

General

All of our Directors were elected at the meeting of our shareholders in September 2002. Our directors are elected to serve a term of three years, which is renewable upon re-election and/or re-appointment.

The functions and powers of our Board include, among others:

- (a) convening shareholders' meetings and reporting its work to shareholders at such meetings;
- (b) implementing shareholders' resolutions;
- (c) determining our business plans and investment proposals;
- (d) formulating our profit distribution plans and loss recovery plans;
- (e) formulating our debt and finance policies and proposals for the increase or decrease in our registered capital and the issuance of debentures;
- (f) formulating our major acquisition and disposal plans, and plans for merger, division or dissolution;
- (g) appointing or removing our chief executive officer and other senior officers based on the recommendation of our chief executive officer;
- (h) formulating proposals for any amendments to our articles of association; and
- (i) exercising any other powers conferred by the shareholders' meetings or under our articles of association.

Except for items (e), (f) and (h) above, which require the affirmative vote of more than two-thirds of all of our Directors (in addition to the affirmative vote of more than two-thirds of the voting rights represented by shares held by shareholders who are present at the relevant meeting), resolutions on any other items may be approved by the affirmative vote of a majority of our Directors.

The PRC Company Law requires a joint stock company with limited liability to establish a supervisory committee. The supervisory committee is responsible for monitoring our financial matters and supervising the actions of our Board and our management personnel. Our Supervisory Committee consists of five supervisors. One member of our Supervisory Committee must be an employee representative elected by our employees. The remaining members must be appointed by shareholders in a general meeting. One member of our Supervisory Committee must be the chairman. Members of the Supervisory Committee may not be a Director, the chief executive officer, the chief financial officer, the president, a vice president or the financial controller of our Company. The term of office of our Supervisors is three years, which is renewable upon re-election and or re-appointment.

The functions and powers of our Supervisory Committee include:

- verifying financial reports and other financial information which have been prepared by the Board and which are proposed to be presented at shareholders' meetings; and

DIRECTORS AND SUPERVISORS

- overseeing our Directors, president, vice presidents and other senior officers in order to prevent such persons from abusing their authority or infringing upon our interests.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth certain information concerning our Directors and executive officers. The business address of each of our Directors and executive officers is 31 Jin Rong Avenue, Beijing, China, 100032.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Zhou Deqiang	60	Chairman of the Board of Directors and Chief Executive Officer
Chang Xiaobing	45	Executive Director and President
Wu Andi	47	Executive Director, Executive Vice President and Chief Financial Officer
Zhang Jiping	46	Executive Director and Executive Vice President
Huang Wenlin	48	Executive Director and Executive Vice President
Li Ping	48	Executive Director, Executive Vice President and Company Secretary
Wei Leping	56	Executive Director and Executive Vice President
Cheng Xiyuan	58	Executive Director
Feng Xiong	56	Executive Director
Zhang Youcai	61	Independent Non-executive Director
Vincent Lo Hong Sui	54	Independent Non-executive Director
Wang Qi	47	Controller

DIRECTORS AND SENIOR OFFICERS

Zhou Deqiang, 60, is Chairman of our Board of Directors and Chief Executive Officer of our company in charge of our overall management. Mr. Zhou is a professor level Senior Engineer. He graduated in 1968 from Nanjing Institute of Posts and Telecommunications with a major in wireline telecommunications. Prior to joining China Telecommunications Corporation in May 2000, Mr. Zhou served as a Vice Minister of the MII and its predecessor ministry, the Ministry of Posts and Telecommunications, or MPT, a Deputy Director General and Director General of Anhui Posts and Telecommunications Administration, or PTA, and a Deputy Chief Engineer of Beijing Long Distance Telephone Bureau. Mr. Zhou is also President of China Telecommunications Corporation in charge of its overall management. Mr. Zhou has in-depth industry knowledge and 33 years of extensive operational and managerial experience in the telecommunications industry in China.

