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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY

SUMMARY

The Board hereby announces that the Company (as purchaser) has successfully acquired the Property situated in Beijing, the PRC, held by Great Wall Guofu Real Estate (as vendor) and the Ancillary Facilities held by Great Wall Glory Securities (as vendor) at the public auctions held by China Beijing Equity Exchange. On 31 July 2020, the Company entered into the Property Purchase Agreement with Great Wall Guofu Real Estate and the Ancillary Facilities Purchase Agreement with Great Wall Glory Securities, respectively, at the considerations of RMB3,317.15 million and RMB42.85 million.

LISTING RULES IMPLICATIONS

As the subjects of the Property Purchase Agreement and the Ancillary Facilities Purchase Agreement are the Property and its Ancillary Facilities situated at the same address, pursuant to Rule 14.22 of the Listing Rules, these transactions shall be aggregated. As one or more of the applicable percentage ratios in respect of the aggregated transaction amounts of the Acquisition exceed 5% but all of the percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and shall be subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board hereby announces that the Company (as purchaser) has successfully acquired the Property situated in Beijing, the PRC, held by Great Wall Guofu Real Estate (as vendor) and

the Ancillary Facilities held by Great Wall Glory Securities (as vendor) at the public auctions held by China Beijing Equity Exchange. On 31 July 2020, the Company entered into the Property Purchase Agreement with Great Wall Guofu Real Estate and the Ancillary Facilities Purchase Agreement with Great Wall Glory Securities, respectively, at the considerations of RMB3,317.15 million and RMB42.85 million.

PROPERTY PURCHASE AGREEMENT

The principal terms of the Property Purchase Agreement are set out below:

1. Date

31 July 2020

2. Parties

Vendor: Great Wall Guofu Real Estate

Purchaser: the Company

To the best knowledge, information and belief of the Directors after making all reasonable enquiry, Great Wall Guofu Real Estate and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

3. Information on the Property

The Property is Block No.1, Compound No.1, Fenghuangzui Street, Fengtai District, Beijing, the PRC. The Property comprises 33 above-ground floors and 4 underground floors, with the site area of 6,945.09 square metres, the total gross floor area of 74,675.98 square metres, including the above-ground floor area of 52,048.62 square metres and the underground floor area of 22,627.36 square metres.

4. Consideration and Timetable for Payment

The consideration for the Property is RMB3,317.15 million. The consideration was determined by the Company after comprehensively considering (1) the market prices of comparable properties of the same type in the neighboring regions and the prevailing market conditions; (2) the estimated market value of the Property of approximately RMB3,347.51 million, which is based on a valuation report of the Property prepared on a market basis conducted by an independent professional valuer. The Company has paid China Beijing Equity Exchange a security deposit of RMB490 million, which has become part of the consideration after the Property Purchase Agreement comes into effect. The Company shall pay the consideration in the following manner:

- i. First instalment: 50% of the consideration (including the security deposit which has been paid by the Company) minus the security deposit of RMB490 million which has been paid by the Company equals to RMB1,168.58 million, which shall be transferred to the settlement account designated by China Beijing Equity Exchange within 10 working days after the Property Purchase Agreement comes into effect.

- ii. Second instalment: within 10 working days after the fulfillment of the following conditions, the Company shall pay 80% of the consideration to the settlement account designated by China Beijing Equity Exchange:
 - a. Great Wall Guofu Real Estate has delivered the Property to the Company in accordance with the Property Purchase Agreement, and the *Transfer Confirmation* has been signed by the Company and Great Wall Guofu Real Estate;
 - b. the Company and Great Wall Guofu Real Estate have completed the relevant procedures and filings for the Property in accordance with the Property Purchase Agreement.

- iii. Third instalment: within 5 working days of the acceptance and issuance of receipt by the registration office on the transfer registration of the real estate certificate of the Property, the Company shall pay the remaining consideration (excluding the quality warranty) to the settlement account designated by China Beijing Equity Exchange.

