Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2007
(Expressed in Renminbi)

1 Principal activities and organisation

(a) Principal activities

China Communications Services Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") is a leading integrated service provider to the telecommunications industry in the People's Republic of China (the "PRC"). Its principal activities comprise provision of a full range of telecommunications support services to the telecommunication operators in the PRC, 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.

(b) Organisation

The Company was established in the PRC on 30 August 2006 as a joint stock limited company under the Company Law of the PRC as part of the Restructuring (as defined below) of China Telecommunications Corporation ("CTC"), a state-owned enterprise under the direct supervision of the State Council of the PRC. Pursuant to the Restructuring, the Group assumed the telecommunications support services previously carried on by various subsidiaries wholly-owned or controlled by CTC in six provinces and municipality in the PRC, namely, Guangdong Province, Zhejiang Province, Shanghai Municipality, Fujian Province, Hubei Province and Hainan Province (collectively, the "Predecessor Operations") from CTC. The Company was founded by CTC, Guangdong Telecom Industry Group Corporation and Zhejiang Telecom Industry Corporation by ways of the injection of those subsidiaries carrying on the Predecessor Operations and cash contributions.

In connection with the Restructuring, the Predecessor Operations together with the related assets and liabilities that were to be transferred to the Group were segregated from CTC effective on 31 March 2006 (the "Restructuring"). The Restructuring comprised the following:

(i) CTC underwent a restructuring programme in connection with its full range of telecommunications related services, namely (1) telecommunications infrastructure design, construction and supervision and management; (2) business process outsourcing (including network maintenance, facilities management and distribution of telecommunications services and products); and (3) a variety of other services including applications, content and others.

(ii) The net assets were injected into the Company by way of asset injection of those subsidiaries carrying on the Predecessor Operations in consideration of approximately 3,623.4 million ordinary shares with a par value of RMB1 each.

(iii) The Group, immediately after the Restructuring, contained substantially all of the operating assets and liabilities relating to the Predecessor Operations, comprising (1) telecommunications infrastructure design, construction and supervision and management; (2) business process outsourcing (including network maintenance, facilities management, distribution of telecommunications services and products); and (3) a variety of other services including applications, content and others.

(iv) In connection with the Restructuring, certain assets and liabilities historically associated with the Predecessor Operations were not transferred to the Company and were retained by CTC.

1 Principal activities and organisation (Continued)

(b) Organisation (Continued)

The above Restructuring procedures primarily resulted in an effect of the transfer from CTC to the Company of the operating assets and liabilities relating to the telecommunications related services carried on by the Predecessor Operations, which were previously owned or controlled by CTC prior to the Restructuring.

In December 2006, the Company issued 1,291,293,000 H shares with a par value of RMB1.00 each, at a price of HK$2.20 per H share by way of an initial public offering ("IPO") to Hong Kong and overseas investors. In connection with the IPO, 129,129,300 domestic state-owned shares of RMB1.00 each owned by CTC and its subsidiaries were converted into H shares and transferred to the National Council for Social Security Fund of the PRC ("SSF"). In December 2006, the Company also issued 193,693,000 H shares with a par value of RMB1.00 each, at a price of HK$2.20 per H share upon the exercise of the over-allotment option. In connection with the exercise of the over-allotment option, 19,369,300 domestic state-owned shares of RMB1.00 each owned by CTC and its subsidiaries were converted into H shares and transferred to SSF. A total of 1,633,484,600 H shares were listed on the Stock Exchange of Hong Kong Limited.

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34 "Interim financial reporting" adopted by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 5 September 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"). IFRSs include all applicable individual International Financial Reporting Standards, IASs and related interpretations.

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company. The interim financial report has also been reviewed by the Company's international auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants.

2 Basis of preparation (Continued)

The financial information relating to the financial year ended 31 December 2006 that is included in the interim financial report as being previously reported information does not constitute the Group's annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. Annual financial statements for the year ended 31 December 2006 are available from the Company's registered office. The Company's international auditors have expressed an unqualified opinion on the forgoing annual financial statements for the year ended 31 December 2006 in their reports dated 17 April 2007.

The financial information relating to the six months ended 30 June 2006 that is included in the interim financial report as being previously reported information does not constitute the Group's financial statements for that financial period but is derived from the financial information included in the Accountant's Report in Appendix I of the Company's Prospectus dated 27 November 2006 (the "Prospectus"). The Prospectus is available from the Company's registered office.

