

Financial Highlights

	Proforma combined 1997 RMB'000	Proforma combined 1996 RMB'000
Turnover	15,487,779	10,367,241
Profit before tax and minority interests	5,953,325	4,940,759
Net profit	4,955,381	4,509,158
Proforma earnings per share	RMB52 cents	RMB50 cents

Company Profile

China Telecom (Hong Kong) Limited is the leading cellular telecommunications services provider in Guangdong province and in Zhejiang province. Guangdong province and Zhejiang province are two of the most economically developed provinces in China, with the highest numbers of cellular telephone subscribers in the country. The Company deploys both TACS and GSM technologies in its cellular telecommunications network in Guangdong province and in Zhejiang province, covering all cities, counties and major villages in the two provinces. As at 31 December 1997, the Company had an aggregate cellular telecommunications subscriber base of 3.405 million, which accounted for over 97.5 per cent of the total cellular telecommunications subscribers in the two provinces and about 26 per cent of the total cellular telecommunications subscribers in China at that date. The Group had 8,582 employees as at 31 December 1997.

The Company's shares were listed on the New York Stock Exchange and the Hong Kong Stock Exchange on 22 October 1997 and 23 October 1997 respectively. It has a 100 per cent interest in Guangdong Mobile Communication Company Limited and a 99.63 per cent interest in Zhejiang Mobile Communication Company Limited. The remaining 0.37 per cent interest in Zhejiang Mobile Communication Company Limited is held by three local companies in Zhejiang province. The Company's cellular telecommunications services are provided through its two subsidiaries.

The major shareholder of the Company is China Telecom Hong Kong (BVI) Limited, which holds an equity interest of 76.48 per cent in the Company. China Telecom Hong Kong (BVI) Limited is in turn wholly-owned by China Telecom (Hong Kong) Group Limited which is controlled by the Ministry of Information Industry. The remaining 23.52 per cent equity interest in the Company is held by public investors, including investors in Hong Kong, Asia, North America and Europe.

China Telecom (Hong Kong) Limited became a constituent stock of the Hang Seng Index in Hong Kong on 27 January 1998.

Note: "The Company" means China Telecom (Hong Kong) Limited. "The Group" means the Company together with its subsidiaries, which include Guangdong Mobile Communication Company Limited and Zhejiang Mobile Communication Company Limited.

Corporate Information

Executive directors

Mr. SHI Cuiming
(Chairman & Chief Executive Officer)
Mr. CHEN Zhaobin (Vice Chairman & President)
Mr. LI Ping (Vice Chairman & Executive Vice
President, Chief Operating Officer)
Mr. DING Donghua
(Director & Chief Financial Officer)
Mr. LU Errui (Director & Vice President)
Mr. ZHU Jianhua (Director & Vice President)

Non-executive directors

Mr. CUI Xun (Vice Chairman)
Mr. HU Wangshan (Vice Chairman)

Independent non-executive directors

Professor Arthur LI Kwok Cheung
Mr. Antony LEUNG Kam Chung

Joint company secretaries

Mr. CHEN Zhaobin
Mr. Jacky YUNG Shun Loy

Auditors

KPMG Peat Marwick

Legal advisers

Linklaters & Paines
Livasiri & Co.
Sullivan & Cromwell

Registered office

16/F Dah Sing Financial Centre
108 Gloucester Road, Wanchai, Hong Kong

Share registrar

HKSCC Registrars Limited
2/F Vicwood Plaza
199 Des Voeux Road Central, Hong Kong

American Depositary Receipts depositary

Bank of New York
101 Barclay Street, New York, NY 10286, USA
Telephone: 1 888 269 2377 (toll free in USA)

Publications

As required by the United States securities laws, the Company will file an annual report on Form 20-F with the US Securities and Exchange Commission before 30 June 1998. Copies of the annual reports as well as the Form 20-F, once filed, will be available at:

Hong Kong:

China Telecom (Hong Kong) Limited
16/F Dah Sing Financial Centre
108 Gloucester Road, Wanchai, Hong Kong

United States:

Bank of New York
101 Barclay Street, New York, NY 10286, USA

Biographical Details of Directors and Senior Management

Executive directors

Mr. Shi Cuiming, age 58, Chairman and Chief Executive Officer of the Company. Mr. Shi is in charge of the overall management of the Company. He is also Chairman and President of Telpo Communications (Group) Limited. Mr. Shi has served as Director-General of the Department of Finance of the Ministry of Posts and Telecommunications (the "MPT"), Director-General and Deputy Director-General of the Bureau of Finance of the MPT and Deputy Director of the Division of Economic Research of the Research Institute of Posts and Telecommunications of the MPT. Mr. Shi graduated from the Beijing University of Posts and Telecommunications in 1963 and has over 35 years' experience in the telecommunications industry, including considerable management experience.

