THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Communication Telecom Services Company Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular, for which the directors of the Company (the "**Directors**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 circular 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 circular misleading.

CHN

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)

(1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES; (2) PROPOSED RE-ELECTION OF DIRECTORS; (3) ADOPTION OF A NEW SHARE OPTION SCHEME; AND (4) NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting (the "**Annual General Meeting**") of the Company to be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Wednesday, 7 August 2013 at 11:00 a.m. is set out on pages 30 to 34 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned meeting (as the case may be). The completion and return of the form of proxy will not preclude you from attending, and voting at the Annual General Meeting or any adjourned meeting (as the case may be) in person if you so wish.

This circular 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.

28 June 2013

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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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"2002 Share Option Scheme"	the share option scheme adopted by the Company on 15 November 2002 which has been expired on 15 November 2012
"2013 Annual Report"	the annual report of the Company for the year ended 31 March 2013
"Adoption Date"	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders
"AGM"	the annual general meeting of the Company for the financial year ended 31 March 2013 to be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Wednesday, 7 August 2013 at 11:00 a.m.
"Articles of Association"	the articles of association of the Company, and "Article" shall mean an article of the Articles of Association
"associates"	has the meaning ascribed thereto in the GEM Listing Rules
"Auditors"	the auditors of the Company for the time being
"Board"	the board of the Directors
"Business Day"	any day on which the Stock Exchange is open for the business of dealing in securities
"Company"	China Communication Telecom Services Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM
"Director(s)"	the director(s) of the Company, from time to time

"Eligible Participant(s)"	(i) any employees (including, without limitation, executive Directors) of the Company and/or any of its Subsidiaries; (ii) any non-executive Directors (including, without limitation, independent non-executive Directors) of the Company and/or any of its Subsidiaries; (iii) any consultants, suppliers or customers of the Company and/or any of its Subsidiaries; (iv) any employee (whether full-time or part-time and including directors) of any entity (the "Invested Entity") in which the Group holds any equity interest; and/or (v) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for Options under the New Share Option Scheme
"Exercise Date"	has the meaning ascribed to it under paragraph 8 of Appendix III set out on page 23 of this circular
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange with responsibility for GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Grantee"	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) his Personal Representative(s)
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Issue Mandate"	the issue mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of granting of the Issue Mandate
"Latest Practicable Date"	25 June 2013, being the latest practicable date prior to the bulk print of this circular for ascertaining certain information contained herein
"New Share Option Scheme"	the proposed new share option scheme of the Company to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III of this circular

"Offer"	an offer for the grant of an Option made in accordance with the New Share Option Scheme
"Offer Date"	the date on which an Offer is made to an Eligible Participant, which must be a Business Day
"Option(s)"	any option(s) granted or to be granted to Eligible Participants(s) to subscribe for Share(s) under the 2002 Share Option Scheme or, after its expiry, under the New Share Option Scheme
"Optionholder(s)"	the relevant holder(s) of the Option(s)
"Option Period"	in respect of any particular Option, the period (which may not expire later than ten years from the date of grant of the particular Option but subject to the provisions for early termination thereof contained herein) to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer
"Personal Representative(s)"	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
"PRC"	the People's Republic of China
"Repurchase Mandate"	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase Shares up to 10% of the issued share capital of the Company as at the date of granting of the Repurchase Mandate
"RSM"	RSM Nelson Wheeler, Certified Public Accountants, the current auditors of the Company
"Scheme Mandate Limit"	has the meaning ascribed to it under paragraph 21 of Appendix III set out on page 26 of this circular
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction

"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the price per Share (being not less than the nominal value of a Share) at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Share Option Scheme
"Subsidiary"	a company which is for the time being and from time to time a subsidiary of the Company (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)), whether incorporated in Hong Kong, the British Virgin Islands, the People's Republic of China or elsewhere
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"Termination Date"	close of business of the Company on the date which falls ten (10) years after the Adoption Date
"%"	per cent.

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)

Executive Directors:
Mr. He Chenguang *(Chairman)*
Mr. Zhang Peng *(Chief Executive Officer)*

Non-executive Directors:
Mr. Xiao Haiping
Dr. Lam Lee G.

Independent non-executive Directors:
Mr. Yip Tai Him
Ms. Cao Huifang
Ms. Liu Hong

Registered Office:
P.O. Box 309 GT, Ugland House
South Church Street
Grand Cayman
Cayman Islands

Head office and principal place of business in Hong Kong:
Units 2115–2116
21/F China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

28 June 2013

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) ADOPTION OF NEW SHARE OPTION SCHEME; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM. These include:

a. the ordinary resolutions to grant general mandates to the Directors to issue and to repurchase Shares;

b. the ordinary resolutions to elect Directors who are due to retire and offer for re-elections at the AGM; and

c. the adoption of New Share Option Scheme.

This circular contains further information relating to the resolutions proposed so as to enable you to make an informed decision on whether to vote for or against the resolutions proposed. A notice for convening the AGM is also set out in this circular and a form of proxy is included for your further action.

GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 9 August 2012, an ordinary resolution was passed by the Shareholders granting the general mandates to the Directors to issue and repurchase Shares. The refreshed general mandates will lapse at (i) the conclusion of the AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association of the Company and Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) when revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first. Resolutions will therefore be proposed at the AGM to renew the grant of these general mandates.

