China Communication Telecom Services Company Limited
神通電信服務有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8206)

REFRESHMENT OF THE EXISTING ANNUAL CAPS REGARDING CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circulars of the Company dated 5 February 2010 and 26 October 2012 respectively relating to, inter alia, the CCT Agreements and the Second CCT Agreements.

As the Second CCT Agreements will be expired on 31 March 2015, the Third CCT Agreements have been entered into on 9 March 2015 and the Board would like to propose to seek the approval of the Independent Shareholders in relation to, among other matters, the refreshment of annual caps for the transactions contemplated under the Third CCT Agreements. The Third CCT Agreements shall become effective (i) on the date falling upon the passing of the relevant resolutions by the Independent Shareholders at the EGM or (ii) on 1 April 2015, whichever is later.

GEM LISTING RULES IMPLICATION

CCC is a connected person to the Company by virtue of its interest in approximately 27.54% of the issued share capital of the Company through CCI, its wholly-owned subsidiary. The controlling shareholder of CCC is 中國海外貿易哈爾濱王子葡萄酒有限公司 (China Overseas Trade Harbin Prince Wine Co. Limited[#]), a company incorporated in the PRC with limited liability) and its ultimate beneficial owner is 中國海外貿易總公司 (China National Overseas Trading Corporation[#]), a state owned company. Mr. He Chenguang, the chairman and an executive Director of the Company, is also the legal representative of CCC. Based on the Annual Caps set by the Company, the annual consideration which will be payable by and/or received from Shentong Yijia to/from CCC under the Third CCT Agreements exceeds HK$10,000,000 and certain of the applicable ratios exceed 25% under the GEM Listing Rules. Accordingly, the transactions contemplated under the Third CCT Agreements are subject to the reporting, announcements and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

An EGM will be convened at which the Independent Shareholders will consider and, where appropriate, approve the Third CCT Agreements and the Annual Caps for the transactions respectively contemplated thereunder. A circular containing, amongst other things, the Third CCT Agreements, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and the notice of the EGM will be despatched to the Shareholders as soon as possible in compliance with the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circulars of the Company dated 5 February 2010 and 26 October 2012 respectively relating to, inter alia, the CCT Agreements and the Second CCT Agreements. Independent Shareholders' approvals for the continuing connected transactions and the related caps assigned under each of the Second CCT Agreements had been obtained by the Company at the extraordinary general meetings of the Company held on 19 November 2012.

As the Second CCT Agreements will be expired on 31 March 2015, the Third CCT Agreements will be entered into on 9 March 2015 and the Board would like to propose to seek the approval of the Independent Shareholders in relation to, among other matters, the extension of the respective terms of the CCT Agreements and the Second CCT Agreements.

Except for the amount of annual caps, there is no material difference between the Second CCT Agreements and the Third CCT Agreements. Details of each of the Third CCT Agreements are set out as follows:

Third Customer Service Hotline Rental Agreement

Date:	9 March 2015
Parties:	CCC as supplier and Shentong Yijia as purchaser
Services:	CCC shall provide a designated national customer service hotline number 95130*** to Shentong Yijia

Pricing basis: CCC will charge Shentong Yijia (i) an annual fee of RMB20,000 (equivalent to approximately HK$24,722) for each of the years ending 31 March 2017 and 31 March 2018 and a pro-rata annual fee for the period commencing on the Effective Date until 31 March 2016 on a 12-month year basis; (ii) a calling charge of RMB0.06 (equivalent to approximately HK$0.074) per 6 seconds for long distance incoming calls (subject to the scaled-discount rates); and (iii) a calling charge of RMB0.15 (equivalent to approximately HK$0.19) per minute for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system, representing a discount of 50% to the nationwide standard rate in the PRC. The calling charges are subject to adjustment in accordance with any new charging standard to be announced by the PRC government from time to time.

The annual fee and the pro-rata annual fee shall be payable by Shentong Yijia on 31 March for the period commencing on the Effective Date until 31 March 2016 and each of the years ending 31 March 2017 and 31 March 2018 during the term of the Third Customer Service Hotline Rental Agreement, whereas the calling charges shall be settled by Shentong Yijia on a monthly basis in arrears. In the event the period of service provided by CCC is shorter than one year, the annual fee will be charged on a pro-rata basis. For the avoidance of doubt, the annual fee paid by Shentong Yijia under the Third Customer Service Hotline Rental Agreement will be returned to Shentong Yijia on a pro-rata basis in case of early termination of the agreement. A daily default interest of 0.3% on the outstanding amount payable will be accrued should Shentong Yijia fail to pay the service fee payable on time.

