Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi)

1 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 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.

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*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 30 August 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policies changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereto 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 IFRSs, 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. KPMG's independent review report to the Board of Directors is included on page 6.

The financial information relating to the financial year ended 31 December 2010 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 2010 are available from the Company's registered office. The Company's international auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2011.

(Expressed in Renminbi)

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IAS 24 (revised), *Related party disclosure*
- Improvements to IFRSs (2010)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

As a result of the adoption of revised IAS 24, additional disclosures on commitments with related parties have been included in this interim financial report. In addition, this revised standard introduces a partial exemption for transactions with government-related enterprises. Those disclosures are replaced with requirements to disclose the name of related government and the nature of its relationship with the Group, the natures and amounts of any individually significant transactions, and qualitative or quantitative disclosures for collectively significant transactions. Consequently, related disclosures have been revised in this interim financial report.

Improvements to IFRSs have had no material impact on the contents of this interim financial report.

4 SEGMENT REPORTING

The Group principally has one reportable segment, which is the provision of integrated telecommunications support services in the PRC. Therefore, no additional reportable segment has been presented. Additional information about major customers and geographical areas of the Group has been disclosed in note 5.

5 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	
	2011 RMB'000	2010 RMB'000
Revenue from telecommunications infrastructure services	**12,186,104**	10,351,840
Revenue from business process outsourcing services	**10,482,981**	9,260,938
Revenue from applications, content and others	**2,520,191**	2,107,147
	25,189,276	21,719,925

The Group's major customers are telecommunications operators which include China Telecommunications Corporation and its subsidiaries ("CTC Group") and China Mobile Communications Corporation and its subsidiaries ("CM Group"), both with revenue exceeding 10% of the Group's total revenues. Revenues from the provision of integrated telecommunications support services to CTC Group and CM Group for the six months ended 30 June 2011 amounted to RMB10,145 million and RMB4,643 million respectively (six months ended 30 June 2010: RMB8,702 million and RMB3,512 million respectively), being 40.3% and 18.4% of the Group's total revenues respectively (six months ended 30 June 2010: 40.1% and 16.2% respectively). In addition, the revenue derived from areas outside Mainland China for the six months ended 30 June 2011 amounted to RMB1,290 million (six months ended 30 June 2010: RMB1,098 million).

(Expressed in Renminbi)

6 COST OF REVENUES

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Depreciation and amortisation	**181,443**	174,440
Direct personnel costs	**3,778,825**	3,439,409
Operating lease charges	**408,007**	299,566
Purchase of materials and telecommunications products	**7,595,550**	7,010,617
Subcontracting charges	**7,318,316**	5,667,420
Others	**1,958,735**	1,763,264
	21,240,876	18,354,716

7 OTHER OPERATING INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Interest income	**39,276**	34,908
Dividend income from unlisted securities	**37,637**	–
Government grants	**50,987**	46,272
Gain on disposal of property, plant and equipment	**1,965**	1,515
Penalty income	**1,152**	2,747
Management fee income	**116,710**	102,930
Write-off of non-payable liabilities	**971**	2,005
Others	**14,637**	18,066
	263,335	208,443

8 FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Interest on bank advances and other borrowings wholly repayable within five years	**31,887**	25,575

For the periods ended 30 June 2011 and 2010, no borrowing costs were capitalised in relation to construction in progress.

(Expressed in Renminbi)

9 PROFIT BEFORE TAX

		Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
(a)	Staff costs:		
	Salaries, wages and other benefits	**5,083,284**	4,483,978
	Contributions to defined contribution retirement schemes	**408,802**	398,061
		5,492,086	4,882,039
(b)	Other items:		
	Amortisation	**30,021**	25,550
	Cost of inventories	**7,595,550**	7,010,617
	Depreciation	**296,327**	282,237
	Inventory write-down and losses, net of reversals	**1,027**	(3,765)
	Impairment losses on accounts and other receivables	**53,679**	8,635
	Reversal of impairment losses on accounts and other receivables	**(1,486)**	(7,507)
	Operating lease charges	**497,059**	376,620
	Research and development costs	**238,879**	155,467
	Share of an associate's taxation	**158**	148

Research and development costs include RMB212 million (six months ended 30 June 2010: RMB121 million) relating to staff costs, which amount is also included in the staff cost disclosed in note 9(a).