An ordinary resolution will be proposed at the AGM in relation to the granting of a general and unconditional Issue Mandate to the Directors to exercise the power of the Company, to allot, issue and deal with, new Shares for not exceeding 20% of the aggregate nominal amount of the issued Shares as at the date of passing the resolution (as adjusted in accordance with the resolution), for the period until (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association of the Company and Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) when revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

As at the Latest Practicable Date, the Company has 1,294,697,017 Shares in issue. Subject to the passing of the resolutions for the approval of the Issue Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Issue Mandate to allot, issue and deal with, a maximum of 258,939,403 Shares.

An ordinary resolution will be proposed at the AGM in relation to the granting of a general and unconditional Repurchase Mandate to the Directors to exercise all powers of the Company to repurchase Shares on GEM or on any other stock exchange on which the Shares may be listed, Shares up to 10% of the aggregate nominal amount of the issued Shares as at the date of passing the resolution, for the period until (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association of the Company and Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) when revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first. The GEM Listing Rules contain provision to regulate the repurchase by companies with a primary listing on the GEM of their own shares. In accordance with Rule 13.08 of the GEM Listing Rules, this circular contains an explanatory statement as set out in Appendix I to provide the Shareholders with the requisite information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate. For the purpose of this circular, the term "Shares" shall have the meaning ascribed thereto under the Takeovers Code which means Share of all classes and securities which carry a right to subscribe to purchase Shares.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 129,469,701 Shares.

An ordinary resolution will also be proposed at the AGM in relation to the extension of the general mandate to be granted to the Directors to allot, issue, and deal with, new Shares under the Issue Mandate by adding to it the number of shares of the Company repurchased under the Repurchase Mandate, if any. The Directors have no present intention to fully exercise the Issue Mandate or the Repurchase Mandate for issuing and repurchasing the Shares respectively.

The full text of these resolutions are set out as ordinary resolutions numbers 4 to 6 in the notice of AGM on pages 30 to 34 of this circular.

PROPOSED RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprises two executive Directors, namely, Mr. He Chenguang and Mr. Zhang Peng, two non-executive Directors, namely, Mr. Xiao Haiping and Dr. Lam Lee G. and three independent non-executive Directors, namely, Mr. Yip Tai Him, Ms. Cao Huifang and Ms. Liu Hong.

According to Article 96, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

According to Article 108, one-third (or, if their number is not three or a multiple of three, than the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

In accordance with Article 96, Dr. Lam Lee G. shall retire from office at the AGM, and in accordance with Article 108, Mr. Zhang Peng, Ms. Cao Huifang and Mr. Yip Tai Him shall retire from office by rotation at the AGM. Being eligible, Dr. Lam Lee G. will offer himself for re-election as non-executive Director; each of Ms. Cao Huifang and Mr. Yip Tai Him shall offer herself/himself for re-election as independent non-executive Director and Mr. Zhang Peng will offer himself for re-election as executive Director.

Further, pursuant to the code provisions as set out in Appendix 15 Corporate Governance Code and Corporate Governance Report of the GEM Listing Rules and in accordance with Article 97, the further appointment of an independent non-executive Director who has served more than 9 years should be subject to a separate resolution to be approved by the Shareholders in general meeting. Mr. Yip Tai Him has been appointed as independent non-executive Director for more than nine years. Nonetheless, the Company has received from him a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and Mr. Yip Tai Him has not engaged in any executive management of the Group. The Company opined that a service term of over 9 years is not the key factor in determining the independence of an independent non-executive Director and consider Mr. Yip Tai Him to be independent under the GEM Listing Rules as the Company believes that Mr. Yip Tai Him can exercise his own integrity and experience and to express opinions on matters of the Company independently.

Accordingly, at the AGM, ordinary resolutions will be proposed to re-elect Dr. Lam Lee G. as non-executive Director, Ms. Cao Huifang and Mr. Yip Tai Him as independent non-executive Directors and Mr. Zhang Peng as an executive Director.

Pursuant to Rule 17.46A of the GEM Listing Rules, a listed issuer shall disclose the details required under Rule 17.50(2) of the GEM Listing Rules of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election and appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the above four retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

ADOPTION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme

The Company adopted the 2002 Share Option Scheme by written resolutions of all Shareholders passed on 15 November 2002. As the 2002 Share Option Scheme has expired on 15 November 2012, an ordinary resolution will be proposed at the AGM to approve the adoption of the New Share Option Scheme.

Notwithstanding the expiration of the 2002 Share Option Scheme, the provisions there in shall remain in force in all other respect of the outstanding share options granted thereunder. The Directors confirm that no further Options were granted under the 2002 Share Option Scheme upon its expiry. As at the Latest Practicable Date, the Company has not adopted any share option scheme and 7,000,000 Options granted under the 2002 Share Option Scheme were still outstanding. The said 7,000,000 outstanding Options were granted to two consultants of the Group and the details of the relevant Options are set out below:

Date of grant	Exercisable period	Exercise price per share *(HK$)*	Number of Options outstanding
14 September 2011	14 November 2011 to 13 November 2013	1.50	1,000,000
2 December 2011	2 December 2012 to 1 December 2013	1.24	6,000,000
			7,000,000

Set out in the Appendix III to this circular are the principal terms of the New Share Option Scheme. Save and except for their respective adoption dates and the provisions regarding the restrictions on the time of grant of Options, there is no material difference between the rules of the 2002 Share Option Scheme and the New Share Option Scheme. The rules of the New Share Option Scheme proposed to be adopted by the Company at the AGM will be available for inspection at the principal place of business in Hong Kong at Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of AGM.

