



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of China Communication Telecom Services Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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.

HIGHLIGHTS

- Turnover of the Group for the nine months ended 31 December 2013 was approximately HK\$29,343,000.
- Net loss attributable to owners of the Company was approximately HK\$7,225,000 for the nine months ended 31 December 2013.
- Loss per share for the nine months ended 31 December 2013 was approximately HK0.56 cents.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2013.

The Directors hereby present the unaudited consolidated results of the Company together with its subsidiaries (collectively the “Group”) for the nine months ended 31 December 2013.

FINANCIAL PERFORMANCE

The Group recorded consolidated turnover of approximately HK\$29,343,000 for the nine months ended 31 December 2013, representing an increase of approximately 14.5% as compared to approximately HK\$25,616,000 for the nine months ended 31 December 2012. The turnover for the nine months ended 31 December 2013 was attributable to the provision of promotion and management services for an electronic smart card “Shentong Card” in the People’s Republic of China (the “PRC”).

The Group made a net loss attributable to the owners of the Company of approximately HK\$7,225,000 for the nine months ended 31 December 2013 as compared to approximately HK\$11,302,000 for the nine months ended 31 December 2012. The improvement in results was mainly attributable to the increase in turnover from promotion and management services for Shentong Card.

BUSINESS REVIEW

Starting from 2010, the Group made continuous efforts to restructure and streamline the business operations so as to improve the overall financial status of the Group. In March 2010, the Group completed the acquisition of 100% of the equity interest in 北京神通益家科技服務有限公司 (Beijing Shentong Yijia Technology Services Company Limited[#]) (“Yijia”). Since December 2011, the Group has been concentrating on the business in promotion and management services for Shentong Card in the PRC.

The business has developed favourably for the current period. The consolidated turnover from promotion and management services for Shentong Card has reached an increase of approximately 14.5% as compared with the nine months ended 31 December 2012.

Apart from concentrating on the business in promotion and management services for Shentong Card, the Directors will continue to do their best to deploy their strengths and capabilities to expand the revenue base of the Group and capture the new opportunities offered by the prosperity of the PRC market.

Provision of promotion and management services

For the nine months ended 31 December 2013, the revenue derived from the provision of promotion and management services was approximately HK\$29,343,000 as compared to approximately HK\$25,616,000 for the nine months ended 31 December 2012.

[#] *English translation of the name for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2013

	<i>Note</i>	For the three months ended 31 December		For the nine months ended 31 December	
		2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Turnover	3	10,209	8,682	29,343	25,616
Cost of sales		<u>(2,936)</u>	<u>(3,653)</u>	<u>(9,038)</u>	<u>(10,356)</u>
Gross profit		7,273	5,029	20,305	15,260
Other income	4	151	27	331	68
Selling and distribution expenses		(3,554)	(3,031)	(10,994)	(11,231)
Administrative expenses		<u>(4,694)</u>	<u>(5,038)</u>	<u>(13,580)</u>	<u>(13,996)</u>
Loss from operations		(824)	(3,013)	(3,938)	(9,899)
Finance costs	5	<u>(478)</u>	<u>(473)</u>	<u>(1,429)</u>	<u>(1,414)</u>
Loss before tax		(1,302)	(3,486)	(5,367)	(11,313)
Income tax (expense)/credit	6	<u>(739)</u>	<u>(188)</u>	<u>(1,858)</u>	<u>11</u>
Loss for the period attributable to owners of the Company	7	<u>(2,041)</u>	<u>(3,674)</u>	<u>(7,225)</u>	<u>(11,302)</u>
		<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)
Loss per share	9				
Basic		<u>(0.16)</u>	<u>(0.31)</u>	<u>(0.56)</u>	<u>(0.95)</u>
Diluted		<u>(0.16)</u>	<u>(0.31)</u>	<u>(0.56)</u>	<u>(0.95)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE NINE MONTHS ENDED 31 DECEMBER 2013

	For the three months ended 31 December		For the nine months ended 31 December	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(2,041)	(3,674)	(7,225)	(11,302)
Other comprehensive income, net of tax:				
<i>Items that may be reclassified to profit or loss:</i>				
— Exchange differences on translating foreign operations	<u>135</u>	<u>54</u>	<u>340</u>	<u>12</u>
Total comprehensive income for the period attributable to owners of the Company, net of tax	<u>(1,906)</u>	<u>(3,620)</u>	<u>(6,885)</u>	<u>(11,290)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 31 DECEMBER 2013

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands. The address of its principal place of business is Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is principally engaged in the provision of promotion and management services for an electronic smart card "Shentong Card" in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

The amounts included in this interim financial information have been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The interim financial information should be read in conjunction with the Group's annual financial statements ("Latest Annual Financial Statements") for the year ended 31 March 2013. The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the Latest Annual Financial Statements.

