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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)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT
(PRINCIPAL-PRESERVATION
WITH FLOATING RETURN IN NATURE)**

The Board is pleased to announce that on 30 July 2014, Shentong Yijia, a wholly-owned subsidiary of the Company subscribed for Wealth Management Product at a subscription amount of RMB10 million (equivalent to approximately HK\$12.54 million) in accordance with the Wealth Management Agreement.

As the relevant applicable percentage ratios of the Subscription exceed 5% but are less than 25%, the transaction contemplated under the Wealth Management Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under the GEM Listing Rules.

THE SUBSCRIPTION

The Board is pleased to announce that on 30 July 2014, Shentong Yijia, a wholly-owned subsidiary of the Company subscribed for Wealth Management Product at a subscription amount of RMB10 million (equivalent to approximately HK\$12.54 million) in accordance with the Wealth Management Agreement. The Company utilised its temporarily idle funds for the payment of the subscription amount under the Wealth Management Agreement.

THE WEALTH MANAGEMENT AGREEMENT

Date: 30 July 2014

Parties: (1) Shentong Yijia, being a wholly-owned subsidiary of the Company as subscriber; and
(2) ICBC as custody bank

Principal terms of the Wealth Management Agreement

Currency of investment and returns:	RMB
Subscription amount:	RMB10 million (equivalent to HK\$12.54 million)
Term of investment period:	From 6 August 2014 to 15 September 2014 (41 days)
Maximum expected annualised return rate:	3.82% per annum. Should the Wealth Management Product is held to the maturity date, after deducting bank management fee and custody fee, the maximum expected annualised return rate shall be approximately 3.6% per annum
Principle for calculation of product returns and interest:	$\text{Investment profit} = \text{principal subscription amount} \times \text{actual annualised return rate} / 365 \times \text{days of investment}$
Custody fee:	Principal subscription amount $\times$ 0.02% per annum
Bank management fee:	Principal subscription amount $\times$ 0.2% per annum
Payment of principal and return upon maturity:	The principal subscription amount and corresponding investment profit (if any), net of custody fee and bank management fee will be paid by ICBC to Shentong Yijia in a lump sum on the second business day after the maturity date.

INFORMATION OF THE GROUP

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

REASONS FOR THE SUBSCRIPTION

ICBC is a bank licensed and incorporated under the laws of the PRC. To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, each of ICBC and its ultimate beneficial owners and their respective associates is an Independent Third Party. The principal business of ICBC is to provide corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services.

The Wealth Management Agreement was invested with those surplus cash beyond operation needs and was adhered with the internal investment policy of the Group. The Wealth Management Agreement would not affect the sufficiency working capital of the Group or the operation of the Group’s principal businesses. As the management team of Shentong Yijia was of the view that the Wealth Management Agreement would bring the Group with stable return at an estimated range of interest rate and were, in substance, similar to fixed deposit with banks.

Having regard to the fact that the Wealth Management Product is classified by ICBC as low risk product, the Directors are of the view that the Subscription provides a good short-term investment opportunity to the Group without causing any adverse effects on its liquidity as well as to expand its investment portfolio with satisfactory investment return. As such, the Directors consider that the Subscription was fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant applicable percentage ratios of the Subscription exceed 5% but are less than 25%, the transaction contemplated under the Wealth Management Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of Directors
“Company”	China Communication Telecom Services Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICBC”	Industrial & Commercial Bank of China, a bank licensed and incorporated under the laws of the PRC
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“PRC”	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of issued Share(s)
“Shentong Yijia”	北京神通益家科技服務有限公司 (Beijing Shentong Yijia Technology Services Company Limited [#]), established in the PRC as a foreign-owned enterprise, an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Shentong Yijia for Wealth Management Product in accordance with the Wealth Management Agreement
“Wealth Management Agreement”	the wealth management agreement entered into between Shentong Yijia and ICBC on 30 July 2014 in relation to the subscription of Wealth Management Product at a subscription amount of RMB10 million
“Wealth Management Product”	the wealth management product, which are of principal-preservation with floating return in nature, denominated in RMB subscribed for by Shentong Yijia under the Wealth Management Agreement
“HK\$”	Hong Kong dollars, 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 HKD is calculated at the approximate exchange rate of RMB1.00 to HKD1.2540. 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, 30 July 2014

As at the date of this announcement, the executive Directors of the Company 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.