The number of Shares which may be allotted and issued upon exercise of all outstanding Options granted under the New Share Option Scheme and any other share option schemes of the Company (including the 2002 Share Option Scheme) must not in aggregate exceed 10% of the total Shares in issue on the date of approval of the New Share Option Scheme by the Shareholders at the AGM (the "**Scheme Mandate Limit**") unless the Company obtains a fresh approval from Shareholders to renew the Scheme Mandate Limit on the basis that the maximum number of Shares in respect of which any Options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. Further, no Options will be granted would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the New Share Option Scheme, the existing Options granted under the 2002 Share Option Scheme and any other share option schemes adopted by the Company which provide for the grant of Options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time. As at the Latest Practicable Date, save for the 7,000,000 Options granted under the 2002 Share Option Scheme remain outstanding, there were no other outstanding Options, warrants or convertible securities to subscribe for Shares.

As at the Latest Practicable Date, there were 1,294,697,017 Shares in issue and assuming that, prior to the AGM, no Shares are issued or repurchased by the Company, the Scheme Mandate Limit will be 129,469,701 Shares.

The terms of the New Share Option Scheme provide that in granting Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have the discretion in determining the Subscription Price in respect of any Option, provided that the relevant requirements in the GEM Listing Rules are complied with.

The Directors are of the view that the flexibility given to the Directors to impose or not imposing the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

None of the Directors is a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 23 of the GEM Listing Rules and the terms of the New Share Option Scheme are essentially same as the 2002 Share Option Scheme.

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders have a material interest in the New Share Option Scheme different to that of any other Shareholders and accordingly, no Shareholders will have to abstain from voting at the AGM on the resolution approving the adoption of the New Share Option Scheme.

Conditions of the adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon (i) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and (ii) the passing of the resolution at the AGM to approve and adopt the New Share Option Scheme.

Application for listing

Application will be made to the GEM Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares, representing 10% of the issued share capital of the Company as at the date of the AGM which may fall to be allotted and issued upon the exercise of Options to be granted under the New Share Option Scheme.

Reasons for the adoption of the New Share Option Scheme

Under the terms of the 2002 Share Option Scheme, the Company may grant options to the Directors or any person who is an employee, supplier and customer of members of the Group or any entity in which the Group holds any equity interests.

The 2002 Share Option Scheme has been expired on 15 November 2012. The Directors consider that the adoption of the New Share Option Scheme is in the interest of the Company and the Shareholders as a whole because it enables the Company to reward and provide incentives to, and strengthen the Group's business relationship with, the Eligible Participants who may contribute to the growth and development of the Group. The Directors are also of the view that the New Share Option Scheme will provide the Eligible Participants with an opportunity to acquire a monetary gain or ownership interest in the Company not only as a reward for their contribution to the development of the Group in the part, but also serve to motivate the Eligible Participants to continue optimize their performance and efficiency for better serving the Group, as well as to attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

As at the Latest Practicable Date and save for the 2002 Share Option Scheme and the proposed New Share Option Scheme, the Company had not adopted any other share option schemes.

Values of all options that can be granted under the New Share Option Scheme

Eligible Participants to whom Options shall be granted, are entitled to subscribe for the number of Shares at a subscription price specified in each Option granted under the New Share Option Scheme. The Directors consider that it is not appropriate to state the value of all the Options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date, because the calculation of the value of the options is based on a number of variables which are crucial for the calculation such as subscription price, exercise period, interest rate, expected volatility and other relevant variables. As Options have not been granted under the New Share Option Scheme, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the options as if they had been granted at the Latest Practicable Date based on a large number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

AGM

A notice convening the AGM to be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Wednesday, 7 August 2013 at 11:00 a.m. is set out on pages 30 to 34 of this circular.

A copy of the 2013 Annual Report including, among other things, copies of the report of the Director, the report of the Auditors and the audited and consolidated financial statements of the Company for the year ended 31 March 2013, are dispatched to the Shareholders together with this circular.

In order to ascertain the entitlements to attend the AGM, the register of members of the Company will be closed from Monday, 5 August 2013 to Wednesday, 7 August 2013 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar of the

Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 2 August 2013.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all votes of the Shareholders of at a general meeting must be taken by poll. Therefore, all the resolutions proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company after the AGM on the results of the AGM.

PROXY ARRANGEMENT

A form of proxy for use at the AGM is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed (or a copy which has duly been certified) to the Company's Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjourned meeting (as the case may be). The completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM if you so wish.

