Annual Cap for the service charges payable by the Company to China Telecom Group.
2. The percentage increase in the 2012 Revised Annual Cap is with reference to the 2011 Revised Annual Cap for the service charges payable by the Company to China Telecom Group.

We note that the annual caps in respect of the services charges receivable by the Company to China Telecom Group for the two years ending 31 December 2011 and 2012 remain unchanged from those previously agreed under the Supplies Procurement Services Framework Agreement.

As illustrated in the above table, the services charges payable by the Company to China Telecom Group for the year ending 31 December 2011 of RMB2,100 million represents approximately a 133.3% increase over the Existing Annual Caps for the year ending 31 December 2011; and the Revised Annual Cap for the year ending 31 December 2012 of RMB2,600 million represents approximately a 23.8% increase over the Revised Annual Caps for the year ending 31 December 2011.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to assess the fairness and reasonableness of the Revised Annual Caps, we have taken into consideration the following aspects:

- (i) As set out in the Interim Report 2011, the historical transaction amounts for supplies procurement services provided by China Telecom Group to the Company under the Supplies Procurement Services Framework Agreement was approximately RMB523.4 million, representing an increase of approximately 268.3% as compared to that for the corresponding period in 2010;
- (ii) As set out in the Interim Report 2011, driven by the waves of informatization, domestic telecommunication operators accelerated their pace of transformation and development, and progressively increased their investment in information network infrastructures. In response to this, the Group firmly captured the industrial development opportunities and adhered to its customer-focused innovative service strategy;
- (iii) As set out in the Annual Report and Interim Report 2010, the historical transaction amounts for supplies procurement services provided by China Telecom Group to the Company under the Supplies Procurement Services Framework Agreement for the six months ended 30 June 2010 and for the year ended 31 December 2010 and was approximately RMB142 million and RMB448 million, respectively. We noted that the proportion of the historical transaction amounts of the first half year of 2010 represented approximately 31.2% of the total historical transaction amounts for the year of 2010 and the proportion of the historical transaction amounts of the second half year of 2010 represented approximately 68.8% of the total historical transaction amounts for the year of 2010. The Company expects that the dramatic increase in the amounts paid by the Company to China Telecom Group for the second half year of 2010 as compared with those for the first half will recur in the year of 2011. Based on the above, we concur with the Company's view in this regard;
- (iv) The growth rate of the supplies procurement service provided by China Telecom Group to the Company under the Supplies Procurement Services Framework Agreement based on the Revised Annual Caps for two years ending 31 December 2012 is approximately 23.8%. We have discussed the growth rate with the management of the Company and were given to understand that the expected increase in the procurement of telecommunications supplies especially the mobile terminals from China Telecom Group will sustain in the coming two years ending 31 December 2012; and
- (v) We noted from the website of the Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部) that for the nine months ended 30 September 2011, the telecommunication industry recorded sales of approximately RMB871.0 billion, representing a 15.9% increase as compared to the corresponding period last year. Users of the mobile services in the PRC, especially the 3G services, achieved rapid growth in the past few months. As at 30 September 2011, 3G services users reached approximately 100 million, representing an increase of 117.8% as compared with that as at 31 December 2010.

Having considered the above, we are of the view that the Revised Annual Caps are determined by the Directors after due and careful consideration and on a fair and reasonable basis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES' IMPLICATIONS

The Supplies Procurement Services Framework Agreement, the Revised Annual Caps and any continuing connected transactions contemplated thereunder are subject to the annual review requirements of Rule 14A.37 to 14A.40 of the Listing Rules. We consider that the annual review requirements can provide appropriate measures to govern the Company in carrying out the Supplies Procurement Services Framework Agreement and safeguard the interests of the Shareholders thereunder.

RECOMMENDATION

Having considered the principal reasons and factors discussed above, we are of the view that the entering into of the Supplies Procurement Services Framework Agreement is in the ordinary and usual course of business of the Company and on normal commercial terms; and that the terms of the Supplies Procurement Services Framework Agreement and the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Revised Annual Caps.

For and on behalf of
GF Capital (Hong Kong) Limited

Danny Wan
*Managing Director and
Head of Corporate Finance*

Brian Lee
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND SUPERVISORS' INTERESTS

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had any interest or short position in any shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of the SFO) (1) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the SFO) or (2) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest, direct or indirect, in any asset which since 31 December 2010, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save as the positions held by Mr. Li Ping, Mr. Zheng Qibao and Mr. Yuan Jianxing at China Telecommunications Corporation, the position held by Mr. Liu Aili at China Mobile Communications Corporation and the position held by Mr. Zhang Junan at China United Network Communications Group Company Limited, as at the Latest Practicable Date, none of the Directors were a director or an employee of any shareholders of the Company or a company which has an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company was materially interested in any contract or arrangement to which any member of the Group was a party and which was significant to the business of the Group, apart from their service contracts.