Chang Xiaobing, 45, is an Executive Director and President of our company. Mr. Chang is a professor level Senior Engineer. He graduated in 1982 from the Nanjing Institute of Posts and Telecommunications with a B.S. degree in telecommunications engineering and received an MBA degree from Tsinghua University in 2001. Prior to joining China Telecommunications Corporation in May 2000, Mr. Chang served as a Deputy Director General and Director General of the Department of Telecommunications Administration of the Ministry of Information Industry, a Deputy Director General of the Directorate General of Telecommunications, or DGT of the MPT, and a Deputy Director of the Nanjing Municipal Posts and Telecommunications Bureau of Jiangsu PTA. Mr. Chang is also a Vice President of

China Telecommunications Corporation in charge of market development. Mr. Chang has 20 years of operational and managerial experience in the telecommunications industry in China.

Wu Andj, 47, is an Executive Director, Executive Vice President and the Chief Financial Officer of our company. Ms. Wu is a Senior Accountant. She graduated in 1983 from the Beijing Institute of Economics with a B.A. degree in finance and trading. From 1996 to 1998, Ms. Wu studied in a post-graduate program in business economics management at the Chinese Institute of Social Sciences. Prior to joining China Telecommunications Corporation in May 2000, Ms. Wu served as Director General of the Department of Economic Adjustment and Communication Settlement of the Ministry of Information Industry, and Director General, Deputy Director General and Director of the Department of Finance of the MPT. Ms. Wu is also a Vice President of China Telecommunications Corporation in charge of finance management. Ms. Wu has 20 years of financial experience in the telecommunications industry in China.

Zhang Jiping, 46, is an Executive Director and Executive Vice President of our company. Mr. Zhang is a professor level Senior Engineer. He graduated in 1982 from the Beijing Institute of Posts and Telecommunications with a B.Sc. degree in radio telecommunications engineering. From 1986 to 1988, Mr. Zhang studied in a post-graduate program in applied computer engineering at Northeastern Industrial University. Prior to joining China Telecommunications Corporation in May 2000, Mr. Zhang was a Deputy Director General of the DGT of the MPT, and a Deputy Director General of Liaoning PTA and Director of the Network Management Center of the Liaoning PTA. Mr. Zhang is also a Vice President of China Telecommunications Corporation in charge of the operations and maintenance of network systems. Mr. Zhang has nearly 20 years of operational and managerial experience in the telecommunications industry in China.

Huang Wenlin, 48, is an Executive Director and Executive Vice President of our company. Ms. Huang is a Senior Economist. She graduated in 1984 from the Beijing Institute of Posts and Telecommunications with a concentration in engineering management. Prior to joining China Telecommunications Corporation in May 2000, Ms. Huang served as Director of the Domestic Communications Division and Director of the Communications Organization Division of the DGT of the MPT. Ms. Huang is also a Vice President of China Telecommunications Corporation in charge of human resources management. Ms. Huang has 27 years of operational and managerial experience in the telecommunications industry in China.

Li Ping, 48, is an Executive Director, Executive Vice President and Company Secretary of our company. Mr. Li is a Senior Engineer. He graduated in 1976 from the Beijing Institute of Posts and Telecommunications with a major in radio telecommunications and received an MBA degree from the State University of New York at Buffalo in 1989. Prior to joining China Telecommunications Corporation in August 2000, Mr. Li served as Chairman and the President of China Telecom (Hong Kong) International Limited, a Vice Chairman and Executive Vice President of China Mobile (Hong Kong) Limited and a Deputy Director General of the DGT of the MPT. Mr. Li is also a Vice President of China Telecommunications Corporation in charge of strategic planning. Mr. Li has extensive experience in managing public companies and 26 years of operational and managerial experience in the telecommunications industry in China.