GENERAL

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

RECOMMENDATION

The Directors consider that the proposed resolutions set out in the notice of AGM are all in the best interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of all of these resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
China Communication Telecom Services Company Limited
He Chenguang
Chairman

This explanatory statement relates to the resolution proposed to be passed at the AGM authorising the grant of the Repurchase Mandate. It contains all the information under Rule 13.08 of the GEM Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against such ordinary resolution.

1. SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 1,294,697,017 Shares.

Subject to the passing of resolution no. 5 as set out in the notice of AGM to this circular (the "**Resolution**") approving the Repurchase Mandate and on the basis that no Shares will be issued or repurchased after the Latest Practicable Date and up to the date of passing the Resolution, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 129,469,701 Shares (representing 10% of the issued share capital of the Company at the date of the passing of the Resolution).

2. REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares on the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and/or earnings per Share.

3. FUNDING OF REPURCHASES

Repurchases pursuant to the Repurchase Mandate would be financed entirely from the Company's available cash flow or working capital facilities. Any repurchases will only be funded out of funds of the Company legally available for the purposes in accordance with its memorandum of association of the Company and Articles of Association and the laws of the Cayman Islands. Shares may only be repurchased out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purposes of repurchase. The premium, if any, payable on repurchases must have been provided for out of the profits of the Company or out of the Company's share premium account before or at the time the shares are repurchased. The Company may not purchase Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's audited financial statements contained in the 2013 Annual Report) in the event that the Repurchase Mandate was to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge and belief, having made all reasonable enquiries, any of their respective associates (as defined in the GEM Listing Rules), have any present intention, if the Repurchase Mandate were to be exercised, to sell any Shares to the Group.

No connected persons (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company, or has undertaken not to sell any Shares to the Company, in the event that the Repurchase Mandate is exercised.

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

7. SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months before the Latest Practicable Date were as follows:

	Price per Share	
	Highest	**Lowest**
	HK$	*HK$*
2012		
June	0.30	0.23
July	0.26	0.22
August	0.25	0.22
September	0.42	0.21
October	0.65	0.33
November	0.54	0.41
December	0.53	0.42
2013		
January	0.47	0.39
February	0.44	0.35
March	0.42	0.37
April	0.40	0.38
May	0.40	0.36
June (up to the Latest Practicable Date)	0.40	0.37

8. CONSEQUENCES UNDER THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

If the Repurchase Mandate were exercised in full, the shareholding percentage of the substantial Shareholders (as defined under the GEM Listing Rules) (based on the number of Shares they held as at the Latest Practicable Date) before and after such repurchase would be as follows:

Substantial Shareholders	**Number of Shares held**	**Approximate percentage of existing shareholding**	**Approximate percentage of shareholding if the Repurchase Mandate is fully exercised**
China Communication Investment Ltd. ("**CCI**") *(Note 1)*	356,542,000	27.54%	30.60%
神州通信集團有限公司 (China Communication Group Co., Ltd.#) ("**CCC**") *(Note 1)*	356,542,000	27.54%	30.60%
Full Ocean Development Limited *(Note 2)*	128,205,128	9.90%	11.00%
Mr. Jin Xian Gen *(Note 2)*	128,205,128	9.90%	11.00%
Amazing International Holdings Limited *(Note 3)*	128,205,128	9.90%	11.00%
Mr. Jin Lin Jun *(Note 3)*	128,205,128	9.90%	11.00%
Mr. Yang Shaoxiao *(Note 4)*	128,205,128	9.90%	11.00%
Ms. Jin Yan *(Note 5)*	119,398,128	9.22%	10.25%
Friendly Capital Limited	109,900,000	8.49%	9.43%

The English Translation of the name for identification purpose only

Notes:

1. CCC is deemed to be a substantial Shareholder as 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 Xiao 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 by virtue of the SFO.

The total interests of the substantial Shareholders would be increased to about the respective percentages shown in the last column in the above table.

Save for the situation that the Repurchase Mandate were exercised in full, CCI and CCC would be interested in about 30.60% of the issued share capital of the Company and would be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code. However, the Directors have no current intention to exercise the Repurchase Mandate to such an extent as would give rise to this obligation. Save as aforesaid in this circular, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchases under the Repurchase Mandate.

The Company will not repurchase Shares to the extent which would result in the percentage of the Shares held by the public Shareholders being reduced to less than 25% of the issued share capital of the Company.

9. SHARE PURCHASE MADE BY THE COMPANY

No purchase of Shares has been made by the Company (whether on GEM or otherwise) in the six months immediately preceding the Latest Practicable Date.

The following are the particulars of the Directors (as required by the GEM Listing Rules) proposed to be re-elected at the AGM:

1. Mr. Zhang Peng ("Mr. Zhang"), aged 49, an executive Director and the chief executive officer

Mr. Zhang joined the Group in June 2006 and is responsible for formulating the Group's strategy of overall business development. Mr. Zhang holds a Master of Business Administration from Graduate School of Management of Rutgers, the State University of New Jersey, U.S.A.. Mr. Zhang has entered into a service contract for a term of three years with the Company and shall renew automatically for a further term of 3 years upon its expiry unless and until terminated by either party to the contract serving written notice to the other to terminate such employment to take effect three months from the date of service of such notice. Mr. Zhang is entitled to a monthly salary of HK$140,000, which is subject to annual review and a sum equivalent to one-twelfth of his annual remuneration, as may from time to time be determined by the Board with reference to the Company's performance. In addition, Mr. Zhang entitled to a discretionary bonus payable of such amount as the Board may determine provided that the total amount of bonus payable to all executive Directors for any financial year of the Company shall not exceed 10% of the consolidated net profit of the group (after taxation and minority interests but before extraordinary items) as shown in its corresponding consolidated audited accounts for such year. The Director's emoluments are determined by reference to the Company's performance, the remuneration benchmark in the industry and the prevailing market conditions. Save for being the Director, Mr. Zhang did not hold any directorship in any other listed public company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Zhang does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Zhang has no interest in the Shares within the meaning of Part XV of the SFO. There is no information relating to Mr. Zhang that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