10 INCOME TAX

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax		
Income tax	**258,300**	228,682
Deferred tax		
Origination and reversal of temporary differences	**12,230**	2,200
Total income tax	**270,530**	230,882

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Renminbi)

10 INCOME TAX (continued)

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Profit before tax	**1,317,789**	1,140,553
Expected income tax expense at PRC income tax statutory tax rate of 25%	**329,447**	285,138
Differential tax rates on subsidiaries' profits (note (i))	**(78,540)**	(75,634)
Non-deductible expenses (note (ii))	**10,325**	11,620
Non-taxable income	**(10,154)**	(9,389)
Tax losses not recognised	**28,306**	22,845
Utilisation of previously unrecognised tax losses	**(3,151)**	(3,698)
Effect on opening deferred tax resulting from a change in preferential tax qualification	**(5,703)**	–
Income tax	**270,530**	230,882

Notes:

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2011 and the six months ended 30 June 2010, except for certain subsidiaries of the Group, which are taxed at preferential rates of 15% to 24%.

(ii) The amounts represent staff cost and miscellaneous expenses in excess of statutory deductible limits for tax purpose.

11 OTHER COMPREHENSIVE INCOME

Available-for-sale securities

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Changes in fair value recognised during the period	**(12,100)**	3,186
Net deferred tax charged to other comprehensive income	**3,025**	(1,070)
Net movement in the fair value reserve during the period recognised in other comprehensive income	**(9,075)**	2,116

(Expressed in Renminbi)

12 DIVIDENDS

(a) Interim dividend

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: RMB nil).

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved during the period

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Final dividend in respect of the financial year ended 31 December 2010, declared during the interim period of RMB0.1260 per share (six months ended 30 June 2010: RMB0.1108 per share)	**727,232**	639,502

No final dividend was paid during the six months ended 30 June 2011 and six months ended 30 June 2010.

13 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 2011 of RMB1,053 million (six months ended 30 June 2010: RMB906 million) and the weighted average number of shares in issue during the six months ended 30 June 2011 of 5,771,682 thousand shares (six months ended 30 June 2010: 5,771,682 thousand shares).

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

14 PROPERTY, PLANT AND EQUIPMENT, NET

During the six months ended 30 June 2011, additions of property, plant and equipment (including direct purchase, transfer from construction in progress and investment properties) of the Group amounted to RMB229 million (six months ended 30 June 2010: RMB184 million). Due to the disposal of a subsidiary, items of property, plant and equipment with net book value totalling RMB51 million were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB nil). In addition, further items of property, plant and equipment with net book value totalling RMB7 million were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: RMB13 million).

15 ACCOUNTS AND BILLS RECEIVABLE, NET

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Bills receivable	**167,018**	95,208
Unbilled revenue for contract work	**4,338,565**	2,956,264
Trade receivables	**12,875,711**	10,231,195
	17,381,294	13,282,667
Less: impairment losses	**(414,426)**	(395,110)
	16,966,868	12,887,557

(Expressed in Renminbi)

15 ACCOUNTS AND BILLS RECEIVABLE, NET (continued)

(a) Included in accounts and bills receivable are amounts due from fellow subsidiaries of RMB7,760 million as at 30 June 2011 (31 December 2010: RMB6,950 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 2011 RMB'000	At 31 December 2010 RMB'000
Current	**7,998,789**	4,890,354
Within 1 year	**7,579,275**	6,566,525
After 1 year but less than 2 years	**1,016,205**	1,108,228
After 2 years but less than 3 years	**273,633**	245,878
After 3 years	**98,966**	76,572
Amount past due	**8,968,079**	7,997,203
	16,966,868	12,887,557

(d) **Impairment of accounts and bills receivable**

Impairment losses in respect of accounts and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts and bills receivable directly.

The movement in allowance for doubtful debts during the period, including both specific and collective loss components, is as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
At 1 January	**395,110**	332,129
Impairment loss recognised	**21,751**	96,354
Reversal of impairment loss previously recognised	**(1,145)**	(23,467)
Uncollectible amounts written off	**(1,290)**	(9,906)
At 30 June/31 December	**414,426**	395,110

At 30 June 2011, the Group's accounts and bills receivable of RMB365.6 million were individually determined to be impaired (31 December 2010: RMB355.7 million). The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific impairment losses of RMB266.2 million were recognised (31 December 2010: RMB282 million). The Group does not hold any collateral over these balances.