Wei Leping, 56, is an Executive Director and Executive Vice President of our company. Mr. Wei is a professor level Senior Engineer. He graduated in 1970 from Tsinghua University with a major in radio engineering and received an M.S. degree in communication and information systems from the Research Institute of Post and Telecommunications. Prior to joining China Telecommunications Corporation in April 2001, Mr. Wei served as a Deputy Director of the Telecommunications Research Institute of the Ministry of Information Industry, a Deputy Director of the Telecommunications Science Planning and Research Institute of the MPT and a Deputy Director and Chief Engineer of the Telecommunications Transmissions Research Center of the MPT. Mr. Wei is also Chief Engineer of China Telecommunications Corporation in charge of research and development. Mr. Wei has 24 years of experience in research and development for network technologies in the telecommunications industry in China.

Cheng Xiyuan, 58, is an Executive Director of our company. Mr. Cheng is a professor level Senior Engineer. He graduated from Chongqing Institute of Military Telecommunications and Engineering in 1968 with a major in telecommunications. Prior to joining China Telecom Group, Mr. Cheng served as Director General of Shanghai Long Distance Telephone Bureau, and a Deputy Director General, Director General and Chief Engineer of Shanghai PTA. Mr. Cheng currently serves as General Manager of China Telecom Group Shanghai Corporation and has 33 years of operational and managerial experience in the telecommunications industry in China.

Feng Xiong, 56, is an Executive Director of our company. Mr. Feng is a professor level Senior Engineer. He graduated from Tsinghua University in 1980 with a major in electronic engineering. He received a master's degree from Nanjing Institute of Posts and Telecommunications in 1982 with a major in communications and systems. Prior to joining China Telecom Group, Mr. Feng served as a Deputy Chief Engineer and Chief Engineer of the Nanjing Municipal Telecommunications Bureau of Jiangsu PTA, and a Deputy Chief Engineer, Chief Engineer and a Deputy Director General of Jiangsu PTA. Mr. Feng currently serves as General Manager of China Telecom Group Guangdong Corporation and has 20 years of operational and managerial experience in the telecommunications industry in China.

Zhang Youcai, 61, is an Independent Non-executive Director of our company. Mr. Zhang graduated from Nanjing Industrial Chemistry College in 1965 with a major in inorganic chemistry. He was a former Vice Minister of the Ministry of Finance of China and was responsible for the formulation and implementation of government finance policies. Mr. Zhang has contributed to the improvement and reform of the finance system of China over more than a decade. Prior to serving at the Ministry of Finance, Mr. Zhang served as a Deputy Director of the Planning Commission of Nantong City in Jiangsu Province and a Deputy Mayor and Mayor of Nantong. Mr. Zhang has more than 40 years of experience in the regulation of Chinese state-owned enterprises and finance administration.

Vincent Lo Hong Sui, 54, is an Independent Non-executive Director of our company. Mr. Lo is the chairman and chief executive of the Shui On Group which he founded 31 years ago. He is also the founding chairman and current president of the Business and Professionals Federation of Hong Kong, a member of The Ninth National Committee of Chinese People's Political Consultative Conference, the president of the Shanghai-Hong Kong Council for the Promotion and Development of Yangtze, court member of the Hong Kong University of Science and Technology, a member of HK-US Business Council-HK

DIRECTORS AND SUPERVISORS

Section, a director of The Real Estate Development Association of Hong Kong, an adviser to the Chinese Society of Macroeconomics, an adviser to Peking University China Center for Economic Research, a council member of the China Overseas Friendship Association, a director of Great Eagle Holdings Limited and a non-executive director of Hang Seng Bank Limited and New World China Land Limited. He was awarded the Gold Bauhinia Star in 1998 and appointed Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. He was made an Honorary Citizen of Shanghai in 1999. In 2001, he was named Businessman of the Year by the DHL/South China Morning Post Hong Kong Business Awards.

Wang Qi, 47, is the controller of our company. Mr. Wang is a senior accountant. He studied at Beijing Institute of Posts and Telecommunications and the Australian National University. Mr. Wang has a B.A. degree in international economics and a Master degree in international management. Prior to joining China Telecom Group, Mr. Wang served as a Deputy Director General of Anhui PTA. Mr. Wang also served as a Deputy General Manager of China Telecom Group Anhui Corporation prior to his relocation to the headquarters of China Telecom Group in 2000. Mr. Wang is also Managing Director of the Planning and Finance Department of China Telecommunications Corporation. Mr. Wang has 27 years of managerial and accounting experience in the telecommunications industry in China.

