

SUBSTANTIAL SHAREHOLDER AND SELLING SHAREHOLDERS

CHINA TELECOMMUNICATIONS CORPORATION AS ULTIMATE CONTROLLING SHAREHOLDER

As at the date of this prospectus, the entire issued share capital of our Company is beneficially owned as follows:

<u>Name</u>	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
China Telecommunications Corporation	59,444,743,382	87.0%
Guangdong Rising Assets Management Co., Ltd.	5,719,768,087	8.4%
Jiangsu Guoxin Investment Group Co., Ltd.	975,047,636	1.4%
Zhejiang Financial Development Company	2,177,711,698	3.2%

Immediately following completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option), we expect that the only party interested in 10% or more of the voting power at any of our shareholders' general meetings will be China Telecommunications Corporation which, together with the other Selling Shareholders, will hold the following number of Shares:

<u>Name</u>	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
China Telecommunications Corporation	58,114,492,282	69.5%
Guangdong Rising Assets Management Co., Ltd.	5,591,771,487	6.7%
Jiangsu Guoxin Investment Group Co., Ltd.	953,228,036	1.1%
Zhejiang Financial Development Company	2,128,978,998	2.6%

If the underwriters exercise the Over-allotment Option in full, China Telecommunications Corporation, Guangdong Rising Assets Management Co., Ltd., Jiangsu Guoxin Investment Group Co., Ltd. and Zhejiang Financial Development Company will own 67.5%, 6.5%, 1.1% and 2.5%, respectively, of our outstanding Shares.

We have applied to the Hong Kong Stock Exchange to accept that, pursuant to Rule 19A.14(2) of the Hong Kong Listing Rules, the prescribed minimum percentage of securities of China Telecom which must be in the hands of the public is 10%.

Prior to the Global Offering, we had 68,317,270,803 Domestic Shares issued and outstanding, all of which were held in the PRC. China Telecommunications Corporation, our controlling shareholder, is a wholly state-owned enterprise regulated by the State Council. Guangdong Rising Assets Management Co., Ltd., Jiangsu Guoxin Investment Group Co., Ltd. and Zhejiang Financial Development Company are state-owned enterprises owned and controlled by the respective provincial governments in Guangdong, Jiangsu and Zhejiang provinces. See the Section headed "Our Reorganization."

In accordance with relevant PRC regulations, our existing shareholders are selling 1,528,800,000 of our Shares, or 9.1% of the total number of Offer Shares offered in the Global Offering. They will be required to contribute the net proceeds they receive from the Global Offering to the national social security fund.

None of our existing shareholders has voting rights that will differ from the voting rights of other shareholders after the completion of the Global Offering.

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None of our Directors or Supervisors is a legal or beneficial owner of any of our Shares. We are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

For more information on China Telecommunications Corporation, see the Sections headed “Business—Connected Transactions” and “Our Reorganization” in this prospectus.