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## IMPORTANT

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** your shares in China Telecom Corporation Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**China Telecom Corporation Limited**

**中国电信股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 0728)**

### **PROPOSED APPOINTMENT OF DIRECTORS AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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A letter from the Chairman of China Telecom Corporation Limited is set out on pages 2 to 4 of this circular.

A notice convening an extraordinary general meeting of the shareholders of the Company to be held at 31 Jinrong Street, Xicheng District, Beijing, PRC on October 20, 2004 at 10:00 a.m. is set out on pages 5 to 9 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not later than 24 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meetings or at any adjourned meetings should you so wish.

September 4, 2004

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Company”	China Telecom Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability on September 10, 2002, whose H Shares are listed on the Stock Exchange and whose American depositary shares are listed on the New York Stock Exchange
“Directors”	the directors of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened on October 20, 2004, the notice of which is set out on pages 5 to 9 of this circular, or any adjournment thereof
“H Share(s)”	overseas listed foreign invested shares in the Company’s issued share capital with a par value of RMB1.00 per share which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC” or “China”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, Taiwan and Macau)
“Proposed Amendments”	the proposed amendments to the Articles of Association of the Company as set out in the Appendix to this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



**China Telecom Corporation Limited**

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*Executive Directors:*

Zhou Deqiang  
Chang Xiaobing  
Wu Andi  
Zhang Jiping  
Huang Wenlin  
Li Ping  
Wei Leping  
Cheng Xiyuan  
Feng Xiong

*Registered Office:*

31 Jinrong Street  
Xicheng District  
Beijing, 100032  
PRC

*Place of business in Hong Kong:*

38th Floor  
Dah Sing Financial Centre  
108 Gloucester Road  
Wanchai, Hong Kong

*Independent Non-executive Directors:*

Zhang Youcai  
Vincent Lo Hong Sui  
Shi Wanpeng

September 4, 2004

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED APPOINTMENT OF DIRECTORS AND  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM for the approval of (i) the appointment of Directors and (ii) the amendments to the Articles of Association.

**2. PROPOSED APPOINTMENT OF DIRECTORS**

The Directors propose to elect Mr. Yang Jie and Mr. Sun Kangmin as executive Directors. Their biographies are set out below:

**Mr. Yang Jie**

Mr. Yang Jie, aged 42, is a senior engineer. In 1984, Mr. Yang graduated from Beijing University of Posts and Telecommunications with a bachelor's degree in wireless electronic engineering. He then obtained a master degree of telecommunications and information

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## LETTER FROM THE CHAIRMAN

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management at the Norwegian School of Management. Mr. Yang previously served as the Deputy Director General of Shanxi Administration Bureau of Posts and Telecommunications, the General Manager of Shanxi Telecommunications Corporation, the Vice President of China Telecom Beijing Research Institute and the General Manager of the Northern Telecom Department of China Telecom. He is currently serving as the Deputy General Manager of China Telecommunications Corporation. Mr. Yang has 20 years of experience in handling issues relating to the operation and management of the telecommunications industry in China.

As of the date hereof, Mr. Yang has no equity interest in the Company.

After obtaining approval from shareholders in respect of Mr. Yang's appointment, the Company will enter into a service contract with Mr. Yang for a term expiring on September 9, 2005. His remuneration will be determined by the board of Directors.

### **Mr. Sun Kangmin**

Mr. Sun Kangmin, aged 47, is a senior engineer. Mr. Sun previously served as the Department Head of the Information Industry Department of Sichuan Province, the Director General of Communications Bureau of Sichuan Province as well as the Chairman and the General Manager of Sichuan Telecom Company Limited. Mr. Sun has 21 years of experience in handling issues relating to the operation and management of the telecommunications industry in China.

As of the date hereof, Mr. Sun has no equity interest in the Company.

After obtaining approval from shareholders in respect of Mr. Sun's appointment, the Company will enter into a service contract with Mr. Sun for a term expiring on September 9, 2005. His remuneration will be determined by the board of Directors.

### **3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Directors propose to make certain amendments to its Articles of Association to meet the Company's development. A full text of the Proposed Amendments is set out in the notice of EGM set out in the Appendix to this circular. According to the Articles of Association and the relevant laws and regulations, the Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the EGM.

### **4. ACTIONS TO BE TAKEN**

A notice convening the EGM is set out in the Appendix to this circular. The relevant proxy form and notice of attendance are enclosed. At the EGM, an ordinary resolution will be proposed to approve the appointment of Mr. Yang Jie and Mr. Sun Kangmin as executive Directors, and a special resolution will be proposed to approve the amendments to Article 6, 20, 21, 24, 94 and 133 of the Articles of Association.

Shareholders of the Company who intend to attend the EGM are required to return the notice of attendance to the Company on or before September 29, 2004.