There is no family relationship between any of our Directors or executive officers. Each of our Directors (excluding independent Directors) and executive officers also serves as a director or executive officer of China Telecommunications Corporation, and does not work for our Company on a full-time basis. The Company has applied to the Hong Kong Stock Exchange requesting it to exercise its discretion under Rule 19A.17 of the Hong Kong Listing Rules to waive the requirements of Rule 8.12, which requires two executive directors of a listed company to be ordinarily resident in Hong Kong.

SUPERVISORS

The following table sets forth certain information concerning our Supervisors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Zhang Xiuqin	55	Chairman of Supervisory Committee
Tan Ming	48	Supervisor
Zhu Lihao	61	Independent Supervisor
Xie Songguang	53	Supervisor
Li Jing	36	Supervisor

Zhang Xiuqin, 55, is a supervisor on our supervisory committee. Ms. Zhang is a Senior Accountant. Prior to joining China Telecom Group, Ms. Zhang served as Director of the Systems Division of the Financial Department of the MPT, Director of the Department of Economic Adjustment and Communication Settlement of the MII, Director of the Communication Settlement Centre of the MII and General Manager of the Huaxin Posts and Telecommunication Economic Development Center. Since July 2000, Ms. Zhang has served as Director of the Audit Department of China Telecommunications Corporation. Ms. Zhang has 33 years of operational and managerial experience in the telecommunications industry in China.

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Tan Ming, 48, is a supervisor on our supervisory committee, who was elected by our employees. Mr. Tan is a Senior Economist. He graduated from the People's University of China in 1983 with a major in statistical planning. Prior to joining China Telecommunications Corporation, he served as Director of the Statistical Information Division of the MPT and Director of the Statistics Division of the DGT. In July 2000, Mr. Tan was appointed as Director of the Statistical Division of the Planning Department of China Telecommunications Corporation, and subsequently served as Director of the Statistical Analysis Division of the Enterprise Information Department. Mr. Tan currently serves as the Vice Chairman of the Trade Union of China Telecommunications Corporation. Mr. Tan has over 18 years of statistical and planning experience in the telecommunications industry in China.

Zhu Lihao, 61, is an independent supervisor on our supervisory committee. Ms. Zhu is a Senior Auditor and is a board member of the Auditors' Association. She graduated from Beijing Mining College in 1963 with a major in engineering economics. Ms. Zhu served as a Deputy Director General and Director General of the Department of Industry and Communications of the National Audit Office of China, and the Director General of the Department of Foreign Affairs Auditing of the Audit Bureau. Ms. Zhu has about 40 years of experience in management and auditing.

Xie Songguang, 53, is a supervisor on our supervisory committee. Mr. Xie is a Senior Engineer. He graduated from Nanjing Institute of Posts and Telecommunications in 1985 with a major in communications. Mr. Xie completed an advanced business program in Hangzhou University in 1998. Prior to joining China Telecom Group, Mr. Xie served as a Deputy Director of the Telecommunications Division, and Director of the Operation and Maintenance Division of Zhejiang PTA. Mr. Xie currently serves as a Deputy General Manager of China Telecom Group Zhejiang Corporation and has 27 years of operational and managerial experience in the telecommunications industry in China.

Li Jing, 36, is a supervisor on our supervisory committee. Mr. Li is an economist. He graduated from the Central Party School in 1995 with a major in economics and management. Prior to joining China Telecom Group, Mr. Li worked at the Audit Division of the Jiangsu PTA, and the audit department and financial department of Suzhou Municipal Posts and Telecommunications Bureau. Mr. Li currently serves as a Deputy Director of the Audit Department of China Telecom Group Jiangsu Corporation and has 17 years of financial and auditing experience in the telecommunications industry in China.