2. Dr. Lam Lee G. ("Dr. Lam"), aged 53, a non-executive Director

Dr. Lam joined the Group on 1 January 2013 as an independent non-executive Director and subsequently redesignated as non-executive Director with effect from 18 March 2013.

Dr. Lam holds a Bachelor of Science in Sciences and Mathematics, a Master of Science in Systems Science and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration from Carleton University in Canada, a Post-Graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the United Kingdom ("**U.K.**"), a Master of Laws from the University of Wolverhampton in the U.K., a Postgraduate Certificate in Laws from the City University of Hong Kong, a Certificate in Professional Accountancy from the School of Continuing and Professional Studies of the Chinese University of Hong Kong and a Doctor of Philosophy from The University of Hong Kong.

Dr. Lam is Chairman of Monte Jade Science and Technology Association of Hong Kong, and serves on the board of several publicly-listed companies as an independent director or non-executive director. He is an independent non-executive director of CSI Properties Limited, Far East Holdings International Limited, Glorious Sun Enterprises Limited, Hutchison Harbour Ring Limited, Imagi International Holdings Limited, Mei Ah Entertainment Group Limited and Vongroup Limited (all of which are listed on the Stock Exchange) and a non-executive director of Sunwah Kingsway Capital Holdings Limited (whose shares are listed on the Stock Exchange). He is also an independent director of Asia-Pacific Strategic Investments Limited, Next-Generation Satellite Communications Limited, Rowsley Limited and Top Global Limited (all of which are listed on the Main Board of the Singapore Stock Exchange). He is an independent director of Sunwah International Limited (whose shares are listed on the Toronto Stock Exchange). He is an independent non-executive director of Vietnam Equity Holding and Vietnam Property Holding (all of which are listed on the Stuttgart Stock Exchange.

Having served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms and as a member of the Legal Aid Services Council of Hong Kong, Dr. Lam is a member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference, a member of the New Business Committee of the Financial Services Development Council, a member of the Derivatives Market Consultative Panel of the Stock Exchange, a member of the Hong Kong Institute of Bankers, a member of the Young Presidents' Organization (YPO), a member of the Chief Executives Organization (CEO), a fellow of the Hong Kong Institute of Directors, a fellow of the Hong Kong Institute of Arbitrators, an accredited mediator of the Centre for Effective Dispute Resolution (CEDR), a member of the General Committee and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a vice president of the Hong Kong Real Estate Association, a founding board member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber Chamber of Commerce, a board member of the Australian Chamber of Commerce in Hong Kong, and a visiting professor (in the fields of corporate governance and investment banking) at the School of Economics and Management of Tsinghua University in Beijing.

Previously, Dr. Lam was an independent non-executive Director with effect from 31 December 2006 and until 14 May 2007. Dr. Lam was an independent non-executive director of TMC Life Sciences Berhad (whose shares are listed on the Main Market of Bursa Malaysia Securities Berhad), CDC Software Corporation (whose shares are listed on NASDAQ Global Market), Mingyuan Medicare Development Company Limited, Sino Resources Group Limited and Wai Chun Mining Industry Group Company Limited (whose shares are listed on the Stock Exchange) and China.com Inc. and Finet Group Limited (both shares are listed on the GEM). Dr. Lam is an independent director of Thomson Medical Centre Limited (whose shares were listed on the Main Board of the Singapore Stock Exchange and were delisted on 24 January 2011) and is an independent non-executive director of Vietnam Equity Holding and Vietnam Property Holding (both of whose shares were listed on the Frankfurt Stock Exchange but were delisted on 15 December 2012). Dr. Lam was a director of a private company incorporated in Hong Kong with limited liability between 15 December 1999 and 27 October 2004 in which the company was voluntarily wound up by its creditors on 12 September 2001. Save as disclosed above, Dr. Lam did not hold any directorship in any other listed public company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Dr. Lam has entered into a service contract for a period from 18 March 2013 to 31 December 2015 with the Company, subject to termination by either party to the contract serving written notice to the other to terminate such employment to take effect three months from the date of service of such notice. Dr. Lam's emoluments which specified in the service contract is HK$120,000 per annum subject to the review of the Board from time to time. His emoluments are determined by reference to the Company's performance, the remuneration benchmark in the industry and the prevailing market conditions. Dr. Lam does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. Lam is interested in 200,000 shares of the Company, representing 0.02% of the total issued share capital of the Company. There is no information relating to Dr. Lam that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