The Directors consider that the above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market and are no less favourable than terms available from independent third parties.

Term: For the period commencing on the Effective Date until 31 March 2018, which shall be automatically renewed for successive periods of one (1) year unless terminated by either party by 90 days' written notice prior to the expiry of the term or renewed terms, subject to compliance with the GEM Listing Rules.

Annual cap: The annual caps for the Third Customer Service Hotline Rental Agreement for each of the period commencing on the Effective Date until 31 March 2016 and for the years ending 31 March 2017 and 31 March 2018 are RMB1.40 million (equivalent to approximately HK$1.73 million), RMB1.45 million (equivalent to approximately HK$1.79 million) and RMB1.50 million (equivalent to approximately HK$1.85 million) respectively.

Third Server Hosting Agreement

Date: 9 March 2015

Parties: CCC as supplier and Shentong Yijia as purchaser

Services:

(i) Server hosting service: Shentong Yijia will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to Shentong Yijia; and

(ii) Dedicated leased-lines: CCC will provide designated 300M-bandwidth share of the broadband leased lines to Shentong Yijia for the operation of its website. CCC will also provide 90 IP addresses and not more than ten (10) racks of servers for the use of Shentong Yijia. CCC will also supply 2200W (10A) electricity for each rack of servers rented to Shentong Yijia.

Pricing basis: CCC will charge Shentong Yijia an annual rental fee of not more than RMB8.4 million (equivalent to approximately HK$10.38 million) and payable monthly in advance. In the event the period of service provided by CCC is shorter than one year, the annual fee will be charged on a pro-rata basis. A daily default interest rate of 0.3% on the outstanding amount payable will be accrued should Shentong Yijia fail to pay the outstanding amount payable within 5 days from the date of receipt of the relevant demand note.

The Directors consider that the above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market and are no less favourable than terms available from independent third parties.

Term: For the period commencing on the Effective Date until 31 March 2016, which may be renewed for a term of one (1) year by written notice from Shentong Yijia to CCC filed during the period of 30 days prior to the expiry of the term or renewed terms, subject to compliance with the GEM Listing Rules. Notwithstanding the above, the Third Server Hosting Agreement may be terminated by Shentong Yijia by 30 days prior written notice.

Annual cap: The annual caps for the Third Server Hosting Agreement for each of the period commencing on the Effective Date until 31 March 2016 and for the years ending 31 March 2017 and 31 March 2018 are RMB8.40 million (equivalent to approximately HK$10.38 million), RMB8.40 million (equivalent to approximately HK$10.38 million) and RMB8.40 million (equivalent to approximately HK$10.38 million) respectively.

Third Service Contract

Date: 9 March 2015

Parties: Shentong Yijia as supplier and CCC as purchaser

Services: The services to be provided by Shentong Yijia to CCC under the Third Service Contract include (i) management and sale of the Designated Shentong Cards; (ii) assisting CCC in the after-sale services for the Designated Shentong Card; (iii) following up with the enquiries and/or complaints raised by the users of the Designated Shentong Card; and (iv) customer management service, and promotion and marketing of the Designated Shentong Card.

Pricing basis:

(i) issuance handling fees of RMB5 (equivalent to approximately HK$6.18) for each Designated Shentong Card issued by Shentong Yijia;

(ii) technical service commission of 20% of the total value of purchases made by the users through the Designated Shentong Card issued by Shentong Yijia;

(iii) sale commission of RMB3 (equivalent to approximately HK$3.71) for the insurance products preloaded in the Designated Shentong Card issued by Shentong Yijia; and

(iv) sale commission of 20% of the total value of purchases made by the users through the Designated Shentong Card for the property and life insurance products and 10% for the purchases of health insurance products.

The above issuance handling fees and the commissions shall be settled by CCC on a monthly basis in arrears.

Term: For the period commencing on the Effective Date until 31 March 2018, which shall be automatically renewed unless terminated by any party by 15 day's written notice prior to the expiry of the term or the renewed terms, subject to compliance with the GEM Listing Rules.