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## LETTER FROM THE CHAIRMAN

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Whether or not Shareholders are able to attend the EGM, they are requested to complete and return the enclosed form of proxy to the Company's registered office, 31 Jinrong Street, Xicheng District, Beijing 100032, PRC as soon as practicable and in any event by not later than 24 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM should they so wish.

### 5. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to the Articles of Association, a general voting shall be made at the shareholders meeting by a show of hands. However, (i) the chairman of the meeting, (ii) at least two shareholders or proxies of such shareholders with voting rights, and (iii) one or more shareholders including proxy or proxies of such shareholders accounting individually or jointly 10% or more of the Company shares with voting right(s), shall have the right to request for a voting by poll before or after a voting by show of hands.

Issues concerning election of the chairman or suspension of a meeting shall be voted by poll. Other issues shall be voted by poll at the time to be decided by the chairman, and the meeting can go on with discussion of other matters. The result of such voting shall also be regarded as the resolution adopted at the meeting. A person who has made a request for voting by poll can withdraw it.

### 6. RECOMMENDATIONS

The Directors believe that the proposed appointment of the executive Directors and the Proposed Amendments to the Articles of Association are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

By order of the Board of Directors  
**China Telecom Corporation Limited**  
**Zhou Deqiang**  
*Chairman and CEO*

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## China Telecom Corporation Limited

中国电信股份有限公司

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 0728)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of China Telecom Corporation Limited (the “Company”) will be held at 10:00 a.m. on October 20, 2004 at 31 Jinrong Street, Xicheng District, Beijing, PRC for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions:

#### ORDINARY RESOLUTION

1. **THAT** the appointment of Mr. Yang Jie and Mr. Sun Kangmin to serve as the executive directors of the Company be and is hereby considered and approved with their term of office starting from the date of this resolution to September 9, 2005 and that any director of the Company be and is hereby authorized to sign on behalf of the Company the director's service contract with Mr. Yang Jie and Mr. Sun Kangmin respectively, and that the board of directors be and is hereby authorized to determine their remunerations.

#### SPECIAL RESOLUTION

2. **THAT** the articles of association of the Company (the “Articles of Association”) be and are hereby amended as follows:
  - (a) Article 6 of the Articles of Association shall be amended as follows:

“The Company's Articles of Association (the “Articles of Association” or “these Articles of Association”) are enacted in accordance with the provisions of the Company Law, the Special Regulations and the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”) and other PRC laws and administrative regulations.”

- (b) Article 20 of the Articles of Association shall be amended as follows:

“By the approval of the relevant companies department authorized by the State Council, the Company may issue a total of 80,932,368,321 ordinary shares, of which 68,317,270,803 were issued to the promoter of the Company at the time when the Company was established, representing 84.41% of the entire issued share capital.”

(c) Article 21 of the Articles of Association shall be amended as follows:

“All the 12,615,097,518 ordinary shares issued by the Company after its incorporation are the overseas-listed foreign-invested shares (H Shares). Pursuant to the *Provisional Measures on the Administration of the Reduction of the State-Owned Shares for Raising Social Security Funds*, the number of overseas-listed foreign-invested shares (H Shares) converted from a reduction by holders of State-owned shares of their shareholdings of the State-owned shares amounted to 1,262,312,482 shares. The total of the overseas-listed foreign-invested shares (H Shares) issued by the Company shall be 13,877,410,000 shares, representing 17.15% of the issued share capital of the Company.

The share capital structure of the Company is as follows: there are a total of 80,932,368,321 ordinary shares issued, of which 58,346,370,499 shares are held by the promoter, China Telecommunications Corporation, representing 72.09% of the total of the ordinary shares issued by the Company. The other holders of the domestic shares are Guangdong Rising Assets Management Co., Ltd., holding a total of 5,614,082,653 shares representing 6.94% of the total of the ordinary shares issued by the Company, Jiangsu Guoxin Investment Group Co., Ltd., holding a total of 957,031,543 shares representing 1.18% of the total of the ordinary shares issued by the Company and Zhejiang Financial Development Company, holding a total of 2,137,473,626 shares representing 2.64% of the total of the ordinary shares issued by the Company. A total of 13,877,410,000 overseas-listed foreign-invested shares are held by holders of overseas-listed foreign-invested shares, representing 17.15% of the total of the ordinary shares issued by the Company.”

(d) Article 24 of the Articles of Association shall be amended as follows:

“The registered capital of the Company shall be RMB80,932,368,321.”

(e) The first paragraph of Article 94 of the Articles of Association shall be amended as follows:

“The Company shall have a board of directors. The board of directors shall consist of fifteen (15) directors, of which three (3) shall be independent (non-executive) directors (meaning directors who are independent from the Company’s shareholders and do not hold office in the Company hereinafter).”

(f) The second paragraph of Article 133 of the Articles of Association shall be amended as follows:

“If a director or his associate (as defined in the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited) has a material interest in any contract, transaction, arrangement or other matters that requires the approval of the board of directors, the relevant director shall not vote for the relevant matter at the meeting of the board of directors, and shall not be listed in the quorum of the meeting.”