(Expressed in Renminbi)

15 ACCOUNTS AND BILLS RECEIVABLE, NET (continued)

(e) Accounts and bills receivable that are not impaired

The ageing analysis of accounts and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Neither past due nor impaired	**7,998,789**	4,890,354
Within 1 year	**7,579,210**	6,566,525
After 1 year but less than 2 years	**805,166**	991,590
After 2 years but less than 3 years	**98,555**	78,040
After 3 years	**28,074**	36,198
At 30 June/31 December	**16,509,794**	12,562,707

Receivables that were neither past due nor impaired relate to major telecommunications service providers for whom there was no history of default.

Receivables that were past due but not impaired relate to major telecommunications service providers and a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16 CASH AND CASH EQUIVALENTS

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Cash at bank and in hand	**6,012,836**	7,612,626
Deposits with banks and other financial institutions	**732,026**	857,623
Cash and cash equivalents	**6,744,862**	8,470,249

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in Renminbi)

17 INTEREST-BEARING BORROWINGS

The Group's short-term borrowings comprise the following:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
RMB denominated		
Borrowings from banks		
— unsecured	**8,000**	750,000
Loans from ultimate holding company		
— unsecured	**800,000**	800,000
Loans from fellow subsidiaries		
— unsecured	**452,509**	228,509
Central African CFA Franc denominated		
Borrowings from banks		
— unsecured	**–**	2,014
US Dollar denominated		
Borrowings from banks		
— unsecured	**51,773**	–
	1,312,282	1,780,523

The Group's short-term borrowings bearing fixed interest rate per annum are as follows:

	At 30 June 2011	At 31 December 2010
RMB denominated		
Borrowings from banks		
— unsecured	**6.31%**	3.51%-4.01%
Loans from ultimate holding company		
— unsecured	**4.68%**	4.08%
Loans from fellow subsidiaries		
— unsecured	**2.39%, 4.24%-5.85%**	2.39%-5.51%
Central African CFA Franc denominated		
Borrowings from banks		
— unsecured	**–**	6.00%
US Dollar denominated		
Borrowings from banks		
— unsecured	**1.79%-2.49%**	–

As at 30 June 2011, no borrowings from banks were subject to financial covenants.

(Expressed in Renminbi)

18 ACCOUNTS AND BILLS PAYABLE

Accounts and bills payable comprise:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Accounts payable	**9,909,116**	7,973,422
Bills payable	**1,461,516**	1,795,370
	11,370,632	9,768,792

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

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Within 1 year	**10,448,701**	9,093,470
After 1 year but less than 2 years	**686,366**	494,547
After 2 years but less than 3 years	**163,029**	112,808
After 3 years	**72,536**	67,967
	11,370,632	9,768,792

Included in accounts and bills payable are amounts due to fellow subsidiaries of RMB495 million as at 30 June 2011 (31 December 2010: RMB231 million). The amounts due to fellow subsidiaries are unsecured, interest free and are expected to be settled within one year.

19 SHARE CAPITAL

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Registered, issued and fully paid:		
3,778,831,800 domestic state-owned ordinary shares of RMB1.00 each	**3,778,832**	3,778,832
1,992,850,200 H shares of RMB1.00 each	**1,992,850**	1,992,850
	5,771,682	5,771,682

(Expressed in Renminbi)

20 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2011, the Group had capital commitments for acquisition and construction of property, plant and equipment and other assets as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Authorised and contracted for	**161,508**	216,365
Authorised but not contracted for	**630**	57,085

(b) Operating lease commitments

As at 30 June 2011, the Group's total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Within 1 year	**216,616**	180,699
After 1 year but within 5 years	**231,020**	221,322
After 5 years	**102,590**	63,893
	550,226	465,914

The Group leases a number of properties under operating leases. The leases typically run for a period of one year to twenty years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

(c) Contingent liabilities

As at 30 June 2011, the Group had no material contingent liabilities and no material financial guarantees issued.