Annual cap: The annual caps for the Third Service Contract for each of the period commencing on the Effective Date until 31 March 2016 and for the years ending 31 March 2017 and 31 March 2018 are RMB41.00 million (equivalent to approximately HK$50.68 million), RMB42.00 million (equivalent to approximately HK$51.92 million) and RMB43.00 million (equivalent to approximately HK$53.15 million) respectively.

Third Web Advertising Agreement

Date: 9 March 2015

Parties: CCC as supplier and Shentong Yijia as purchaser

Services: Shentong Yijia agreed to place and CCC agreed to arrange for the web advertisements of Shentong Yijia be published on the website of CCC "Shentong Net". 24-hour technical support services shall also be provided by CCC to Shentong Yijia to handle all technical issues arising out the publication of the advertisements.

Pricing basis: The amount of advertising fees to be incurred by Shentong Yijia during the term of the Third Web Advertising Agreement shall not be more than RMB5 million (equivalent to approximately HK$6.18 million) for the period commencing on the Effective Date and ending on 31 March 2016 and RMB5 million (equivalent to HK$6.18 million) for each of the two years ending 31 March 2018. Details of the advertising arrangement and the payment methods shall be determined based on mutual agreement of Shentong Yijia and CCC to be reached at least three (3) days prior to the publication of the relevant advertisement.

Shentong Yijia confirms that the advertising fees to be charged by CCC for each advertisement to be placed by Shentong Yijia shall be determined according to the proposed publication timeslots, duration, channels etc. and shall be determined based on the prevailing charging rates and are no less favourable than terms available to independent third parties, and will be agreed upon by the parties according to the relevant advertising proposal to be provided by Shentong Yijia.

The Directors consider that the above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market and are no less favourable than terms available from independent third parties.

Term: For the period commencing on the Effective Date until 31 March 2018, which shall be automatically renewed for successive periods of one (1) year unless terminated by either party by 90 days' written notice prior to the expiry of the term or renewed terms, subject to compliance with the GEM Listing Rules.

Annual cap: The annual caps for the Third Web Advertising Agreement for each of the period commencing on the Effective Date until 31 March 2016 and for the years ending 31 March 2017 and 31 March 2018 are RMB5.00 million (equivalent to approximately HK$6.18 million), RMB5.00 million (equivalent to approximately HK$6.18 million) and RMB5.00 million (equivalent to approximately HK$6.18 million) respectively.

Common terms of the Third CCT Agreements

Each of the Third CCT Agreements contains the following terms:

1. The terms of the Third CCT Agreements shall become effective on the date (the "**Effective Date**") falling upon the passing of the relevant resolutions by the Independent Shareholders at the EGM or on 1 April 2015, whichever is later, and shall not extend beyond 31 March 2018. Shentong Yijia will be entitled to extend the Third CCT Agreements on or before 31 March 2018 and to take such action as may be appropriate to comply with the GEM Listing Rules. Without prejudice to the right of any party to terminate the Third CCT Agreements pursuant to their respective terms, the Third CCT Agreements shall automatically terminate before 31 March 2018 (or such later date as the parties to the Third CCT Agreements may agree) if:

   (i) CCC or Shentong Yijia considers that it is not feasible to comply with the GEM Listing Rules at the relevant time; or

   (ii) compliance with the GEM Listing Rules would require changes to the Third Service Agreements which are not acceptable to any of the parties.

2. All changes made to the Third CCT Agreements shall be subject to compliance by the Company with the GEM Listing Rules.

3. The total annual consideration payable or receivable by Shentong Yijia under the Third CCT Agreements shall be subject to a yearly cap set by the parties.

4. All the existing terms as contemplated under the CCT Agreements and the Second CCT Agreements will be superseded and replaced by the terms set out in the respective Third CCT Agreements upon the Third CCT Agreements becoming effective on the Effective Date.

5. Parties agreed to allow, the auditors of the other party sufficient access to their respectively records for the purpose of reporting on the transactions contemplated under the Third CCT Agreements.

The Board (excluding the independent non-executive Directors who shall provide their views after considering the advice of the Independent Financial Adviser) is of the opinion that the terms of the Third CCT Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. In the event that any of these caps is exceeded, the Company will re-comply with its obligations under the GEM Listing Rules.

INFORMATION ABOUT THE GROUP AND CCC

The Group is principally engaged in the provision of promotion and management services for an electronic smart card "Shentong Card" in the PRC.

