

## DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings indicated. Certain technical terms are explained in the Section headed “Technology.”

“ADS(s)”	American depositary share(s) issued by the Depositary representing ownership of 100 Offer Shares, which is to be listed on the New York Stock Exchange
“Application Form(s)”	white application form(s) and yellow application form(s), or where the context so requires, any of them
“Articles of Association”	the articles of association of our Company, adopted on September 10, 2002
“Board”	the board of directors of our Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Broker Participant”	a person admitted to participate in CCASS as a broker participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China Telecommunications Corporation”	China Telecommunications Corporation (中國電信集團公司), a state-owned enterprise renamed under the laws of the PRC on May 17, 2000
“China Telecom Group”	China Telecommunications Corporation and its subsidiaries. Unless otherwise expressly stated or the context otherwise requires, references to “China Telecom Group” exclude us and our subsidiaries
“Chinese government”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as enacted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Director(s)”	the director(s) of our Company
“Domestic Shares”	ordinary shares of our Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities
“Foreign Shares”	ordinary shares issued by our Company, the nominal value of which is denominated in Renminbi, and which are subscribed for in a currency other than Renminbi (such as H Shares), or the consideration for which is the injection of assets
“GDP”	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
“Global Offering”	the Hong Kong Public Offering, the International Offering and the US Offering
“Guangdong Rising Assets Management Co., Ltd.”	Guangdong Rising Assets Management Co., Ltd. (廣東省廣晟資產經營有限公司), a state-owned enterprise established under the laws of the PRC
“H Shares”	overseas listed foreign shares in our ordinary share capital, with a nominal value of RMB 1.00 each, which are to be listed on the Hong Kong Stock Exchange, and subscribed for and traded in Hong Kong dollars
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Offer Shares”	the Offer Shares offered in the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer for subscription of Offer Shares in Hong Kong (subject to adjustment as described in the section headed “Structure of the Global Offering”) at the Offer Price (plus brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee) and on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in the section “Structure of the Global Offering—The Hong Kong Public Offering”
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters listed in the Section headed “Underwriting” under “Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated October 24, 2002 relating to the Hong Kong Public Offering entered into between us, the Joint Global Coordinators and the Hong Kong Underwriters
“IFRS”	International Financial Reporting Standards promulgated by the International Accounting Standards Board (“IASB”). IFRS includes International Accounting Standards (“IAS”) and interpretations
“International Offering”	the offering of ADSs by us and the Selling Shareholders (which may, at the option of the purchasers, be delivered in the form of H Shares) to professional and institutional investors in Hong Kong (other than to retail investors in Hong Kong) and to investors outside the United States and Canada as further described in the section headed “Structure of the Global Offering”
“International Underwriters”	the group of underwriters led by China International Capital Corporation Limited, Merrill Lynch International and Morgan Stanley & Co. International Limited (in alphabetical order) and expected to enter into the International Underwriting Agreement to underwrite the International Offering

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“International Underwriting Agreement”	the underwriting agreement relating to the International Offering and the US Offering and to be entered into among our Company, the Selling Shareholders, the International Underwriters, the US Underwriters and the Joint Global Coordinators on or around October 31, 2002
“Intersyndicate Agreement”	the intersyndicate agreement among the Underwriters expected to be entered into on or around October 31, 2002
“Issue Mandate”	the general unconditional mandate relating to the issue and allotment of our Shares, granted to our Directors by our shareholders, further details of which are contained in the paragraph headed “Repurchase of our own securities” in Appendix VIII
“Japanese ¥”	Japanese yen, the lawful currency of Japan
“Jiangsu Guoxin Investment Group Co., Ltd.”	Jiangsu Guoxin Investment Group Co., Ltd. (江蘇省國信資產管理集團有限公司), a state-owned enterprise established under the laws of the PRC
“Joint Global Coordinators”	China International Capital Corporation Limited, Merrill Lynch Far East Limited and Morgan Stanley Dean Witter Asia Limited (in alphabetical order)
“Joint Sponsors”	China International Capital Corporation (Hong Kong) Limited, Merrill Lynch Far East Limited and Morgan Stanley Dean Witter Asia Limited (in alphabetical order)
“Listing Date”	the date, expected to be on or about November 7, 2002, on which our H Shares are first listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Mandatory Provisions”	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, which were promulgated by the PRC Securities Commission and the State Restructuring Commission on 27th August, 1994, as amended and supplemented from time to time
“Ministry of Finance” or “MOF”	the PRC Ministry of Finance (中國財政部), the Ministry responsible for the administration of State revenues and expenditures, financial and taxation policies and overall supervision of financial institutions