3 Revenues

Revenues are derived from the provision of integrated telecommunications support services, net of sales taxes, and after allowance for trade discounts. The Group's revenues by business nature can be summarised as follows:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Revenue from telecommunications infrastructure services	**3,677,285**	3,145,606
Revenue from business process outsourcing services	**2,739,816**	2,457,462
Revenue from applications, content and others	**948,023**	769,157
	7,365,124	6,372,225

4 Cost of revenues

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Depreciation and amortisation	**123,622**	119,399
Direct personnel costs	**1,311,943**	1,121,294
Operating lease charges	**95,424**	87,269
Purchase of materials and telecommunications products	**2,384,055**	2,170,256
Subcontracting charges	**1,484,744**	1,163,317
Others	**684,484**	546,044
	6,084,272	5,207,579

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5 Other operating income

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Dividend income from unlisted securities	**13,940**	20,993
Government grants	**35,569**	19,173
Net gain on disposal of investments	**8,445**	20,809
Net gain on disposal of property, plant and equipment	**—**	7,139
Penalty income	**556**	851
Management fee income (note i)	**31,183**	—
Write-off of non-payable liabilities	**—**	268
Others	**5,972**	12,057
	95,665	81,290

Note:
(i) The amount represents management fee income in respect of centralised management services provided to CTC.

6 Deficit on revaluation of property, plant and equipment

Deficit on revaluation of property, plant and equipment is the deficit arising from the valuation of property, plant and equipment pursuant to the Restructuring.

7 Net financing income

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Interest income	**55,096**	16,974
Net foreign exchange (loss)/gain	**(21,284)**	1,083
Net change in fair value of financial assets at fair value through profit or loss	**(898)**	—
Interest on bank advances and other borrowings wholly repayable within five years	**(5,721)**	(10,400)
	27,193	7,657

For the periods ended 30 June 2007 and 2006, no borrowing costs were capitalised in relation to construction in progress.

8 Profit before tax

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Profit before taxation is arrived at after charging:		
(a) Staff costs:		
Salaries, wages and other benefits	**1,633,416**	1,438,188
Contributions to defined contribution retirement schemes	**141,233**	138,963
	1,774,649	1,577,151
(b) Other items:		
Depreciation and amortisation	**183,133**	186,910
Cost of inventories	**2,384,055**	2,170,256
Impairment losses on trade and other receivables	**2,737**	2,045
Operating lease charges	**126,128**	114,760
Research and development costs	**5,054**	5,625
Share of associates' taxation	**131**	—

9 Income tax

(a) Income tax in the consolidated income statement represents:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax	**170,374**	152,130
Deferred tax		
Origination and reversal of temporary differences	**23,722**	(4,933)
Total income tax	**194,096**	147,197

9 Income tax (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Profit before tax	**578,888**	357,020
Expected PRC enterprise income tax expense at a statutory tax rate of 33% (note (i))	**191,033**	117,817
Differential tax rates on subsidiaries' income (note (i))	**(41,504)**	(40,081)
Non-deductible expenses (note (ii))	**16,738**	77,637
Non-taxable income (note (iii))	**(8,315)**	(15,450)
Tax losses not recognised (note (iv))	**10,613**	7,274
Reversal of previously recognised tax losses (note (v))	**17,585**	—
Effect on opening deferred tax resulting from a reduction in PRC statutory tax rate (note (vi))	**7,946**	—
Income tax	**194,096**	147,197

Notes:

(i) *The provision of PRC enterprise income tax of the Group is calculated based on a statutory rate of 33% of the assessable profit of the Group as determined in accordance with the relevant PRC enterprise income tax rules and regulations for the periods ended 30 June 2007 and 2006 except for certain subsidiaries of the Group, which are taxed at preferential rate of 15%.*

(ii) *The amounts include personnel and other miscellaneous expenses in excess of statutory deductible limits for tax purpose. The amounts for the period ended 30 June 2006 also include the deficit on revaluation of property, plant and equipment.*

(iii) *Non-taxable income mainly represents dividend income.*

(iv) *The amount includes deferred tax assets not recognised amounting to RMB Nil (31 December 2006: RMB4.8 million) in respect of the tax losses of the entities distributed to the then owner pursuant to the Restructuring.*