CCC is a nationwide telecom operator and internet network operator in the PRC covering a wide range of value-added telecom services, including telecommunication services, valued-added telecommunication platform, payment and billing system. The electronic billing and payment system is operated through "Shentong Card" (神通卡) platform.

IMPLICATIONS UNDER THE GEM LISTING RULES

CCC is a connected person to the Company by virtue of its interest in approximately 27.54% of the issued share capital of the Company through CCI, its wholly-owned subsidiary. The controlling shareholder of CCC is 中國海外貿易哈爾濱王子葡萄酒有限公司 (China Overseas Trade Harbin Province Wine Co. Limited#), a company incorporated in the PRC with limited liability) and its ultimate beneficial owner is 中國海外貿易總公司 (China National Overseas Trading Corporation#), a state owned company. Mr. He Chenguang, the chairman and an executive Director of the Company, is also the legal representative of CCC.

In addition, based on the Annual Caps, the annual consideration will be payable by and/or received from Shentong Yijia to/from CCC under the Third CCT Agreements exceeds HK$10,000,000 and certain of the applicable ratios exceed 25% under the GEM Listing Rules. Accordingly, the transactions contemplated under the Third CCT Agreements are subject to the reporting, announcements and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In addition, as CCC is a party to the Third CCT Agreements, CCC and its ultimate beneficial owners and their respective associates, who in aggregate hold 356,542,000 Shares, representing 27.54% interest in the Company, are required to abstain from voting the EGM in respect of the resolutions relating to the Third CCT Agreements. Mr. He Chenguang, the chairman of the Company and an executive Director, was also the legal representative of CCC and is therefore considered to be interested in the transactions respectively contemplated under each of the Third CCT Agreements and had abstained from voting on the board resolutions approving the said transactions. Save as aforesaid, the Board confirms that no other Director has any material interests in the said transactions that is required to abstain from voting on the board resolution for approving the Annual Caps.

Save as disclosed above, no Shareholder has a material interest in the Third CCT Agreements.

GENERAL

The Independent Board Committee which comprises Mr. Yip Tai Him, Ms. Han Liqun and Ms. Zhang Li, all being the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Third CCT Agreements and the Annual Caps for the transaction respectively contemplated thereunder.

Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Third CCT Agreements and the Annual Caps for the transaction respectively contemplated thereunder.

A circular containing, amongst other things, the Third CCT Agreements, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the notice of the EGM will be despatched to the Shareholders as soon as possible in compliance with the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

"Annual Caps"	the annual caps for the transactions contemplated under the Third CCT Agreements for the period commencing from the Effective Date until 31 March 2016 and for the years ending 31 March 2017 and 31 March 2018 respectively
"Board"	the board of Directors
"CCC"	神州通信集團有限公司 (China Communication Group Co., Ltd.#), a company established under the laws of the PRC, a substantial Shareholder by virtue of its interest in approximately 27.54% of the issued share capital of the Company as at the date of this announcement through CCI, its wholly-owned subsidiary

"CCI"	神州通信投資有限公司 (China Communication Investment Limited), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of CCC
"CCT Agreements"	together, the Customer Service Hotline Rental Agreement, the Server Hosting Agreement, the Service Contract and the Web Advertising Agreement
"Company"	China Communication Telecom Services Company Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on GEM
"connected persons"	has the meaning ascribed to it under Chapters 1 and 20 of the GEM Listing Rules
"Customer Service Hotline Rental Agreement"	the customer service hotline rental agreement entered into between Shentong Yijia and CCC on 11 January 2010 in relation to the provision of the designated national customer service hotline number 95130*** by CCC to Shentong Yijia, details of which have been included in the circular of the Company dated 5 February 2010
"Designated Shentong Card(s)"	the designated "Shentong Card(s)" preloaded with certain insurance products of CCC
"Director(s)"	the director(s) of the Company, from time to time
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Third CCT Agreements and the transactions contemplated thereunder and the Annual Caps
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee comprising Mr. Yip Tai Him, Ms. Han Liqun and Ms. Zhang Li, all being the independent non-executive Directors, established to advise the Independent Shareholders in relation to the Third CCT Agreements and the Annual Caps for the transactions contemplated thereunder

