



中国电信
CHINA TELECOM

CHINA TELECOM (HONG KONG) LIMITED

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

ANNOUNCEMENT

In line with the substantial completion of the restructuring of the telecommunications industry in the People's Republic of China ("PRC"), the Company's parent company, China Telecom (Hong Kong) Group Limited, completed an adjustment to its shareholding structure today whereby China Mobile Communications Corporation acquired a 100% economic interest in China Telecom (Hong Kong) Group Limited. The Board believes that the adjustment is beneficial to the Company's long-term development.

In view of the above adjustment to the shareholding structure, the Board proposes to change the name of the Company to "China Mobile (Hong Kong) Limited (中國移動(香港)有限公司)" in order to more appropriately reflect the Company's core objectives and the direction and focus of its future development.

Adjustment to the Shareholding Structure of China Telecom (Hong Kong) Group Limited

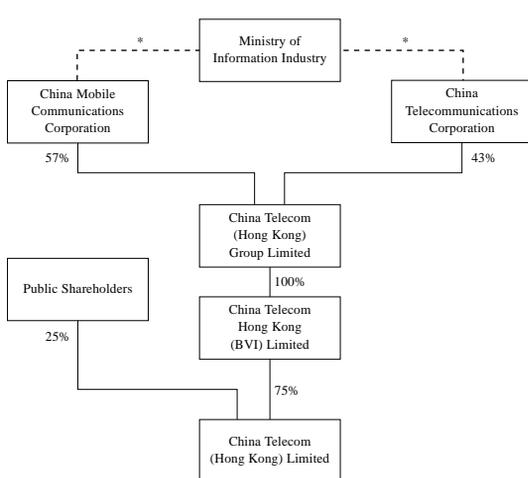
The board of directors (the "Board") of China Telecom (Hong Kong) Limited (the "Company", together with its subsidiaries, the "Group") announces that in line with the substantial completion of the restructuring of the telecommunications industry in the PRC, the Company's parent company, China Telecom (Hong Kong) Group Limited ("CTHKG"), completed an adjustment to its shareholding structure today. The adjustment involves the 43% interest of China Telecommunications Corporation (formerly known as The Directorate General of Telecommunications) ("CTC") in CTHKG. After the completion of the adjustment to the shareholding structure, China Mobile Communications Corporation ("China Mobile"), which had a 57% interest in CTHKG, will obtain CTC's 43% interest in CTHKG at nil consideration, thereby acquiring a 100% economic interest in CTHKG. The adjustment was achieved through the co-operative efforts of the Company and its parent company. The adjustment also reflects the complete separation of CTC and China Mobile. These two major telecommunications groups will operate commercially and independently within their respective areas of operation. The Ministry of Information Industry ("MII") will continue to exercise its functions as the industry regulator, giving macro control and guidance. However, the MII has ceased to exercise administrative functions in respect of the two major telecommunications groups. The MII has reiterated that it will continue to perform the five undertakings it gave to the Company last year, including the undertaking to give full support to the Company's operations and development. The Board believes that the adjusted shareholding structure of the Company will be more focused, more beneficial to the Company's business operations, and will enhance the Company's flexibility in business negotiations. Furthermore, the Board believes that the new shareholding structure will enable the Company to focus more effectively on its core business - the development of mobile communications services, so that the Company can become a world-class globalised wireless multi-media services provider. The Board believes that this will present a more favourable operating environment for the Company and promote operations in accordance with market-oriented commercial principles.

Proposed Change to the Company's Name

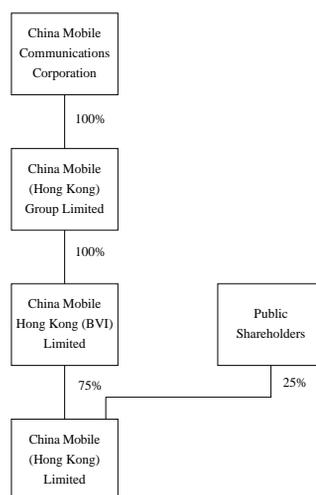
In view of the above adjustment to the shareholding structure, the Board proposes to change the name of the Company to "China Mobile (Hong Kong) Limited (中國移動(香港)有限公司)", and to employ the logo currently owned and used by China Mobile. The change of name of the Company shall become effective after the approval by the shareholders at an extraordinary general meeting and the issuance of a Certificate of Incorporation on Change of Name by the Registrar of Companies in Hong Kong. The Board believes that the new trade name and logo will more appropriately reflect the Company's core objectives and the direction and focus of its future development.

The following charts illustrate the Company's shareholding structure prior to the adjustment referred to above and the Company's adjusted shareholding structure (assuming that the change of names has been completed):

Shareholding structure prior to adjustment



Adjusted shareholding structure (assuming the change of names has been completed)



* Administrative control and regulatory supervision

The Company will despatch a circular regarding the change of name of the Company which will contain a notice of the extraordinary general meeting to its shareholders as soon as possible.

By Order of the Board
CHINA TELECOM (HONG KONG) LIMITED
Li Ping
Yung Jacky Shun Loy
Joint Company Secretaries