The acquisition of the Property will be funded by internal resources of the Company. After receiving the consideration (including the security deposit) paid by the Company, China Beijing Equity Exchange will transfer the abovementioned consideration (including the security deposit) to the account designated by Great Wall Guofu Real Estate in accordance with the transaction regulations of China Beijing Equity Exchange or the contract between China Beijing Equity Exchange and Great Wall Guofu Real Estate.

ANCILLARY FACILITIES PURCHASE AGREEMENT

The principal terms of the Ancillary Facilities Purchase Agreement are set out below:

1. Date

31 July 2020

2. Parties

Vendor: Great Wall Glory Securities

Purchaser: the Company

To the best knowledge, information and belief of the Directors after making all reasonable enquiry, Great Wall Glory Securities and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

3. Information on the Ancillary Facilities

The Ancillary Facilities are the ancillary facilities of the data room located at the 4th floor of Block No.1, Compound No.1, Fenghuangzui Street, Fengtai District, Beijing, the PRC.

4. Consideration and Timetable for Payment

The consideration for the Ancillary Facilities is RMB42.85 million, which was agreed after arm's length negotiation between the Company and Great Wall Glory Securities with reference to the Ancillary Facilities' book value. The Company has paid China Beijing Equity Exchange a security deposit of RMB5 million, which has become part of the consideration after the Ancillary Facilities Purchase Agreement comes into effect. Lump-sum payment of the consideration, including the security deposit which has been paid by the Company, will be made by the Company to the settlement account designated by China Beijing Equity Exchange within 10 working days after the Ancillary Facilities Purchase Agreement comes into effect.

The acquisition of the Ancillary Facilities will be funded by internal resources of the Company. After receiving the consideration (including the security deposit) paid by the Company, China Beijing Equity Exchange will transfer the abovementioned consideration (including the security deposit) to the account designated by Great Wall Glory Securities in accordance with the transaction regulations of China Beijing Equity Exchange.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In order to satisfy the development needs of new technologies, new demands, new services and new ecosystems, the Group continues to promote the transformation to a "New Generation Integrated Smart Service Provider", and constantly integrates its internal resources, including R&D, marketing, project delivery and operation, so as to stimulate its business development. Business expansion of the Group leads to greater demand for office space for its R&D and operation. The Group has been leasing the current offices since its listing, which have been fully used and there is no room for expansion in terms of continuous business development and transformation, establishment of the product R&D and operation bases, marketing showroom and customer experience venues, as well as showcasing the Group's corporate image as a "New Generation Integrated Smart Service Provider". Since the outbreak of COVID-19 in 2020, the Group has been facing huge markets brought by the government to accelerate the promotion of 5G and New Infrastructure, as well as the digital transformation of the society and industries. The Board has greater confidence that the Group can further seize new opportunities and new demand in the market by advancing its innovation and transformation. It is necessary for the Group to invest resources at an early stage to map out the way in the future. In order to implement the strategic goals established by the Board, with the approval of the Board, the Company decided to purchase the relevant property to serve as the bases for the smart production, operation and R&D of the Group.

In addition, the Group has various subsidiaries in Beijing, most of which are now leasing offices for their operation in different places in Beijing. Through the acquisition of the Property, the Group is able to centralize its resources in Beijing on the Property, to reduce the overall leasing cost of the Group and improve the management and operational efficiency.

The acquired Property is located in Lize financial and business district of Beijing, which is a key development area of Beijing and has great potential for planned development. At the same time, in addition to meeting the needs of its own operating sites and future development, the Group will also consider renting out some of the spaces at the early stage, so as to bring stable rental income to the Group, while leaving it with flexibility

for the future.

The Company believes that in addition to providing sufficient places for production, operation and R&D that supports the innovation and transformation as well as the further business expansion of the Group, improving management efficiency, and enhancing the Group's corporate image, the Acquisition also shows the Group's confidence in the future development. The Company will use internal resources to fund the Acquisition. The Company believes that the one-time capital expenditure for the Acquisition will not affect the Group's dividend payment.

