

Report: China Telecom Group plans spinoff

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China Telecommunications Group reportedly will spin off its engineering and telecom service unit in an initial public offering that will raise \$200 million.

China Telecommunications Group is the parent of China Telecom and provides fixed-line services in 21 southern provinces.

The Standard said Monday that its industry sources said the new entity would not become a rival of China Telecom and would likely maintain close ties with its former stable mate.

"There will be a lot of connected transactions between them," a source said. "If there is enough disclosure with normal commercial terms, the spin-off should be okay."

The Hong Kong IPO should be completed by the end of the year, The Standard said.

The group's engineering and telecom arm is the largest such company in China and provides support for China Mobil, Netcom and other telecom companies.

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