The Group has incurred a loss attributable to owners of the Company for the current period and the Group's financial position showing net current liabilities and net liabilities as at 31 December 2013. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Nevertheless, the directors had adopted the going concern basis in the preparation of this interim financial information of the Group based on the followings:

- (a) On 31 March 2013, the Group agreed with China Communication Investment Limited ("CCI"), a substantial shareholder of the Company, to postpone the maturity date of the promissory note to 30 June 2014.
- (b) The directors have obtained the confirmation from 神州通信集團有限公司 (China Communication Group Co., Ltd.*) ("CCC"), the holding company of CCI and regarded as the substantial shareholder of the Company, that CCC will continue to provide adequate funds for the Group to meet its financial obligation as they fall due, both present and future.

This interim financial information has been prepared on a going concern basis, the validity of which depends upon the financial support of CCC and CCI, at a level sufficient to finance the working capital requirements of the Group. The directors are therefore of the opinion that it is appropriate to prepare the interim financial information on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the interim financial information to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

* For identification purpose

3. TURNOVER

The Group's turnover which represents sales of goods and services rendered to its sole customer, CCC, is as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Promotion and management services	<u>10,209</u>	<u>8,682</u>	<u>29,343</u>	<u>25,616</u>

4. OTHER INCOME

	For the three months ended 31 December		For the nine months ended 31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gain on disposals of available-for-sale financial assets	142	–	313	–
Interest income	9	10	18	26
Sundry income	–	17	–	42
	<u>151</u>	<u>27</u>	<u>331</u>	<u>68</u>

5. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on promissory note payable to CCI	<u>478</u>	<u>473</u>	<u>1,429</u>	<u>1,414</u>

6. INCOME TAX (EXPENSE)/CREDIT

	For the three months ended 31 December		For the nine months ended 31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax	(906)	(701)	(2,472)	(1,524)
Deferred tax	<u>167</u>	<u>513</u>	<u>614</u>	<u>1,535</u>
	<u>(739)</u>	<u>(188)</u>	<u>(1,858)</u>	<u>11</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the three months and nine months ended 31 December 2013 and 2012.

Tax charge on estimated assessable profits in the PRC has been calculated at prevailing tax rate of 25% (2012: 25%).

7. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	For the three months ended 31 December		For the nine months ended 31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amortisation of intangible assets				
— included in cost of sales	—	1,414	479	4,228
— included in selling and distribution expenses	665	639	1,970	1,911
	665	2,053	2,449	6,139
Depreciation	182	349	561	1,016
Directors' emoluments	1,017	985	3,050	3,207
Operating lease charges for land and buildings	986	714	2,642	2,112
Equity-settled share-based payments	—	223	—	884
Staff costs including directors' emoluments				
— Salaries, bonus and allowances	2,454	2,292	7,249	6,952
— Retirement benefits scheme contributions	136	99	385	284
	2,590	2,391	7,634	7,236

8. DIVIDENDS

No dividends have been paid or proposed during the three months and nine months ended 31 December 2013, nor has any dividend been proposed since the end of reporting period (three months and nine months ended 31 December 2012: HK\$Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the three months and nine months ended 31 December 2013 is based on the loss for the period attributable to owners of the Company of approximately HK\$2,041,000 (three months ended 31 December 2012: HK\$3,674,000) and HK\$7,225,000 (nine months ended 31 December 2012: HK\$11,302,000) respectively and the weighted average number of ordinary shares of 1,294,697,017 (three months and nine months ended 31 December 2012: 1,194,697,017) in issue during both periods.

(b) Diluted loss per share

The Company did not have any dilutive potential ordinary shares for the three months and nine months ended 31 December 2013 and 2012. Diluted loss per share are presented as equal to the basic loss per share as a result.

