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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

致富
CHIEF

Chief Securities Limited

PLACING OF NEW SHARES

On 26 February 2013 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 100,000,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price of HK$0.31 per Placing Share.

The Placing Price of HK$0.31 per Placing Share represents (i) a discount of approximately 15.07% to the closing price of HK$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 15.76% to the average of the closing prices per Share of approximately HK$0.368 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 16.44% to the average of the closing prices per Share of approximately HK$0.371 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The maximum Placing Shares of 100,000,000 Shares represent approximately 8.37% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.72% of the issued share capital of the Company as enlarged by the Placing. The Placing Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 9 August 2012.

The maximum gross proceeds from the Placing will be approximately HK$31.0 million. The net proceeds, after the deduction of the Placing commission and other related expenses, are estimated to be approximately HK$30.79 million, representing a net issue price of approximately HK$0.3079 per Placing. The Company intends to apply the net proceeds arising from the Placing as general capital of the Group.

Completion of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in Shares.

THE PLACING AGREEMENT

The Placing Agreement

Date	26 February 2013
Issuer	the Company
Placing Agent	Chief Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent will charge the Company a Placing commission of 0.25% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

As advised by the Placing Agent, it will procure one Placee, namely Friendly Capital Limited, to subscribe for all the Placing Shares. The Placee is a private company incorporated in the British Virgin Islands with limited liability and it is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placee and its ultimate beneficial owner, namely Mr. Wang Feilong and Mr. Li Chungang, who are interested in 9,900,000 Shares, representing approximately 0.83% of the existing issued share capital of the Company, are Independent Third Parties. Upon completion of the Placing, the Placee will not become a substantial Shareholder.

Number of Placing Shares

The maximum Placing Shares of 100,000,000, represent approximately (i) 8.37% of the existing issued share capital of the Company as at the date of this announcement and, (ii) approximately 7.72% of the issued share capital of the Company as enlarged by the Placing. The maximum nominal value of the Placing Shares under the Placing will be HK$1,000,000.

Placing Price

The Placing Price of HK$0.31 per Placing Share represents:

(i) a discount of approximately 15.07% to the closing price of HK$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 15.76% to the average of the closing prices per Share of approximately HK$0.368 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

(iii) a discount of approximately 16.44% to the average of the closing prices per Share of approximately HK$0.371 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares. Given the size of the Placing Shares involved (which represent approximately 8.37% of the existing Shares in issue) and the discount to the closing prices as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day, the Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

The Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Placing Shares. If the above condition is not fulfilled by 25 April 2013 (or such later date as may be agreed between the parties thereto), the Placing Agreement will be terminated forthwith and cease to have any effect.

Completion

The Placing shall complete on the third Business Day after the fulfillment of the condition referred to above (or such later date as may be agreed between the parties thereto).

General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 9 August 2012 to allot, issue and deal with up 20% of the issued share capital of the Company as at the date of the annual general meeting, which is 238,939,403 Shares. Therefore, the issue of the Placing Shares is not subject to Shareholders' further approval. The 100,000,000 Placing Shares will utilise approximately 41.85% of the General Mandate. As at the date of this announcement, save for the proposed issued of the Placing Shares under the Placing Agreement, the Company has not utilised the General Mandate.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination

(A) The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the date of Completion to forthwith terminate the Placing Agreement if any Specified Event comes to the notice of the Placing Agent.

(B) If notice is given pursuant to clause (A) above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

Completion of the Placing is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING OF SHARES AND USE OF PROCEEDS

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

The Board considers that the Placing represents an opportunity to raise additional funds for the Company while broadening the Shareholders base and capital base of the Company. Assuming all the Placing Shares have been placed out, the maximum gross proceeds from the Placing will be approximately HK$31.0 million. The net proceeds, after the deduction of the Placing commission and other related expenses, are estimated to be approximately HK$30.79 million, representing a net issue price of approximately HK$0.3079 per Placing Share. The Directors intend to apply the net proceeds arising from the Placing as general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

The Group has not conducted any fund raising activity for the twelve months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,194,697,017 Shares in issue. The following chart set out the shareholding structure of the Company, assuming there are no other changes to the issued share capital of the Company, (i) as at the date of this announcement; and (ii) immediately after completion of the Placing:

Shareholders	**As at the date of this announcement**		**Immediately after completion of the Placing**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
CCI *(note 1)*	356,542,000	29.84	356,542,000	27.54
Mr. Xiao Haiping *(note 2)*	1,000,000	0.08	1,000,000	0.08
Dr. Lam Lee G. *(note 3)*	200,000	0.02	200,000	0.02
Full Ocean Development Limited *(note 4)*	128,205,128	10.73	128,205,128	9.90
Amazing International Holdings Limited *(notes 5,6,7)*	128,205,128	10.73	128,205,128	9.90
Public Shareholders				
The Placees	9,900,000	0.83	109,900,000	8.49
Other public Shareholders	570,644,761	47.77	570,644,761	44.07
Total	1,194,697,017	100.00	1,294,697,017	100.00

Notes:

1. The entire issued share capital of CCI is wholly and beneficially owned by CCC.

2. Mr. Xiao Haiping is a non-executive Director.

3. Dr. Lam Lee G. is an independent non-executive Director.

4. Mr. Jin Xian Gen is deemed to be a substantial shareholder of the Company by virtue of his 90% beneficial interest in Full Ocean Development Limited.

5. Mr. Jin Lin Jun is deemed to be a substantial shareholder of the Company by virtue of his 97% beneficial interest in Amazing International Holdings Limited.

6. 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.

7. Mr. Jin Xian 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 128,205,128 shares held by Full Ocean Development Limited.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

"associates"	has the meaning ascribed to this term under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	any day (not being a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCC"	神州通信集團有限公司 (China Communication Group Co., Ltd.#)
"CCI"	神州通信投資有限公司 (China Communication Investment Limited)
"Company"	China Communication Telecom Services Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"Completion"	completion of the placing of the Placing Shares in accordance with the terms and conditions of the Placing Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Directors"	the directors, including independent non-executive directors, of the Company
"GEM"	The Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"General Mandate"	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 9 August 2012, authorising the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at that date
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(Parties)"	independent third party (parties) who is (are) not connected person(s) (as defined in the GEM Listing Rules) of the Company and is (are) independent of and not connected with the connected persons of the Company
"Last Trading Day"	26 February 2013, being the date of the Placing Agreement

"Placees"	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
"Placing Agent"	Chief Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Placing Agreement"	the conditional placing agreement dated 26 February 2013 entered into between the Company and the Placing Agent
"Placing Price"	HK$0.31 per Placing Share
"Placing Shares"	a maximum of 100,000,000 Shares to be placed under the Placing
"PRC"	the People's Republic of China
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholders"	holders of the Shares
"Specified Event"	an event occurring or matter arising on or after the date hereof and prior to the date of Completion which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and such would have an adverse impact/effect on the Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 26 February 2013

\# *English translation of the name for identification purpose only.*

As at the date of this announcement, the executive Directors are Mr. He Chenguang, Mr. Zhang Peng, the non-executive Director is Mr. Xiao Haiping and the independent non-executive Directors are Dr. Lam Lee G., Mr. Yip Tai Him, Ms. Cao Huifang and Ms. Liu Hong.

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 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.