(v) *The amount represents the reversal of deferred tax assets relating to tax losses previously recognised as the Group re-assessed and considered that future taxable income would not be sufficient for those tax losses to be utilised.*

(vi) *The amount represents tax effect on opening balances of deferred tax assets. On 16 March 2007, the Corporate Income Tax Law of the People's Republic of China ("new tax law") has been passed by the Fifth Plenary Session of the Tenth National People's Congress and will take effect on 1 January 2008. According to the new tax law, except for certain subsidiaries of the Company which are taxed at preferential rates, the enterprise income tax rate applicable to the Group will be reduced from 33% to 25% from 1 January 2008.*

10 Dividends

(a) Special dividend

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Special dividend approved	**535,011**	—

As disclosed in the Prospectus of the Company dated 27 November 2006, in accordance with the "Provisional Regulation relating to Corporate Restructuring of Enterprises and Related Management of State-owned Capital and Financial Treatment" which was issued by the PRC Ministry of Finance and a resolution passed on 1 November 2006, the directors proposed and the shareholders approved the distribution of profit of the Group for the period from 1 April 2006 to 29 August 2006, being the calendar day immediately preceding to the date of incorporation of the Company. In the same resolution, the directors proposed and the shareholders approved the distribution of profit of the Group for the period from 30 August 2006 to the calendar day immediately preceding the date of its listing on the Stock Exchange of Hong Kong Limited (i.e. 7 December 2006) (together, the "2006 Special Dividend").

Pursuant to a resolution passed at directors' meeting on 17 April 2007, the directors resolved to pay the 2006 Special Dividend to CTC and its subsidiaries amounting to RMB535 million in total (being the distributable profit of the Group for the period from 1 April 2006 to 7 December 2006). The Company will pay the 2006 Special Dividend to CTC and its subsidiaries in a series of payments commencing in July 2007.

(b) Interim dividend

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: RMB Nil).

11 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2007 of RMB374,210,000 and the number of shares in issue during the six months ended 30 June 2007 of 5,444,986,000.

Upon incorporation on 30 August 2006, the Company issued 3,960,000,000 shares at par value RMB1 each to CTC, Guangdong Telecom Industry Group Corporation and Zhejiang Telecom Industry Corporation. Basic earnings per share for the six months ended 30 June 2006 was computed by dividing the net profit attributable to equity owner of RMB194,083,000 by 3,960,000,000 shares at par value RMB1 each, as if these shares had been issued as at 1 January 2006.

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

12 Property, plant and equipment, net

During the six months ended 30 June 2007, the addition of property, plant and equipment (including transfer from construction in progress) of the Group amounted to RMB277 million (31 December 2006: RMB869 million). Items of property, plant and equipment with net book value totalling RMB3 million were disposed of during the six months ended 30 June 2007 (31 December 2006: RMB215 million).

13 Accounts and bills receivable, net

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Bills receivable	**18,117**	58,675
Unbilled revenue for contract work	**956,873**	376,409
Trade receivables	**3,190,254**	2,916,178
	4,165,244	3,351,262

(a) Included in accounts and bills receivable are amounts due from fellow subsidiaries of RMB1,950 million as at 30 June 2007 (31 December 2006: RMB1,740 million). The amounts due from fellow subsidiaries are unsecured, interest free and are expected to be recovered within one year.

(b) In general, debts are due for payment upon billing. Subject to negotiation, credit terms within a range of one to three months are available for certain customers with well-established trading and payment records.

(c) The ageing analysis of accounts and bills receivable (net of impairment losses) is as follows:

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Within 1 year	**3,933,207**	3,171,309
After 1 year but less than 2 years	**204,452**	157,771
After 2 years but less than 3 years	**21,294**	16,583
After 3 years	**6,291**	5,599
	4,165,244	3,351,262

14 Cash and cash equivalents

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Cash at bank and in hand	**3,796,332**	6,934,427
Highly liquid investments	**3,000,000**	—
Deposits with banks and other financial institutions	**130,055**	136,602
Cash and cash equivalents	**6,926,387**	7,071,029

15 Accounts and bills payable

Accounts and bills payable comprise:

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Trade payable	**2,837,950**	2,697,409
Bills payable	**69,117**	162,656
	2,907,067	2,860,065

The ageing analysis of accounts and bills payable is as follows:

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Within 1 year	**2,447,654**	2,784,827
After 1 year but less than 2 years	**444,472**	69,504
After 2 years but less than 3 years	**9,386**	3,368
After 3 years	**5,555**	2,366
	2,907,067	2,860,065

Included in accounts and bills payable are amounts due to fellow subsidiaries of RMB148 million as at 30 June 2007 (31 December 2006: RMB110 million). The amounts due to fellow subsidiaries are unsecured, interest free and are expected to be settled within one year.