10. MOVEMENT OF RESERVES

	Share premium HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Foreign currency translation reserve HK\$'000 (Unaudited)	Share-based payment reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 April 2012	1,042,779	8,320	1,512	13,204	(1,130,876)	(65,061)
Total comprehensive income for the period	–	–	12	–	(11,302)	(11,290)
Share option scheme						
— equity-settled share-based payment expenses	–	–	–	884	–	884
— lapsed of share options granted	–	–	–	(12,566)	12,566	–
Changes in equity for the period	–	–	12	(11,682)	1,264	(10,406)
At 31 December 2012	<u>1,042,779</u>	<u>8,320</u>	<u>1,524</u>	<u>1,522</u>	<u>(1,129,612)</u>	<u>(75,467)</u>
At 1 April 2013	1,072,549	8,320	1,903	1,522	(1,132,580)	(48,286)
Total comprehensive income for the period	–	–	340	–	(7,225)	(6,885)
Share option scheme						
— lapsed of share options granted	–	–	–	(1,522)	1,522	–
Changes in equity for the period	–	–	340	(1,522)	(5,703)	(6,885)
At 31 December 2013	<u>1,072,549</u>	<u>8,320</u>	<u>2,243</u>	<u>–</u>	<u>(1,138,283)</u>	<u>(55,171)</u>

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2013, the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director	Number of shares held					Number of underlying shares	Aggregate interests	Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests	Total interests in shares	Share Option Scheme		
Lam Lee G.	200,000	–	–	–	200,000	–	200,000	0.02%
Xiao Haiping	1,000,000	–	–	–	1,000,000	–	1,000,000	0.08%

Save as disclosed above, none of the Directors or the chief executives has any interests or short positions in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules as at 31 December 2013.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Number of shares held					Number of underlying shares	Aggregate interests	Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Family interests	Other interests	Total interests in shares	Share Option Scheme		
CCC (Note 1)	–	356,542,000	–	–	356,542,000	–	356,542,000	27.54%
CCI	356,542,000	–	–	–	356,542,000	–	356,542,000	27.54%
Jin Xian Gen (Note 2)	–	128,205,128	–	–	128,205,128	–	128,205,128	9.90%
Full Ocean Development Limited	128,205,128	–	–	–	128,205,128	–	128,205,128	9.90%
Jin Lin Jun (Note 3)	–	128,205,128	–	–	128,205,128	–	128,205,128	9.90%
Amazing International Holdings Limited	128,205,128	–	–	–	128,205,128	–	128,205,128	9.90%
Yang Shaoxiao (Note 4)	–	–	–	128,205,128	128,205,128	–	128,205,128	9.90%
Jin Yan (Note 5)	–	–	–	119,398,128	119,398,128	–	119,398,128	9.22%
Friendly Capital Limited	109,900,000	–	–	–	109,900,000	–	109,900,000	8.49%

Notes:

- (1) CCC is deemed to be substantial shareholder as defined in the GEM Listing Rules. CCI is a wholly-owned subsidiary of CCC.
- (2) Mr. Jin Xian Gen is interested in 90% of the entire issued share capital of Full Ocean Development Limited and is therefore deemed to be interested in 128,205,128 shares held by Full Ocean Development Limited by virtue of the SFO.
- (3) Mr. Jin Lin Jun is interested in 97% of the entire issued share capital of Amazing International Holdings Limited and is therefore deemed to be interested in 128,205,128 shares held by Amazing International Holdings Limited by virtue of the SFO.
- (4) Mr. Jin Lin Jun has pledged his equity interest in Amazing International Holdings Limited to Mr. Yang Shaoxiao, and Mr. Yang Shaoxiao is therefore considered to have a security interest in 128,205,128 shares held by Amazing International Holdings Limited by virtue of the SFO.
- (5) Mr. Jin Xian Gen has pledged his equity interest in Full Ocean Development Limited to Ms. Jin Yan, and Ms. Jin Yan is therefore considered to have security interest in 119,398,128 shares held by Full Ocean Development Limited by virtue of the SFO.