China Telecommunications Corporation and its associates being connected persons to the proposed Revised Annual Caps will abstain from voting on the ordinary resolution to approve the Revised Annual Caps.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and Supervisors has entered or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, Supervisors and their respective associates was interested in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date of the latest published audited financial statements of the Company.

6. QUALIFICATION OF EXPERTS

The following are the qualifications of GF Capital (Hong Kong) Limited who has given their advice, letters or reports for the inclusion in this circular:

Name	Qualification
GF Capital (Hong Kong) Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) of the regulated activities under the SFO

7. CONSENT

- (a) GF Capital (Hong Kong) Limited issued a letter dated 15 November 2011 for the purpose of incorporation in this circular, in connection with its advice to the Independent Board Committee and the Independent Shareholders.
- (b) GF Capital (Hong Kong) Limited has given and has not withdrawn its respective written consents to the issue of this circular with the inclusion of its advice, letters, reports and references to their names and logos in the form and context in which it appears.
- (c) As at the Latest Practicable Date, GF Capital (Hong Kong) Limited was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group and did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2010 (the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. GENERAL

- (a) Mr. Chung Wai Cheung, Terence is the company secretary of the Company.

- (b) The Company's registered office is at Level 5, No. 2 and B, Fuxingmen South Avenue, Xicheng District, Beijing, PRC and its principal place of business in Hong Kong is at Room 3203–3205, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (c) The Company's share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Room 1806–1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer in Hong Kong at 11th floor, Two Exchange Square, Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM and at the EGM:

- (a) the articles of association of the Company;
- (b) the Supplies Procurement Services Framework Agreement;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular; and
- (e) the written consent referred to in the section headed "Consent" in this appendix.



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Communications Services Corporation Limited (the “Company”) will be held at 10:00 a.m. on 30 December 2011 at No. 19, Chaoyangmen Beidajie, Dongcheng District, Beijing, the PRC, to consider and, if thought fit, pass the following business:

ORDINARY RESOLUTION

1. **THAT** the proposed Revised Annual Caps for the service charges payable by the Company to China Telecom Group under the Supplies Procurement Services Framework Agreement for the two years ending 31 December 2011 and 2012 as described in the Circular be and are hereby approved, ratified and confirmed.

By Order of the Board

China Communications Services Corporation Limited

Li Ping

Chairman

Beijing, the PRC

15 November 2011

Notes:

- (1) Buyers who submit the share transfer application forms to the Company's share registrar before 4: 30 p.m. on 29 November 2011 and then register as shareholders on the register of members of the Company are entitled to attend the extraordinary general meeting.
- (2) Each shareholder entitled to attend and vote at the extraordinary general meeting may appoint one or more proxies to attend and vote on his/her behalf at the extraordinary general meeting. A proxy need not be a shareholder. Each shareholder who wishes to appoint one or more proxies should first review the Circular, which is expected to be despatched to shareholders at around 15 November 2011.

To be valid, the form of proxy together with the power of attorney or other authorization document (if any) signed by the authorized person or notarially certified power of attorney must be delivered to the Office of the Board of the Company for holders of domestic shares or to the Computershare Hong Kong Investor Services Limited for holders of H shares not less

than 24 hours before the designated time for holding the extraordinary general meeting. Completion and return of a form of proxy will not preclude a shareholder from attending in person and voting at the extraordinary general meeting if he so wishes.

The address of the share registrar for the Company's H shares is as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

- (3) China Telecommunications Corporation and its associates, being connected persons to the Company with material interests in the proposed Revised Annual Caps, will abstain from voting on the ordinary resolution as described in the Circular and in this notice. Any vote of the Independent Shareholders at the extraordinary general meeting shall be taken by poll as required under Listing Rules.
- (4) The registration procedure for attending the extraordinary general meeting:
 - (a) shareholders attending the extraordinary general meeting in person or by proxy shall present their identity certification. If the attending shareholder is a corporation, its legal representative or person authorised by its board or other decision making authority shall present a copy of the relevant resolution of its board or other decision making authority in order to attend the extraordinary general meeting.
 - (b) shareholders intending to attend the extraordinary general meeting shall return the attendance slip via hand delivery, mail or fax to the Office of the Board of the Company on or before 9 December 2011.
- (5) Closure of the register of members:

The register of members of the Company will be closed from 30 November 2011 to 30 December 2011 (both days inclusive).
- (6) The extraordinary general meeting is expected to last for half a day and shareholders (in person or by proxy) attending the extraordinary general meeting shall be responsible for their own transport and accommodation expenses.
- (7) The address of the Office of the Board is as follows:

No. 19, Chaoyangmen Beidajie
Dongcheng District, Beijing 100010, PRC
Contact person: Chung Wai Cheung, Terence
Telephone: (8610) 5850 2290
Facsimile: (8610) 5850 1534
- (8) As at the date of this notice, our executive directors are Mr. Li Ping (Chairman), Mr. Zheng Qibao (President) and 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.