16 Commitments and contingent liabilities

(a) Capital commitments

As at 30 June 2007, the Group has capital commitment for acquisition and construction of property, plant and equipment as follows:

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Authorised and contracted for	**68,715**	75,184
Authorised but not contracted for	**33,847**	36,969

(b) Operating lease commitments

As at 30 June 2007, the Group's total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Within 1 year	**101,498**	58,832
After 1 year but within 5 years	**159,987**	104,802
After 5 years	**4,285**	7,615
	265,770	171,249

(c) Contingent liabilities

The Group had no material contingent liabilities and no financial guarantees issued.

17 Related parties

The Group is part of a large group of companies under CTC and has significant transactions and relationships with members of CTC. Apart from the transactions and balances disclosed above, there are the following related party transactions:

(a) Transactions with CTC Group

Because of the relationships between the Group, CTC and members of the CTC, it is possible that the terms of those transactions are not the same as those that would result from transactions among unrelated parties.

17 Related parties (Continued)

(a) Transactions with CTC Group (Continued)

The principal transactions with CTC Group which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Income from related parties:		
Engineering related services (note (i))	**1,608,325**	1,730,638
IT application services (note (ii))	**80,463**	40,421
Provision of ancillary telecommunications services (note (iii))	**1,066,787**	1,029,468
Provision of operation support services (note (iv))	**580,808**	443,961
Property leasing (note (v))	**21,684**	17,889
Management fee income (note (vi))	**31,183**	—
Expenses paid to related parties:		
Property leasing charges (note (vii))	**19,941**	22,498
IT application service charges (note (viii))	**63,852**	82,824
Operational support charges (note (ix))	**63,680**	53,712
Interest expenses (note (x))	**270**	2,116

Notes:

(i) *The amount represents the engineering related services, such as design, construction and project management for telecommunications infrastructure project provided to CTC Group.*

(ii) *The amount represents the telecommunications network support services, software and hardware development and other IT related services provided to CTC Group.*

(iii) *The amount represents ancillary telecommunications services such as maintenance of network facilities including optical ducts and cables, exchange buildings and base stations; operation of distribution channels, fixed line and wireless value-added service, internet contents and information services provided to CTC Group.*

(iv) *The amount represents the facilities management, advertising, conferencing services and certain repair and leasing of equipments services provided to CTC Group.*

(v) *The amount represents rental income in respect of premises leased to CTC Group.*

(vi) *The amounts represent management fee income in respect of centralised management services provided to CTC Group.*

(vii) *The amount represents operating leases in respect of business premises paid and payable to CTC Group.*

(viii) *The amount represents basic telecommunications service, value-added service and information application service charged by CTC Group.*

(ix) *The amount represents the charge paid and payable to CTC Group for logistics, labour resources, cultural, educational, hygiene and other supporting services.*

(x) *Interest expenses represents the interest paid or payable to CTC Group in respect of the loans from fellow subsidiaries.*

17 Related parties (Continued)

(a) Transactions with CTC Group (Continued)

Amounts due from/to CTC Group included in respective balances are summarised as follows:

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Accounts and bills receivable, net	**1,950,446**	1,740,358
Prepayments and other current assets	**139,680**	252,729
Total amounts due from CTC Group	**2,090,126**	1,993,087
Interest-bearing borrowings	**113,000**	—
Accounts and bills payable	**147,961**	110,036
Receipts in advance for contact work	**72,545**	82,105
Accrued expenses and other payables	**1,499,614**	465,788
Total amounts due to CTC Group	**1,833,120**	657,929

As at 30 June 2007 and 31 December 2006, no impairment losses for bad and doubtful debts were recorded in respect of amounts due from CTC Group.

Include in the balance of prepayments and other current assets as at 30 June 2007 is tax liabilities paid in connection with the Restructuring amounting to RMB23.2 million, which should be borne by CTC Group in accordance with the arrangement of the Restructuring.

The directors are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of business and the terms are fair and reasonable so far as the shareholders of the Company are concerned.