Save as disclosed above, as at 31 December 2013, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which requires to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEMES

Share options were granted to certain directors, employees and consultants of the Company under the share option scheme (the “Old Scheme”) conditionally adopted on 28 October 2002. The Old Scheme became unconditional upon the listing of the Company’s shares on GEM on 15 November 2002. The Old Scheme was amended by an ordinary resolution duly passed at an annual general meeting by the Company’s shareholders on 28 July 2006 and was expired on 15 November 2012. Details of the Old Scheme have been set out in the Company’s annual report of year 2012/13.

At an annual general meeting (the “AGM”) of the Company held on 7 August 2013, the Company’s shareholders approved the adoption of a new share option scheme (the “New Scheme”), pursuant to which the Directors may grant options to eligible persons (as defined under the New Scheme) to subscribe for shares in the Company in accordance with the terms of the New Scheme. The maximum number of shares can be issued under the New Scheme was 129,469,701 which is equivalent to 10% of the issued share capital of the Company as at the date of the AGM. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share options schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time (other than those granted to the substantial shareholders (as defined in the GEM Listing Rules)). The total number of shares that may be granted under the New Scheme to the independent non-executive Directors (“INEDs”) or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time. Unless otherwise approved by the shareholders of the Company in general meeting, the maximum number of shares that may be granted to eligible persons (as defined in the New Scheme) under the New Scheme shall not exceed 1% within any 12-month period. The option period will not be more than ten years from the date of grant of the option and the Directors may at its discretion determine the minimum period for which the option has to be held or other conditions to be achieved before the exercise of the subscription right attaching thereon.

Each share option under the New Scheme entitles the holder to subscribe for one share of HK\$0.01 each in the Company at a price, which is to be determined by the Board provided that it shall be not less than the higher of: (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange for the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of an option is accepted by the eligible person), which must be a business day; and (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant.

As at 31 December 2013, no options under the New Scheme have been granted. Particulars of the options granted under the Old Scheme as at 31 December 2013 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options					As at 31 December 2013	
				As at 1 April 2013	Options granted during the period	Options exercised during the period ⁽¹⁾	Options lapsed during the period ⁽²⁾	Options cancelled during the period		
Other Eligible Participants										
In aggregate	14 September 2011	14 November 2011 to 13 November 2013	1.50	1,000,000	–	–	(1,000,000)	–	–	
In aggregate	2 December 2011	2 December 2012 to 1 December 2013	1.24	6,000,000	–	–	(6,000,000)	–	–	
				7,000,000	–	–	(7,000,000)	–	–	

Notes:

- (1) No share options were exercised during the period.
- (2) In accordance with the Old Scheme, the grantee of an option ceases to be an Eligible Participant due to termination of relationship with the Company or its subsidiary companies, the grantee may exercise the option up to his entitlement at the date of cessation of his relationship within the period of three months following the date of such cessation.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, their respective associates to acquire such rights in any other body corporate.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

COMPETING INTERESTS

None of the Directors nor their respective associates (as defined in the GEM Listing Rules) had any business or interest in a business which competes or may compete with the businesses of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiary companies had purchased, sold or redeemed any of the Company's shares on the GEM during the nine months ended 31 December 2013.

AUDIT COMMITTEE

The Company has established an audit committee on 28 October 2002 with written terms of reference based on the guidelines set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules. It comprises three INEDs, namely Mr. Yip Tai Him, Ms. Cao Huifang and Ms. Liu Hong in which Ms. Liu Hong was resigned as an INED and Ms. Han Liqun was appointed as an INED on 31 January 2014. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group's internal control system.

The audit committee has reviewed the unaudited third quarterly results of the Group for the nine months ended 31 December 2013. The audit committee is of the opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the CG Code contained in Appendix 15 to the GEM Listing Rules during the nine months ended 31 December 2013.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code of Conduct"). Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct during the nine months ended 31 December 2013.

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

Hong Kong, 12 February 2014

As at the date of this announcement, the Board comprises:

Mr. He Chenguang (*Executive Director and Chairman*)

Mr. Bao Yueqing (*Executive Director and Chief Executive Officer*)

Dr. Lam Lee G. (*Non-Executive Director*)

Mr. Xiao Haiping (*Non-Executive Director*)

Mr. Yip Tai Him (*Independent Non-Executive Director*)

Ms. Cao Huifang (*Independent Non-Executive Director*)

Ms. Han Liquan (*Independent Non-Executive Director*)

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.