(Expressed in Renminbi)

21 RELATED PARTIES

The Group is part of a larger group of companies under CTC Group and has significant transactions and relationships with members of CTC Group. Apart from the transactions and balances disclosed in the interim financial report set out above, there are the following related party transactions:

(a) Transactions with CTC Group

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

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

	For the Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Income from related parties:		
Engineering related services (note (i))	**4,891,658**	4,260,828
IT application services (note (ii))	**477,042**	402,206
Provision of ancillary telecommunications services (note (iii))	**2,458,096**	2,151,386
Provision of operation support services (note (iv))	**827,084**	739,650
Supplies procurement service (note (v))	**1,465,914**	1,131,940
Property leasing (note (vi))	**25,320**	16,198
Management fee income (note (vii))	**116,710**	102,930
Disposal of a subsidiary (note (viii))	**194,112**	–
Expenses paid/payable to related parties:		
Property leasing charges (note (ix))	**55,808**	51,828
IT application service charges (note (x))	**126,164**	80,176
Operation support service charges (note (xi))	**118,938**	124,712
Supplies procurement service charges (note (xii))	**523,420**	142,114
Interest paid/payable (note (xiii))	**21,666**	11,764

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.

(Expressed in Renminbi)

21 RELATED PARTIES (continued)

(a) Transactions with CTC Group (continued)

Notes: (continued)

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

(v) The amount represents supplies procurement service such as supplies procurement service, management of biddings warehousing, transportation and installation services.

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

(vii) The amount represents management fee income in respect of centralised services provided to CTC Group.

(viii) The amount represents the sales proceeds arising from disposing a subsidiary, Nantian Postal and Telecommunications Technology Co., Ltd. by Zhejiang Communications Services Company Limited to Difo Telecom Co., Ltd, a subsidiary of CTC Group.

(ix) The amount represents rentals from operating leases in respect of business premises paid and payable to CTC Group.

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

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

(xii) The amount represents the charge paid and payable to CTC Group for supplies procurement services, warehouse, transportation and installation services.

(xiii) Interest paid/payable represents the interest paid or payable to CTC Group in respect of the loans from CTC and fellow subsidiaries.

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

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Accounts and bills receivable, net	**7,759,519**	6,950,121
Prepayments and other current assets	**659,614**	1,364,133
Total amounts due from CTC Group	**8,419,133**	8,314,254
Interest-bearing borrowings	**1,252,509**	1,028,509
Accounts and bills payable	**494,655**	231,136
Receipts in advance for contract work	**73,558**	50,154
Accrued expenses and other payables	**1,454,431**	993,963
Total amounts due to CTC Group	**3,275,153**	2,303,762

As at 30 June 2011, impairment losses for bad and doubtful debts of RMB3.1 million (31 December 2010: RMB3.3 million) were recorded in respect of amounts due from CTC Group.

(Expressed in Renminbi)

21 RELATED PARTIES (continued)

(a) Transactions with CTC Group (continued)

As at 30 June 2011, the Group has capital commitments to CTC Group for acquisition and construction of property, plant and equipment and other assets as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Authorised and contracted for	**2,979**	3,043

As at 30 June 2011, the Group's total future minimum lease payments to CTC Group under non-cancellable operating leases were payable as follows:

	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Within 1 year	**52,169**	43,065
After 1 year but within 5 years	**52,062**	41,605
After 5 years	**32,972**	34,695
	137,203	119,365

(b) Transactions with key management personnel

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Salaries and other emoluments	**2,094**	1,898
Retirement benefits	**778**	616
Bonus	**3,987**	3,316
	6,859	5,830

Total remuneration is included in "Staff costs" in note 9.

(c) 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 18% to 22% 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 2011 and 31 December 2010, there was no material outstanding contribution to post-employment benefit plans.

(Expressed in Renminbi)

21 RELATED PARTIES (continued)

(d) Transactions with other government-related entities in the PRC

The Group is a state-controlled enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the People's Republic of China through government authorities, agencies, affiliations and other organisations (collectively referred to as "government-related entities").

Apart from transactions with parent company and its affiliates (note 21(a)), the Group has collectively, but not individually significant transactions with other government-related entities, which include but are not limited to the following:

- Rendering and receiving services, including but not limited to telecommunications services
- Sales and purchases of goods, properties and other assets
- Lease of assets
- Depositing and borrowing money
- Use of public utilities

These transactions are conducted in the ordinary course of the Group's business on terms comparable to the terms of transactions with other entities that are not government-related. The Group prices its telecommunications services and products based on government-regulated tariff rates, where applicable, or based on commercial negotiations. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The directors believe the above information provides meaningful disclosure of related party transactions.