(b) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently predominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "state-controlled entities"). Apart from transactions mentioned in the above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities in the PRC include but not limited to the following:

— sales and purchase of goods, properties and other assets;

— rendering and receiving services;

— depositing and borrowing money; and

— use of public utilities.

17 Related parties (Continued)

(b) Transactions with other state-controlled entities in the PRC (Continued)

The Group prices its services and products based on guideline ceiling rates prescribed by relevant government agencies, where applicable, or based on the commercial negotiations. The Group has also established its procurement policies and approval processes for purchase of products and services, which do not depend on whether the counter parties are state-controlled entities or not.

Having considered the transactions potentially affected by related party relationships, the entity's pricing strategy, procurement policies and approval processes, and the information that would be necessary for an understanding or the potential effect of the related party relationships on the consolidated financial statements, the directors are of the opinion that the following amounts due from/to state controlled entities in the PRC require disclosure.

Cash deposited with the state-controlled banks in the PRC and the interest income are as follows:

	At 30 June 2007 RMB'000	At 31 December 2006 RMB'000
Cash and cash equivalents	**6,800,254**	3,913,664

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Interest income	**16,665**	16,974

(c) Transactions with key management personnel

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Salaries and other emoluments	**395**	376
Retirement benefits	**916**	307
Bonus	**140**	888
	1,451	1,571

Total remuneration is included in "Staff costs" in Note 8.

17 Related parties (Continued)

(d) Contributions to defined contribution retirement plans

In accordance with the labour regulations of the PRC, the Group participates in various defined contribution retirement schemes organised by the municipal and provincial governments for its employees. The Group is required to make contributions to the retirement schemes at rates ranging from 16.5% to 20% of the salaries, bonuses and certain allowances of the employees. A member of the scheme is entitled to a pension equal to a fixed proportion of the salary prevailing at his or her retirement date. The Group has no other material obligation for the payment of pension benefits associated with these schemes beyond the annual contributions described above.

As at 30 June 2007 and 31 December 2006, there was no material outstanding contribution to post-employment benefit plans.

(e) Transactions with ten largest state-controlled customers and suppliers

Management of the Group considers that the transactions with state-controlled entities which require disclosure in the interim financial report have been set out above. The following are the additional disclosure in respect of transactions entered into by the Group with its ten largest state-controlled customers and suppliers:

Transactions with the ten largest customers of the Group, which are state-controlled entities, amounting to approximately RMB5,035 million for the period ended 30 June 2007 (six months ended 30 June 2006: RMB4,407 million).

Transactions with the ten largest suppliers of the Group, which are state-controlled entities, amounting to RMB304 million for the period ended 30 June 2007 (six months ended 30 June 2006: RMB278 million).

18 Segmental reporting

For the periods ended 30 June 2007 and 2006, the Group principally has one business segment, the provision of integrated telecommunications service to the telecommunications industry in the PRC. The Group mainly operates in the PRC. Accordingly, no business and geographical segment information are presented.

19 Comparative figures

Subcontracting charges of RMB185 million in 30 June 2006 have been reclassified to direct personnel costs to conform with the current period's presentation.

(Expressed in Renminbi)

20 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting year ending 31 December 2007

Up to the date of issue of this interim financial report, the IASB has issued amendments, new standards and interpretations which are not yet effective for the accounting year ending 31 December 2007 and which have not been adopted in the interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the results of operations and financial position of the Group.

Of these developments, the following relate to matters they may be relevant to the operations and the financial statements of the Group:

		Effective for accounting periods beginning on or after
IFRS 8	Operating segments	1 January 2009
IAS 23	Borrowing costs	1 January 2009

21 Post balance sheet events

Pursuant to the acquisition agreement dated 15 June 2007 (the "Acquisition Agreement") entered into between the Company and CTC, the Company will acquire the telecommunications infrastructure services, business process outsourcing services and applications, content and other services located in Jiangsu Province, Anhui Province, Jiangxi Province, Hunan Province, Guangxi Zhuang Autonomous Region, Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Qinghai Province and Xinjiang Uygur Autonomous Region, together with the equity interests in Guangdong Nanfang Communication GSM Intelligent Card System Co., Ltd. and NingBo Public Information Industry Co., Ltd. and other assets (the "Acquisition") from CTC for a consideration of RMB4,630 million in total. The Acquisition has been completed as at the date of this report.