



中国电信
CHINA TELECOM

China Telecom (Hong Kong) Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

ANNUAL REPORT 1998





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China Telecom (Hong Kong) Limited (the “Company” or “CTHK” or, including subsidiary companies, the “Group”) was incorporated in Hong Kong on 3 September 1997. It was listed on the New York Stock Exchange and the Stock Exchange of Hong Kong on 22 October 1997 and 23 October 1997, respectively, and succeeded in raising a total of approximately US\$4.2 billion in its initial public offering.

The Company owns Guangdong Mobile Communication Company Limited (“Guangdong Mobile”), Zhejiang Mobile Communication Company Limited (“Zhejiang Mobile”), and Jiangsu Mobile Communication Company Limited (“Jiangsu Mobile”), and operates cellular telephone services in Guangdong Province, Zhejiang Province and Jiangsu Province in the People’s Republic of China (“P.R. China”) through these three subsidiaries.

At 31 December 1998, the Group had an aggregate staff of 12,530 employees and an aggregate cellular telecommunications subscriber base of 6.531 million.

The Company’s major shareholder is China Telecom (Hong Kong) Group Limited, which is under the control of the Ministry of Information Industry (“MI”) and which indirectly held an equity interest of 76.48 per cent at 31 December 1998 through a wholly-owned subsidiary, China Telecom Hong Kong (BVI) Limited. The remaining 23.52 per cent equity interest in the Company was held by public investors, including investors in Hong Kong, Asia, North America and Europe.

The Company was admitted as a constituent stock of the Hang Seng Index in Hong Kong on 27 January 1998.

Executive directors

Mr. WANG Xiaochu
(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)
Mr. HE Ning (Director & Vice President)

Non-executive directors

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

Independent non-executive directors

Professor Arthur LI Kwok Cheung
Mr. Antony LEUNG Kam Chung

Joint company secretaries

Mr. LI Ping
Mr. Jacky YUNG Shun Loy

Corporate counsel

Mr. David Laurence KREIDER
(Licensed attorney in the United States
and Hong Kong)

Auditors

KPMG

Legal advisers

Linklaters & Paines
Livasiri & Co.
Sullivan & Cromwell

Registered office

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

Public and investor relations:

Telephone: 852 2877 3332
Fax: 852 2511 9092
Website: www.cthk.com
Stock code: (Hong Kong) 941
(New York) CHL

Subsidiaries offices**Guangdong Mobile Communication
Company Limited**

728, Dong Feng Road East, Guangzhou,
Guangdong Province, P.R. China
Postal code: 510080
Tel: 86 20 87770000
(Chinese Secretary)
86 20 87607717
(Foreign Affairs Secretary)

**Zhejiang Mobile Communication
Company Limited**

406, Ti Yu Chang Road, Hangzhou
Zhejiang Province, P.R. China
Postal code: 310006
Tel: 86 571 5060230

**Jiangsu Mobile Communication
Company Limited**

51 Hu Ju Road, Nanjing
Jiangsu Province, P.R. China
Postal code: 210003
Tel: 86 25 6668120

Share registrar

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

**American Depositary Receipts
depository**

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 1999. Copies of the annual report 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



Executive directors

Mr. Wang Xiaochu, age 41, Chairman and President of the Company. Mr. Wang is in charge of the overall management of the Company. He is also the Chairman and President of Telpo Communications (Group) Limited. Prior to joining the Company, Mr. Wang served as the Director General of the Tianjin Posts and Telecommunications Administration. He also served as Director and Deputy Director of the Hangzhou Telecommunications Bureau in Zhejiang Province. He was responsible for the development of China Telecom's telephone network management systems and various other information technology projects. Mr Wang graduated from the Beijing University of Posts and Telecommunications in 1980 and has over 18 years of management experience in the telecommunications industry.

Mr. Li Ping, age 45, Vice Chairman, Executive Vice President and Joint Company Secretary of the Company. Mr. Li is in charge of the Company's business operations and investor relations. He has served as Deputy Director General of the Directorate General of Telecommunications ("DGT") of the Ministry of Posts and Telecommunications, and Deputy Director General of the Heilongjiang Posts and Telecommunications Administration. He graduated from the Beijing University of Posts and Telecommunications in 1976 and received an MBA degree from the State University of New York in 1989. Mr. Li has over 20 years' operational and management experience in the telecommunications industry.



Mr. Ding Donghua, age 62, Director and Chief Financial Officer of the Company. Mr. Ding is in charge of the financial management of the Company. He was previously the Chief Economist, Chief Accountant, Deputy Chief Economist and Department Director of the Guangdong Posts and Telecommunications Administration. He graduated from the Beijing University of Posts and Telecommunications in 1961 and has 37 years' management experience in the telecommunications industry, as well as in economics and finance.

Mr. Lu Errui, age 59, Director and Vice President of the Company. Mr. Lu is responsible for the mobile telecommunications operations in Guangdong province. He previously served as the Director and President of Guangdong Mobile Communication Company Limited and Director of Guangdong Mobile Communications Bureau. Mr. Lu graduated from the Chinese University of Science and Technology. He has over 20 years' experience in the telecommunications industry.





Mr. Zhu Jianhua, age 45, Director and Vice President of the Company. Mr. Zhu is responsible for the mobile telecommunications operations in Zhejiang province. He is also the Director and President of Zhejiang Mobile Communication Company Limited. Mr. Zhu previously served as Deputy Director and Chief Engineer of the Hangzhou 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.

Mr. He Ning, age 37, Director and Vice President of the Company. Mr. He is responsible for the mobile telecommunications operations in Jiangsu province. He is also the Director and President of Jiangsu Mobile Communication Company Limited. Mr. He previously served as the Director and Deputy Director of Jiangsu Mobile Communications Bureau, and Deputy Director of the Zhejiang Posts and Telecommunications Bureau. He graduated from the Nanjing Institute of Posts and Telecommunications in 1983, and has 15 years' experience in the telecommunications industry.



Non-executive directors



Mr. Cui Xun, age 60, Vice Chairman of the Company. Mr. Cui is currently the 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 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 55, 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 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 telecommunications industry.





Mr. Zhang Bingyin, age 60, Vice Chairman of the Company, is also the Director General of the Jiangsu Posts and Telecommunications Administration and Chairman of Jiangsu Mobile Communication Company Limited. Previously, Mr. Zhang was the Deputy Director General of the Jiangsu Posts and Telecommunications Administration and Director and Deputy Director of the Changzhou Posts and Telecommunications Bureau in Jiangsu. He graduated from the Posts and Telecommunications Institute for Managerial Personnel in 1987. Mr. Zhang has more than 40 years' experience in the telecommunications industry.

Independent non-executive directors

Professor Arthur Li Kwok Cheung, age 53, Director. Professor Li is the Vice Chancellor of the Chinese University of Hong Kong, a Non-Executive Director of Glaxo Wellcome plc, a Director of the Bank of East Asia Limited and a Non-Executive Director and Chairman of the Board of Regal Hotel Group plc. He holds a doctorate degree in medicine from Cambridge University and an honorary doctorate degree in science. 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 Hong Kong Special Administrative Region of the National People's Congress, a Member of the Selection Committee of the First Government of the Hong Kong Special Administrative Region and a Committee Member of the Ninth Annual Chinese People's Political Consultative Conference.



Mr. Antony Leung Kam Chung, age 47, Director. Mr. Leung is the 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.