3. Ms. Cao Huifang ("Ms. Cao"), aged 63, an independent non-executive Director

Ms. Cao joined the Group in May 2008. She is currently the chairman of the remuneration committee, member of each of the audit committee and nomination committee of the Company. She is responsible for reviewing the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advices and comments thereon to the Board. Ms. Cao has over 30 years' of experience in engineering technology and corporate management. She was the general manager and vice-president of Shanghai International Airport Co., Ltd. and president of Shanghai Pudong International Airport Aviation Fuels Limited. There is no service contract entered into between Ms. Cao and the Company. Ms. Cao's appointment is for one year and can be terminated by one month's prior notice in writing served by either party. Ms. Cao's emoluments, which are determined based on the estimated time to be spent by her on the Company's matters, are HK$100,000 per annum. Her emoluments are determined by reference to the Company's performance, the remuneration benchmark in the industry and the prevailing market conditions. Ms. Cao does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Save as being the Director, Ms. Cao did not hold any directorship in any other listed public company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Ms. Cao has no interest in Shares within the meaning of Part XV of the SFO. There is no information relating to Ms. Cao that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

4. Mr. Yip Tai Him ("Mr. Yip"), aged 42, an independent non-executive Director

Mr. Yip joined the Group in October 2002. He is currently the chairman of the audit committee, member of each of the remuneration committee and nomination committee of the Company. He is responsible for reviewing the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advices and comments thereon to the Board. Mr. Yip is a practising accountant in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. He has around 20 years of experience in accounting, auditing and financial management. He was previously an independent non-executive director of Yunbo Digital Synergy Group Limited (formerly known as Flexsystem Holdings Limited), a company listed on the GEM, for the period from 7 May 2011 to 17 February 2012. He is currently an independent non-executive director of GCL-Poly Energy Holdings Limited, iOne Holdings Limited and Wing Lee Holdings Limited (all of which are listed on the Stock Exchange) and China Media and Films Holdings Limited and Vinco Financial Group Limited (both are listed on GEM). Save as disclosed above, Mr. Yip did not hold any directorship in any other listed public company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. There is no service contract entered into between Mr. Yip and the Company. The term of Mr. Yip's appointment is three years which can be terminated by one month's prior notice in writing served by either party. Mr. Yip's emoluments, which are determined based on the estimated time to be spent by him on the Company's matters, is HK$100,000 per annum. His emoluments are determined by reference to the Company's performance, the remuneration benchmark in the industry and the prevailing market conditions. Mr. Yip does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Yip has no interest in the Shares within the meaning of Part XV of the SFO. There is no information relating to Mr. Yip that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules. Save as disclosed herein, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Set out below is a summary of the principal terms of the New Share Option Scheme to provide sufficient information to the Shareholders for their consideration of the New Share Option Scheme proposed to be adopted at the AGM:

1. DEFINITIONS

Unless otherwise stated, capitalised terms used in this section shall have the same meanings as those defined on pages 1 to 4 of this circular.

2. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional upon:

(a) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and

(b) the passing of the necessary resolution to approve and adopt this Scheme by the Shareholders in general meeting.

3. PURPOSE, DURATION AND ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to enable the Company to grant Options to certain Eligible Participants as incentives or rewards for their contribution to the Company and/or its Subsidiaries. The New Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the New Share Option Scheme or their interpretation or effect shall (save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the AGM, and expiring at the close of business on the tenth anniversary thereof, after which period no further Options will be issued but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

There is no specified minimum period under this Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of this Scheme.

4. GRANT AND ACCEPTANCE OF OPTIONS

The Board may, subject to and in accordance with the provisions of the New Share Option Scheme and the GEM Listing Rules, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at the Subscription Price. An offer of grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance for thirty (30) days from the date upon which it is made provided that no such shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK$1.00 is payable by the Grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

5. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

No Option shall be granted by the Company after inside information (as defined in the GEM Listing Rules) has come to its knowledge until it has announced the information. In particular, the Company may not grant any Option during the period commencing one month immediately before the earlier of:

(1) the date of the Board meeting (as such date is first notified to the Stock Exchange under Rule 17.48 of the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and

(2) the deadline for the Company to announce its results for any year, half year or quarter-year period under Rule 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement.

6. SUBSCRIPTION PRICE

The Subscription Price shall be determined by the Board at its absolute discretion, provided that it shall be not less than the higher of:

(1) the closing price of the Shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheet) on the Offer Date, which must be a Business Day; and

(2) the average closing price of the Shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheets) for the five Business Days immediately preceding the Offer Date.

7. EXERCISE OF OPTIONS

An Option shall be exercised in whole or in part by the Grantee during the Option Period by giving a notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within twenty-one (21) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate from the Auditors or the independent financial adviser, the Company shall allot and issue the relevant number of Shares to the Grantee (or his Personal Representative) credited as fully paid.

8. STATUS OF THE OPTIONS AND RANKING OF SHARES

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise required under the relevant laws or the memorandum of association of the Company and the Articles of Association in effect from time to time. Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of embers of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

9. RIGHTS ARE PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

10. RIGHTS ON DEATH

If a Grantee is an employee and ceases to be an Eligible Participant by reason of his death before exercising the Option in full and none of the events referred to in paragraph 10 below as ground for termination of his or her Options arises, his or her Personal Representative(s) may exercise the Options (to the extent not already exercised) within a period of twelve (12) months following the date of death, or such longer period as the Directors may determine, failing which it will lapse. If any of the events referred to in paragraphs 16 to 18 below occurs during such period, his or her Personal Representatives may exercise the Options pursuant to paragraphs 16 to 18 respectively.