Mr. Chen Zhaobin, age 41, Vice Chairman, President and Company Secretary of the Company. Mr. Chen is responsible for day to day management and administration, external relations and market development of the Company. He is also Director and Vice President of Telpo Communications (Group) Limited. Mr. Chen has served as the Deputy Director of the Office of Coordination Production of the General Office of the MPT as well as teaching assistant and lecturer at the Beijing University of Posts and Telecommunications. He graduated from the Beijing University of Posts and Telecommunications in 1982. Mr. Chen has many years' experience in the telecommunications industry and in corporate management.

Mr. Li Ping, age 44, Vice Chairman and Executive Vice President of the Company. Mr. Li is responsible for business development and operation of the Company. He has served as Deputy Director General of the Directorate General of Telecommunications of the MPT as well as Deputy Director General and Deputy Chief Engineer of the Heilongjiang Posts and Telecommunications Administration. He graduated in 1976 from the Beijing University of Posts and Telecommunications and received an MBA degree from the State University of New York in 1989. Mr. Li has nearly 20 years' operational and management experience in the telecommunications industry.

Mr. Ding Donghua, age 61, Director and Chief Financial Officer of the Company. Mr. Ding is in charge of overall financial management of the Company. He was previously the Chief Economist, Chief Accountant, Deputy Chief Economist and Director of the Guangdong Posts and Telecommunications Administration. He graduated from the Beijing University of Posts and Telecommunications in 1961, has 37 years' experience in the telecommunications industry and is experienced in economic and financial management.

Mr. Lu Errui, age 58, Director and Vice President of the Company. Mr. Lu is responsible for the mobile telecommunications operations in Guangdong province. He is also Director and President of Guangdong Mobile Communication Company Limited. He previously held the positions of Director of the MPT's Mobile Telecommunications Equipment Testing Centre, Director of the Wireless Telecommunications Research Office of the MPT's Research Institute of Telecommunications and Transmission and Leader of the Engineering Group at the Satellite Assembly Factory of the Ministry of Aerospace. Mr. Lu graduated from the Chinese University of Science and Technology. He has over 20 years' experience in the telecommunications industry.

Biographical Details of Directors and Senior Management (cont'd)

Mr. Zhu Jianhua, age 44, Director and Vice President of the Company. Mr. Zhu is responsible for the operations of mobile telecommunications operations in Zhejiang province. He is also Director and President of Zhejiang Mobile Communication Company Limited. Mr. Zhu previously served as Deputy Director and Chief Engineer of the Hangzhou Municipal Posts and Telecommunications Bureau. He graduated from the Nanjing Institute of Posts and Telecommunications in 1985 and received a master's degree in computer science from Zhejiang University in 1992. Mr. Zhu has many years of experience in the telecommunications industry.

Non-executive directors

Mr. Cui Xun, age 59, Vice Chairman of the Company. Mr. Cui is currently Director General of the Guangdong Posts and Telecommunications Administration and Chairman of Guangdong Mobile Communication Company Limited. He has served as Deputy Director-General and Chief Engineer of the Guangdong Posts and Telecommunications Administration as well as Chief Engineer, Deputy Director and Deputy Chief Engineer of the Guangzhou Municipal Posts and Telecommunications Bureau. Mr. Cui graduated from the Beijing University of Posts and Telecommunications in 1962. He has 36 years' experience in the telecommunications industry.

Mr. Hu Wangshan, age 54, Vice Chairman of the Company. Mr. Hu is the Director General of Zhejiang Posts and Telecommunications Administration and Chairman of Zhejiang Mobile Communication Company Limited. He previously served as Deputy Director-General of Zhejiang Posts and Telecommunications Administration as well as Director and Deputy Director of Shaoxing Municipal Posts and Telecommunications Bureau in Zhejiang province. Mr. Hu graduated from the Beijing University of Posts and Telecommunications in 1968. He has over 30 years' experience in the posts and telecommunications industry.

Independent non-executive directors

Professor Arthur Li Kwok Cheung, age 53, Director. Professor Li is Vice Chancellor of the Chinese University of Hong Kong, a non-executive Director of Glaxo Wellcome plc and a Director of the Bank of East Asia Limited. He holds a doctorate in medicine from Cambridge University. He previously served as board member of the Hong Kong Hospital Authority and President of the College of Surgeons of Hong Kong. Professor Li is an Advisor on Hong Kong Affairs to the People's Republic of China, a member of the Basic Law Consultative Committee, a member of the Preparatory Committee of the Special Administration Region of the National People's Congress, Member of the Selection Committee of the First Government of the Hong Kong Special Administrative Region and Committee Member of the Ninth Annual Chinese People's Political Consultative Conference.

Mr. Antony Leung Kam Chung, age 46, Director. Mr. Leung is Managing Director and Regional Manager for Greater China and the Philippines of Chase Manhattan Bank. He graduated from the University of Hong Kong and completed the Program for Management Development at the Harvard Business School. Mr. Leung's public service appointments include member of the Executive Council of the Hong Kong Special Administrative Region, Chairman of the Education Commission, member of the Exchange Fund Advisory Committee and board member of the Airport Authority. He also serves as Director of the Hong Kong Policy Research Institute, Trustee of the Hong Kong Centre for Economic Research and Trustee of the Queen Mary Hospital Charitable Trust.