"Independent Financial Adviser"	Nuada Limited, a licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity, who has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Third CCT Agreements and the Annual Caps for the transactions contemplated thereunder
"Independent Shareholders"	Shareholder(s) other than CCC and Shareholders who are connected to or otherwise associated with CCC or interested in the Third CCT Agreements other than being a Shareholder of the Company
"Independent Third Party(ies)"	any person(s) or company(s) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, are third party(ies) independent of and not connected with their connected persons
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Second CCT Agreements"	together, the Second Customer Service Hotline Rental Agreement, the Second Server Hosting Agreement, the Second Service Contract and the Second Web Advertising Agreement
"Second Customer Service Hotline Rental Agreement"	the customer service hotline rental agreement entered into between Shentong Yijia and CCC on 9 October 2012 in relation to the provision of the designated national customer service hotline number 95130*** by CCC to Shentong Yijia, to renew the Customer Service Hotline Rental Agreement
"Second Server Hosting Agreement"	the server hosting agreement entered into between Shentong Yijia and CCC on 9 October 2012 in relation to the provision of server hosting service and the broadband leased line by CCC to Shentong Yijia, to renew the Server Hosting Agreement
"Second Service Contract"	the service contract entered into between Shentong Yijia and CCC on 9 October 2012 in relation to the provision of management service by Shentong Yijia to CCC regarding the Designated Shentong Cards, to renew the Service Contract

"Second Web Advertising Agreement"	the web advertising agreement entered into between Shentong Yijia and CCC on 9 October 2012 in relation to the provision of advertising space by CCC to Shentong Yijia, to renew the Web Advertising Agreement
"Server Hosting Agreement"	the server hosting agreement entered into between Shentong Yijia and CCC on 11 January 2010 (as supplemented by a supplemental agreement dated 17 March 2010) in relation to the provision of server hosting service and the broadband leased line by CCC to Shentong Yijia, details of which have been included in the circular of the Company dated 5 February 2010
"Service Contract"	the service contract entered into between Shentong Yijia and CCC on 30 November 2009 in relation to the provision of management service by Shentong Yijia to CCC regarding the Designated Shentong Cards, details of which have been included in the circular of the Company dated 5 February 2010
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued and unissued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Shentong Yijia"	北京神通益家科技服務有限公司 (Beijing Shentong Yijia Technology Services Company Limited#), a company established under the laws of the PRC, a wholly owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Third CCT Agreements"	together, the Third Customer Service Hotline Rental Agreement, the Third Server Hosting Agreement, the Third Service Contract and the Third Web Advertising Agreement
"Third Customer Service Hotline Rental Agreement"	the customer service hotline rental agreement to be entered into between Shentong Yijia and CCC on 9 March 2015 in relation to the provision of the designated national customer service hotline number 95130*** by CCC to Shentong Yijia, to renew the Second Customer Service Hotline Rental Agreement

"Third Server Hosting Agreement"	the server hosting agreement to be entered into between Shentong Yijia and CCC on 9 March 2015 in relation to the provision of server hosting service and the broadband leased line by CCC to Shentong Yijia, to renew the Second Server Hosting Agreement
"Third Service Contract"	the service contract to be entered into between Shentong Yijia and CCC on 9 March 2015 in relation to the provision of management service by Shentong Yijia to CCC regarding the Designated Shentong Cards, to renew the Second Service Contract
"Third Web Advertising Agreement"	the web advertising agreement to be entered into between Shentong Yijia and CCC on 9 March 2015 in relation to the provision of advertising space by CCC to Shentong Yijia, to renew the Second Web Advertising Agreement
"Web Advertising Agreement"	the web advertising agreement dated 11 January 2010 (as supplemented by a supplemental agreement dated 17 March 2010) entered into between Shentong Yijia and CCC in relation to the provision of advertising space by CCC to Shentong Yijia, details of which have been included in the circular of the Company dated 5 February 2010
"HK$" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

English translation of the name for identification purpose only

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB0.809 to HK$1.00. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

By order of the Board
China Communication Telecom Services Company Limited
He Chenguang
Chairman

Hong Kong, 9 March 2015

As at the date of this announcement, the executive Directors are Mr. He Chenguang and Mr. Bao Yueqing, and the independent non-executive Directors are Mr. Yip Tai Him, Ms. Han Liqun and Ms. Zhang Li.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement 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 announcement misleading.

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the website of the Group at www.ccpi.com.hk.