11. RIGHTS ON CESSATION OF EMPLOYMENT BY DISMISSAL

If the Grantee is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Company and nay member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent no already exercised) will lapse on the date of cessation of his or her employment.

12. RIGHTS ON CESSATION OF EMPLOYMENT BY REASON OF ILL-HEALTH OR RETIREMENT

If the Grantee is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs 16 to 18 below occurs during such period, he or she may exercise the Option pursuant to paragraphs 16 to 18 respectively.

13. RIGHTS ON CESSATION OF EMPLOYMENT FOR OTHER REASONS

If the Grantee ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs 10 and 12 above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

14. RIGHTS ON CESSATION OF HOLDING SECURITIES ISSUED BY THE GROUP

If the Grantee who is a holder of the securities issued by the Group or any Invested Entity ceasing to be an Eligible Participant by reason that such Option Holder ceases to be a holder of any securities issued by the Group or any Invested Entity, the Option shall lapse on the date of cessation. If the grantor or the issuer of such securities ceases to be member of the Group or an Invested Entity, the Grantee may exercise the Option within six months following the date of cessation.

15. RIGHTS ON BREACH OF CONTRACT

If the Grantee who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group or the relevant Invested Entity ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group or the relevant Invested Entity, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

16. RIGHTS ON A GENERAL OFFER

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee (or his or her Personal Representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

17. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or as soon as after it despatches such notice to each member of the Company give notice thereof to all Grantees and any Grantee (or his or her Personal Representative(s) may by notice of writing to the Company accompanied by a remittance for the full amount of the aggregate Subscription Price in respect of the relevant Option (such notice to be received by the Company no later than five Business Days prior to the proposed general meeting)) shall be entitled to exercise all or any of his vested portion of the Options (to the extent not already exercised) and the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid.

18. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it despatch the notice to each members or creditors to summon a meeting to consider such compromise or arrangement, and thereupon the Grantee (or his or her Personal Representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the Subscription Price in respect of which the notice is given (such notice to be received by the Company not later than five Business Days prior to the proposed meeting) exercise the Options (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee credited as fully paid.

19. EFFECT OF ALTERATIONS TO SHARE CAPITAL

Effect of alterations to share capital In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issue at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

20. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of 10 years from the date of grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme (the "**Option Period**").

21. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

(a) Subject to the GEM Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Option may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will results in this limit being exceeded.

(b) Subject to the limit mentioned in 21(a) above, the maximum number of Shares which may be issued upon exercise of all Options to be granted at any time under the New Share Option Scheme shall not, when aggregated with any Shares subject to any other schemes involving the issue or grant of option over Shares by the Company to, or for the benefit of the Eligible Participants, exceed 10 per cent. of the Shares in issue as at the Adoption Date (the "**Scheme Mandate Limit**"), unless Shareholders' approval has been obtained pursuant to sub-paragraphs (c) and (d) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(c) Subject to the limit mentioned in 21(a) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10 per cent. of the Shares in issue as at the Adoption Date. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with this Scheme or exercised Options) will not be counted for the purpose of calculating this limit. The Company must send a circular to the Shareholders containing the information required under rule 23.02(2)(d) and the disclaimer required under rule 23.02(4) of the GEM Listing Rules.

(d) Subject to the limit mentioned in 21(a) above, the Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose, the information required under rule 23.02(2)(d) and the disclaimer required under rule 23.02(4) of the GEM Listing Rules.

22. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES

Any grant of Option to a Director, chief executive or substantial Shareholder (as defined in the GEM Listing Rules) of the Company, or any of their respective associates, under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding an independent non-executive Director who is the proposed grantee of the Option). Where any grant of Options to a substantial Shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all Options already granted or to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1 per cent. of the relevant class of Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of each grant, in excess of HK$5 million, such further grant of Options must be approved by Shareholders of the Company.

The Company must send a circular to the Shareholders disclosing (i) details of the number and terms of the Options to be granted; (ii) a recommendation from the independent non-executive Directors (excluding an independent non-executive Director who is the proposed grantee of the Options) on whether or not to vote in favour of the proposed grant; (iii) the information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees; and (iv) the information required under the GEM Listing Rules.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

23. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or Grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing Grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing Grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or Grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the GEM Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

24. DISPUTES

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares of an Option, the Subscription Price or any adjustment under paragraph 19) shall be referred to the decision of the Auditors or an independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

25. ALTERATION OF THIS SCHEME

The New Share Option Scheme may be altered in any respect by a resolution of the Board, save and except that:

(a) any alteration to the advantage of the Eligible Participants in relation to any matter contained in rule 23.03 of the GEM Listing Rules;

(b) any alterations to the terms and conditions of this Scheme which are of a material nature or any change to the terms of Options granted, except alterations which take effect automatically under the existing terms of this Scheme; and

(c) the provisions of this Scheme as to the definitions of "Grantee", "Option Period" and "Termination Date" in sub-paragraph 1.1.

