

China Telecom (Hong Kong) Limited - Announcement of Change in the Shareholding Structure and Plan to Adopt a New Corporate Name and Trademark

China Telecom (Hong Kong) Limited (the "Company"), has announced that its parent company, China Telecom (Hong Kong) Group Limited ("CTHK Group"), completed an adjustment to its shareholding structure on 12 May 2000. In view of the adjustment and in keeping with its main objectives, the Company has decided to, after receiving approval from its shareholders, change its corporate name to "China Mobile (Hong Kong) Limited", and to adopt the "China Mobile" logo and trademark.

Through the adjustment to the shareholding structure, the Company's largest shareholder, China Mobile Communications Corporation ("China Mobile"), obtained the entire 43% interest in CTHK Group previously owned by China Telecommunications Corporation ("CTC") (formerly, the Directorate General of Telecommunications), on a no consideration basis, thereby acquiring a 100% economic interest in CTHK Group. The adjustment to the shareholding structure furthers the ongoing restructuring of China's telecommunications industry, which is now substantially complete. It reflects the separation of two major telecommunications groups, China Mobile and CTC. These two major groups will operate independently in accordance with commercial principles within their respective spheres, and the Ministry of Information Industry ("MII") will continue its role as the industry regulator, providing macro policy guidance to these business groups, but without exerting administrative control. Concurrently with the shareholding restructuring, the MII has reaffirmed its continuing support as set out last year in its Five Undertakings to the Company, which includes the MII's undertaking that it will fully support the Company's business operations and future development. The permanent management of China Mobile was established last month, and Mr. Wang Xiaochu, the Chairman and Chief Executive Officer of the Company, was appointed as the Vice President of China Mobile.

In response to the wishes of our investors, the adjustment to the shareholding structure has been achieved through the cooperative efforts of the Company and CTHK Group. Mr. Wang Xiaochu, the Chairman and Chief Executive Officer of the Company said, "We believe that the shareholding structure of the Company will be more focused and rationalized through the adjustment, fostering a more favorable environment in which the Company can conduct its operations based on market-oriented commercial principles and enhancing our flexibility in business negotiations." Mr. Wang emphasized, "The new shareholding structure will better facilitate the Company's organic and external growth strategies, allowing us to focus more effectively on our core objective - the development of mobile communications businesses. The new corporate name and trademark will more appropriately reflect the Company's main objectives as well as the direction and focus of its future development, including new services such as wireless data and wireless internet services, as the Company moves towards becoming a world-class, global wireless multi-media services provider".

Following approval by the shareholders, China Telecom (Hong Kong) Limited will adopt the new corporate name "China Mobile (Hong Kong) Limited". Thereafter the Company will adopt the trademark "China Mobile". In 1999, our six operating subsidiaries commenced using this new logo as their trademark and, as a result of promotional and marketing initiatives, the mark has attained wide recognition and is closely identified with our subsidiary companies in the minds of consumers. Symbolic of two hands clasped together, the "China Mobile" logo reflects the Company's continuing resolve to improve its mobile communications services, bringing ever closer together our customers, the Company and people everywhere. Reaching

out from the heart.

Enclosed:

1. Shareholding structure of China Telecom (Hong Kong) Limited before adjustment.
2. Shareholding structure of China Mobile (Hong Kong) Limited (assuming the new name is adopted) after adjustment.
3. Logo of "China Telecom" and "China Mobile".

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