AUDIT COMMITTEE AND OTHER COMMITTEES

We have established an audit committee in compliance with the Code of Best Practice as set out in Appendix 14 of the Hong Kong Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process. The audit committee is currently comprised of two independent non-executive Directors, Zhang Youcai and Vincent Lo Hong Sui.

COMPENSATION OF SENIOR MANAGEMENT

Stock Appreciation Rights

In order to provide further incentives for our senior management, our shareholders adopted in September 2002 a plan of stock appreciation rights, or SARs, for our senior

management. The plan is designed to link the financial interests of our senior management with our future results of operations and the performance of our H Shares. No Shares will be issued under the SAR plan. Therefore, the shareholdings of our shareholders will not be diluted as a result of the issuance of SARs.

Under the SAR plan, we will initially grant SARs to approximately 460 employees, including members of the Board and the Supervisory Committee (excluding independent Directors and independent Supervisors), chief executive officer, president, vice presidents, chief financial officer, presidents of provincial subsidiaries and division managers, and heads of our local network operating units structured as strategic business units and basic business units.

SARs will be granted in units with each unit representing one H Share. Among all persons who are granted SARs, the ratio of the highest number of SAR units granted to any person to the lowest number of SAR units granted to any person is limited to 2.73 to 1. The number of SARs initially available for grant is approximately 276,600,000 units, representing approximately 0.3% of the total number of shares outstanding after the Global Offering, assuming the Joint Global Coordinators (on behalf of the International and the US Underwriters) do not exercise the Over-allotment Option. The number of SAR units granted to a person may also be adjusted in accordance with the result of his or her performance evaluation.

Under the SAR plan, all SARs will have an exercise period of six years. A person may not exercise his or her SARs in the first 18 months after the date of grant. As of each of the third, fourth, fifth and sixth anniversary of the date of grant, the total number of SARs exercised may not in aggregate exceed 25%, 50%, 75% and 100%, respectively, of the total SARs granted to such person.

The exercise price of the SARs initially granted will be equal to the Offer Price. Upon exercise of the SARs, the participant will receive cash payment, subject to any applicable withholding tax, equal to the product of the number of SARs exercised and the difference between the exercise price and market price of H Shares at the time of exercise.

Compensation of Executive Directors and Supervisors

We were established on September 10, 2002. Prior to that we did not exist as an independent legal entity and our operations were conducted by China Telecom Group and its predecessors. The compensation information set forth below in respect of our Directors and Supervisors, in so far as it relates to periods prior to our establishment, is stated at historical amounts as if our current structure had been in existence throughout the relevant periods.

Our Directors and Supervisors receive compensation in the form of salaries, housing allowances, other allowances and benefits in kind, including our contribution to the pension plans for our Directors and Supervisors. For Supervisors who are not employed by us, they will receive fees from us. We have entered into service contracts with our Directors and Supervisors. None of these service contracts provide benefits to our Directors upon termination. The aggregate amount of compensation we paid to our Directors and Supervisors (excluding the independent Directors and Supervisor) for the two years ended December 31, 2000 and 2001 was RMB724,000 and RMB1,747,000, respectively.

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The aggregate amount of salaries, housing allowances, other allowances and benefits in kind paid by us to our five highest paid individuals during the three years ended December 31, 1999, 2000 and 2001 and the six months ended June 30, 2002 were approximately RMB960,000, RMB1,111,000, RMB1,407,000 and RMB848,000, respectively.

Save as disclosed, no other emoluments have been paid or are payable, in respect of the three years ended December 31, 1999, 2000 and 2001 and the six months ended June 30, 2002, by us to the Directors.

Under the compensation arrangements currently in force, we estimate that the aggregate remuneration (including benefits in kind) of the Directors payable for the year ending December 31, 2002 will be approximately RMB1,865,000.

Under the compensation arrangements currently in force, we estimate that the aggregate remuneration (including benefits in kind) of the Supervisors payable for the year ending December 31, 2002 will be approximately RMB746,700.