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“Ministry of Information Industry” or “MII”	the Ministry of Information Industry of China (中華人民共和國信息產業部) formed in March 1998
“MOFTEC”	the PRC Ministry of Foreign Trade and Economic Co-operation (中國對外貿易經濟合作部)
“National People’s Congress” or “NPC”	the National People’s Congress of the PRC (中國全國人民代表大會)
“New York Stock Exchange”	New York Stock Exchange, Inc.
“Offer Price”	the final Hong Kong dollar price per Hong Kong Offer Share (exclusive of brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee) at which Hong Kong Offer Shares are to be sold, to be determined in the manner described in the section headed “Structure of the Global Offering”
“Offer Shares”	the H Shares offered in the Global Offering (for the purposes of this prospectus, the total number of initial Offer Shares under the Global Offering is assumed to be 16,800,000,000 Offer Shares)
“our Company,” “Company,” “we,” and “us”	China Telecom Corporation Limited (中國電信股份有限公司), a joint stock limited company incorporated in the PRC with limited liability on September 10, 2002, and, except where the context otherwise requires, all of its subsidiaries, or, where the context refers to any time prior to its incorporation, the businesses which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it pursuant to the Reorganization in contemplation of the Global Offering
“Over-allotment Option”	the option granted by the Selling Shareholders and us to the International Underwriters and the US Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters and the US Underwriters for up to 30 days after the date when dealings in the H Shares first commence on the Hong Kong Stock Exchange or the New York Stock Exchange, whichever is earlier, to require the Selling Shareholders to sell up to an aggregate of 218,400,000 additional H Shares and us to issue up to an aggregate of 2,181,600,000 additional H Shares (either of which may be deliverable in the form of a corresponding number of ADSs) solely to cover over-allocations in the International Offering and the US Offering as described in the Section headed “Structure of the Global Offering”

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“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PBOC Notice”	the Notice of the People’s Bank of China Concerning Further Reform of the Foreign Currency Control System (關於進一步改革外匯管理體制的公告) issued in December 1993
“PBOC Rate”	the exchange rate for foreign exchange transactions set daily by the PBOC based on the previous day’s China interbank foreign exchange market rate and with reference to current exchange rates on the world financial markets
“Promoter”	China Telecommunications Corporation
“PRC” or “China” or the “People’s Republic of China”	the People’s Republic of China. Except where the context requires, references in this prospectus to the PRC or China do not apply to Hong Kong, Macau or Taiwan
“PRC GAAP”	accounting rules and regulations in the PRC
“Price Determination Date”	the date on which the pricing of the Offer Shares will be fixed by the Joint Global Coordinators, on behalf of the Underwriters, the Selling Shareholders and us, expected to be October 31, 2002, and in any event not later than November 5, 2002
“Regulation S”	Regulation S under the US Securities Act
“Reorganization”	the reorganization of the businesses and operations transferred to our Company, as described in the section headed “Our Reorganization—Our Reorganization”
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Repurchase Mandate”	the general unconditional mandate relating to the repurchase of our H Shares by us, granted to our Directors by our shareholders, further details of which are contained in the paragraph headed “Repurchase of our own securities” in Appendix VIII
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong), as amended
“Securities Ordinance”	the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), as amended
“Selling Shareholders”	China Telecommunications Corporation, Guangdong Rising Assets Management Co., Ltd., Jiangsu Guoxin Investment Group Co., Ltd., and Zhejiang Financial Development Company
“SFC”	the Securities and Futures Commission of Hong Kong

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“Shares”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
“Special Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council of the PRC on 4 August 1994, as amended, supplemented or otherwise modified from time to time
“State Administration of Foreign Exchange” or “SAFE”	the PRC State Administration of Foreign Exchange (中國國家外匯管理局)
“State Administration of Industry and Commerce” or “SAIC”	the PRC State Administration of Industry and Commerce (中國國家工商行政管理總局)
“State Council”	the State Council of the PRC (中國國務院)
“State Development Planning Commission” or “SDPC”	the PRC State Development Planning Commission and formerly, the PRC State Planning Commission (中國國家發展計劃委員會)
“State Economic and Trade Commission” or “SETC”	the State Economic and Trade Commission of the PRC (中國國家經濟貿易委員會)
“State Restructuring Commission”	The State Council Office for Restructuring the Economic System, PRC (中國國家經濟體制改革委員會)
“Supervisors”	the members of the Supervisory Committee of our Company
“Supervisory Committee”	the supervisory committee established pursuant to the Company Law, as described in the Section headed “Directors and Supervisors”
“Telecommunications Regulations”	the PRC Telecommunications Regulations (中華人民共和國電信條例), which became effective as of September 25, 2000
“Underwriters”	the Hong Kong Underwriters, the International Underwriters and the US Underwriters
“United States or Canadian Person”	any national or resident of the United States or Canada, or any corporation, pension, profit-sharing or other trust or other entity organised under the laws of the United States or Canada or of any political subdivision thereof (other than a branch located outside the United States and Canada of any United States or Canadian Person), and shall include any United States or Canadian branch of a person who is otherwise not a United States or Canadian Person

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“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“US GAAP”	generally accepted accounting principles in the United States
“US Offering”	the offering of ADSs or (at the option of investors) Offer Shares in the United States and Canada, as further described in the section headed “Structure of the Global Offering”
“US Prospectus”	the offering document to be issued by us in connection with the US Offering
“US Securities Act”	the United States Securities Act of 1933, as amended
“US Underwriters”	the group of underwriters led by China International Capital Corporation Limited, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated (in alphabetical order) and expected to enter into the International Underwriting Agreement to underwrite the US Offering
“Zhejiang Financial Development Company”	Zhejiang Financial Development Company (浙江省財務開發公司), a state-owned enterprise established under the laws of the PRC