For the abovementioned reasons, the Directors believe that the Acquisition is in the interest of the Company and the Shareholders as a whole, and the terms of the Property Purchase Agreement and the Ancillary Facilities Purchase Agreement are entered into and performed on normal commercial terms, which are fair and reasonable.

INFORMATION ON PARTIES

The Company

The Company is a leading service provider in the informatization sector in the PRC, providing integrated comprehensive smart solutions for the informatization and digitization sectors, including telecommunications infrastructure services, business process outsourcing services as well as applications, content and other services.

Great Wall Guofu Real Estate

Great Wall Guofu Real Estate is a corporate legal person established and legally existing under the laws of the PRC, and is a state-owned enterprise affiliated to China Great Wall Asset Management Co., Ltd. Great Wall Guofu Real Estate is mainly engaged in real estate-related business.

Great Wall Glory Securities

Great Wall Glory Securities is a corporate legal person established and legally existing under the laws of the PRC, and is a state-owned enterprise affiliated to China Great Wall Asset Management Co., Ltd. Great Wall Glory Securities is mainly engaged in securities-related business.

LISTING RULES IMPLICATIONS

As the subjects of the Property Purchase Agreement and the Ancillary Facilities Purchase Agreement are the Property and its Ancillary Facilities situated at the same address, pursuant to Rule 14.22 of the Listing Rules, these transactions shall be aggregated. As one or more of the applicable percentage ratios in respect of the aggregated transaction amounts of the Acquisition exceed 5% but all of the percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and shall be subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

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| “Acquisition” | the acquisition of the Property and the Ancillary Facilities by the Company at the public auctions held by China Beijing Equity Exchange |
| “Ancillary Facilities Purchase Agreement” | the physical assets transaction contract dated 31 July 2020 entered into by the Company (as purchaser) and Great Wall Glory Securities (as vendor), in relation to the purchase of the Ancillary Facilities |
| “Ancillary Facilities” | the ancillary facilities of the data room located at the 4 th floor of the Property |
| “Board” | the board of Directors of the Company |
| “China Beijing Equity Exchange” | China Beijing Equity Exchange Company Limited (北京產權交易所有限公司) |
| “China” or “PRC” | the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “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 |
| “connected person” | has the meaning ascribed to it in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Great Wall Guofu Real Estate” | Great Wall Guofu Real Estate (Beijing) Co., Ltd., a company incorporated in the PRC with limited liability |
| “Great Wall Glory Securities” | Great Wall Glory Securities Co., Ltd., a company incorporated in the PRC with limited liability |
| “Group” | the Company and its subsidiaries |
| “H Share(s)” | overseas listed foreign invested share(s) in the Company's issued share capital with a nominal value of RMB1.00 each which has been listed on the Stock Exchange |

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| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange |
| “percentage ratio(s)” | has the meaning ascribed to it in the Listing Rules |
| “Property Purchase Agreement” | the physical assets transaction contract dated 31 July 2020 entered into by the Company (as purchaser) and Great Wall Guofu Real Estate (as vendor), in relation to the purchase of the Property |
| “Property” | Block No.1, Compound No.1, Fenghuangzui Street, Fengtai District, Beijing, the PRC |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By Order of the Board
China Communications Services Corporation Limited
Zhang Zhiyong
Chairman

Beijing, PRC
31 July 2020

As at the date of this announcement, our executive directors are Mr. Zhang Zhiyong, Mr. Si Furong and Ms. Zhang Xu, our non-executive directors are Mr. Gao Tongqing and Mr. Mai Yanzhou, and our independent non-executive directors are Mr. Siu Wai Keung, Francis, Mr. Lv Tingjie, Mr. Wu Taishi and Mr. Liu Linfei.