Any alterations to the terms and conditions of this Scheme shall comply with the relevant requirements of chapter 23 of the GEM Listing Rules.

26. TERMINATION

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior to such termination. Details of the Options granted, including Options exercised or outstanding under this Scheme, shall be disclosed in a circular to the Shareholders seeking approval of the first new scheme to be established after such termination.

27. LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on the earliest of: (i) the expiry of the Option Period; (ii) the expiry of any of the periods referred to in paragraphs 10 to 18; (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 9 by the Grantee in respect of that or any other Option; and (iv) the date of the commencement of the winding-up of the Company.

28. CANCELLATION OF OPTIONS GRANTED BUT NOT EXERCISED

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. Any cancellation of Options granted but not exercised and the issuance of new Options to the same Grantee may only be made under this Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

29. MISCELLANEOUS

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuity basis in respect of the New Share Option Scheme and any other schemes of the Company.

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)

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**AGM**") of China Communication Telecom Services Company Limited (the "**Company**") will be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, on Wednesday, 7 August 2013 at 11:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. to receive, consider and adopt the audited financial statements and the reports of the directors of the Company (the "**Directors**") and the auditors of the Company for the year ended 31 March 2013;

2. (a) to re-elect Mr. Zhang Peng as an executive Director;

   (b) to re-elect Dr. Lam Lee G. as a non-executive Director;

   (c) to re-elect Ms. Cao Huifang as an independent non-executive Director;

   (d) to re-elect Mr. Yip Tai Him as an independent non-executive Director who has served more than nine years in the Company; and

   (e) to authorize the board of Directors to fix the Directors' remuneration.

3. to re-appoint RSM Nelson Wheeler, as the auditors of the Company and to authorize the board of Directors to fix their remuneration;

4. as special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

   "**THAT**:

   (a) subject to paragraph (c) of this resolution, and pursuant to the Rule (the "**GEM Listing Rules**") Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of HK$0.01 each (the "**Shares**") in the capital of the Company and to make or grant offers, agreements and options (including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise then pursuant to (i) a Right Issue (as defined below) or (ii) the grant or exercise of any options under the existing and the new share option scheme of the Company; or (iii) any scrip dividends or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the memorandum and articles (the "**Articles of Association**") of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of (i) 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution; and (ii) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the AGM), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

"**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; and

(iii) the date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

"**Rights Issue**" means an offer of Shares, or offer or issue of warrants, options or other securities giving right to subscribe for Shares open for a period fixed by the Company or the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong)."

5. "**THAT**:

(a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognized by The Securities and Futures Commission of Hong Kong (the "**Securities and Futures Commission**"), and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, or of any such other stock exchange from time to time and all applicable laws and regulations in this regards, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period (as defined below) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(c) for the purposes of this resolution:

"**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; and

(iii) the date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."

6. "**THAT** conditional upon resolution nos. 4 and 5 above being duly passed in the AGM, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 4 above."

7. "**THAT**:

(a) subject to and conditional upon the GEM Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the share option scheme of the Company (the "**New Share Option Scheme**"), the terms of which are contained in the document marked "A" and signed by the chairman of the meeting for identification purposes), the rules of the New Share Option Scheme be and are hereby approved and adopted as the Company's new share option scheme; and

(b) board of Directors be and is hereby authorised to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by the Stock Exchange and, at its absolute discretion, to grant options to subscribe for Shares in accordance with the rules of the New Share Option Scheme, to allot, issue and deal with the Shares pursuant to the exercise of the options so granted thereunder, to administer the New Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as it deems fit."

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

Hong Kong, 28 June 2013

Head Office and Principal Place of Business:
Units 2115–2116
21/F China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Registered Office:
P.O. Box 309GT, Ugland House
South Church Street
Grand Cayman
Cayman Islands

Notes:

1. Any member entitled to attend and vote at the AGM shall be entitled to appoint another person as his/her/its proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his/her/its stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it to vote on his/her/its behalf at the above meeting. A proxy need not be a member of the Company.

2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed (or a copy which has duly been certified) to the Company's Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the above meeting or any adjourned meeting (as the case may be).

3. The register of members of the Company will be closed from Monday, 5 August 2013 to Wednesday, 7 August 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the AGM, all transfer accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 2 August 2013.

4. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.

5. In relation to proposed resolution no. 2 above, Mr. Zhang Peng, Dr. Lam Lee G., Ms. Cao Huifang and Mr. Yip Tai Him will retire by rotation and, being eligible, offer themselves for re-election at the AGM pursuant to the articles of association of the Company. Further details of them are set out in Appendix II to this circular.

6. In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders of the Company for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"). The Directors have no immediate plans to issue new Shares other than the Shares which may fall to be issued under the existing share option scheme of the Company or any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of whole or part of a dividend which may be approved by shareholders of the Company.

7. In relation to proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the GEM Listing Rules is set out in Appendix I to this circular.

8. In relation to proposed resolution no. 7 above, the adoption of New Share Option Scheme. Summary of principal terms of the New Share Option Scheme is set out in Appendix III to this circular.