

Other Information

Management Discussion and Analysis

According to paragraph 40 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), save as disclosed herein, the Company confirms that the Company’s current information in relation to those matters set out in paragraph 32 of Appendix 16 has not been changed significantly from the information disclosed in the Company’s 2009 Annual Report.

Changes in Directors, Supervisors and Their Biographical Information

Changes in directors, supervisors and their biographical information since the date of the Company’s 2009 Annual Report are set out below:

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|--------------------|---|
| Mr. Zhang Zhiyong: | resigned as President and Executive Director of the Company |
| Mr. Zheng Qibao: | appointed as President and Executive Director of the Company |
| Mr. Zhao Chunjun: | an independent non-executive director of the Company, has ceased as Chairman of the Supervisory Committee of Tongfang Co., Ltd. |

Audit Committee

The Audit Committee has reviewed with the management and the Company’s international auditors, KPMG, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Interim Report for the six months ended 30 June 2010.

Compliance with the Code on Corporate Governance Practices

The Company is in compliance with the principles and provisions of the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules to govern securities transactions by Directors. Specific enquiries have been made to the Directors, and each of the Directors has confirmed his compliance with the Model Code in connection with the Company’s securities for the period from 1 January 2010 to 30 June 2010.



Other Information (continued)

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2010, none of the Directors or Supervisors had any interests or short positions in any shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code. As at 30 June 2010, the Company has not granted its Directors or Supervisors, or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for the shares or debentures.

Material Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2010, the interests or the short positions of persons (excluding the Directors and Supervisors) who are entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

Name of shareholder	Type of shares	Capacity	Number of shares held	Percentage of the respective type of shares (%)	Percentage of the total number of shares in issue (%)
China Telecommunications Corporation	Domestic shares	Beneficial owner	3,035,651,800 (L)	80.33	52.60
			108,899,720 (S) ⁽¹⁾	2.88	1.89
China Mobile Communications Corporation	Domestic shares	Beneficial owner	506,880,000 (L)	13.30	8.78
China United Network Communications Group Company Limited	Domestic shares	Beneficial owner	236,300,000 (L)	6.25	4.09
Commonwealth Bank of Australia	H shares	Interest of corporation controlled by the substantial shareholder	320,241,795 (L)	16.07	5.55
The Bank of New York Mellon Corporation	H shares	Interest of corporation controlled by the substantial shareholder	100,764,763 (L)	5.06	1.75
			60,776,763 (P)	3.05	1.05
Matthews International Capital Management, LLC	H shares	Investment manager	100,032,000 (L)	5.01	1.73

Remarks: (L) — Long Position, (S) — Short Position, (P) — Lending Pool

- (1) As disclosed in the announcement dated 21 June 2010 by the Company, China Telecommunications Corporation will transfer 108,899,720 domestic shares, accounting for 1.89% of the total issued shares of the Company, to China National Postal and Telecommunications Appliances Corporation (中國郵電器材集團公司). The completion of such share transfer will be conditional on, among other things, the approval by relevant state-owned assets supervision authorities of the PRC.

Save as stated above, as at 30 June 2010, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the equity derivatives of the Company.

Other Information (continued)

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Forward-looking Statements

The Company would also like to caution readers about the forward-looking nature of certain statements above. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. Potential risks and uncertainties include those concerning the continued growth of the telecommunications industry in China, the development of the regulatory environment and our ability to successfully execute our business strategies. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. We do not intend to update these forward-looking statements. Actual results may differ materially from the information contained in the forward-looking statements as a result of a number of factors.