**THAT** the directors of the Company be and are hereby authorized to take all actions which in their opinion are necessary or desirable to complete the procedures for the approval and/or registration or filing of the aforementioned amendment of the Articles of Association.



**DETAILS CONCERNING THE PROPOSED NEW DIRECTORS**

Details concerning the proposed new directors are as follows:

**Mr. Yang Jie**

Mr. Yang Jie, aged 42, is a senior engineer. In 1984, Mr. Yang graduated from Beijing University of Posts and Telecommunications with a bachelor's degree in wireless electronic engineering. He then obtained a master degree of telecommunications and information management at the Norwegian School of Management. Mr. Yang previously served as the Deputy Director General of Shanxi Administration Bureau of Posts and Telecommunications, the General Manager of Shanxi Telecommunications Corporation, the Vice President of China Telecom Beijing Research Institute and the General Manager of the Northern Telecom Department of China Telecom. He is currently serving as the Deputy General Manager of China Telecommunications Corporation. Mr. Yang has 20 years of experience in handling issues relating to the operation and management of the telecommunications industry in China.

*Equity Interest in the Company*

As of the date hereof, Mr. Yang has no equity interest in the Company.

**Mr. Sun Kangmin**

Mr. Sun Kangmin, aged 47, is a senior engineer. Mr. Sun previously served as the Department Head of the Information Industry Department of Sichuan Province, the Director General of Communications Bureau of Sichuan Province as well as the Chairman and the General Manager of Sichuan Telecom Company Limited. Mr. Sun has 21 years of experience in handling issues relating to the operation and management of the telecommunications industry in China.

*Equity Interest in the Company*

As of the date hereof, Mr. Sun has no equity interest in the Company.

By Order of the Board

**Li Ping**

*Company Secretary*

September 1, 2004.

**Notes:**

1. The Register of Members of the Company will be closed from September 20, 2004 and October 20, 2004 (both dates inclusive), during which time no share transfers of the Company's H shares will be effected. Buyers who submit the share transfer application forms to the Company's share registrar before 4:00 p.m. on September 17, 2004 (Friday) and then registered as Shareholders on the register of members of the Company are entitled to attend the extraordinary general meeting.

2. Each shareholder entitled to attend and vote at the extraordinary general meeting may appoint one or more proxies to attend and vote on his behalf at the extraordinary general meeting. A proxy need not be a shareholder.
3. To be valid, the form of proxy together with the power of attorney or other authorization document (if any) signed by the authorized person or notarially certified power of attorney must be delivered to the Office of the Board for holders of domestic shares and to the Computershare Hong Kong Investor Services Limited for holders of H shares not less than 24 hours before the designated time for the holding of the extraordinary general meeting. Completion and return of a form of proxy will not preclude a shareholder from attending in person and voting at the extraordinary general meeting if he so wishes.

The address of the share registrar for the Company's H Shares is as follows:

Computershare Hong Kong Investor Services Limited  
46th Floor, Hopewell Centre  
183 Queens Road East, Wanchai, Hong Kong

4. A proxy of a shareholder may vote by hand or vote on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
5. The registration procedure for attending the extraordinary general meeting is as follows:
  - (a) shareholders attending the extraordinary general meeting in person or by proxy are required to present their identity certification. If the attending shareholder is a corporation, its legal representative or person authorized by the board or other decision making authority is required to present a copy of the relevant resolution of the board or other decision making authority approving it is the legal or duly authorized representative in order to attend the extraordinary general meeting on behalf of such corporation; and
  - (b) shareholders intending to attend the extraordinary general meeting "in person or by proxy" are required to return the attendance slip via hand delivery, mail or fax to the Office of the Board of Directors on or before Wednesday, September 29, 2004.
6. The extraordinary general meeting is expected to last for half a day and shareholders (in person or by proxy) attending the extraordinary general meeting shall be responsible for their own transportation and accommodation expenses.
7. The address of the Office of the Board of Directors is as follows:

31 Jinrong Street  
Xicheng District, Beijing 100032  
PRC

Contact person: Li Ping  
Telephone: (8610) 6642 8166  
Fax: (8610) 6601 0728

8. As of the date of this announcement, our Board consists of Mr. Zhou Deqiang as the chairman and chief executive officer, Mr. Chang Xiaobing as the president and chief operating officer, Ms. Wu Andi as the executive vice president and chief financial officer, Mr. Zhang Jiping as the executive vice president, Ms. Huang Wenlin as the executive vice president, Mr. Li Ping as the executive vice president and company secretary, Mr. Wei Leping as the executive vice president, Mr. Cheng Xiyuan and Mr. Feng Xiong as the executive directors, Mr. Zhang Youcai, Mr. Vincent Lo Hong Sui and Mr. Shi Wanpeng as the independent non-executive directors.