

China Telecom

Presentation at

CLSA China Forum 2005



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Forward-Looking Statements



Certain statements contained in this document may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended). Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of China Telecom Corporation Limited (the “Company”) to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.



Overview

1Q2005 Update

Outlook

Leading fixed-line operator



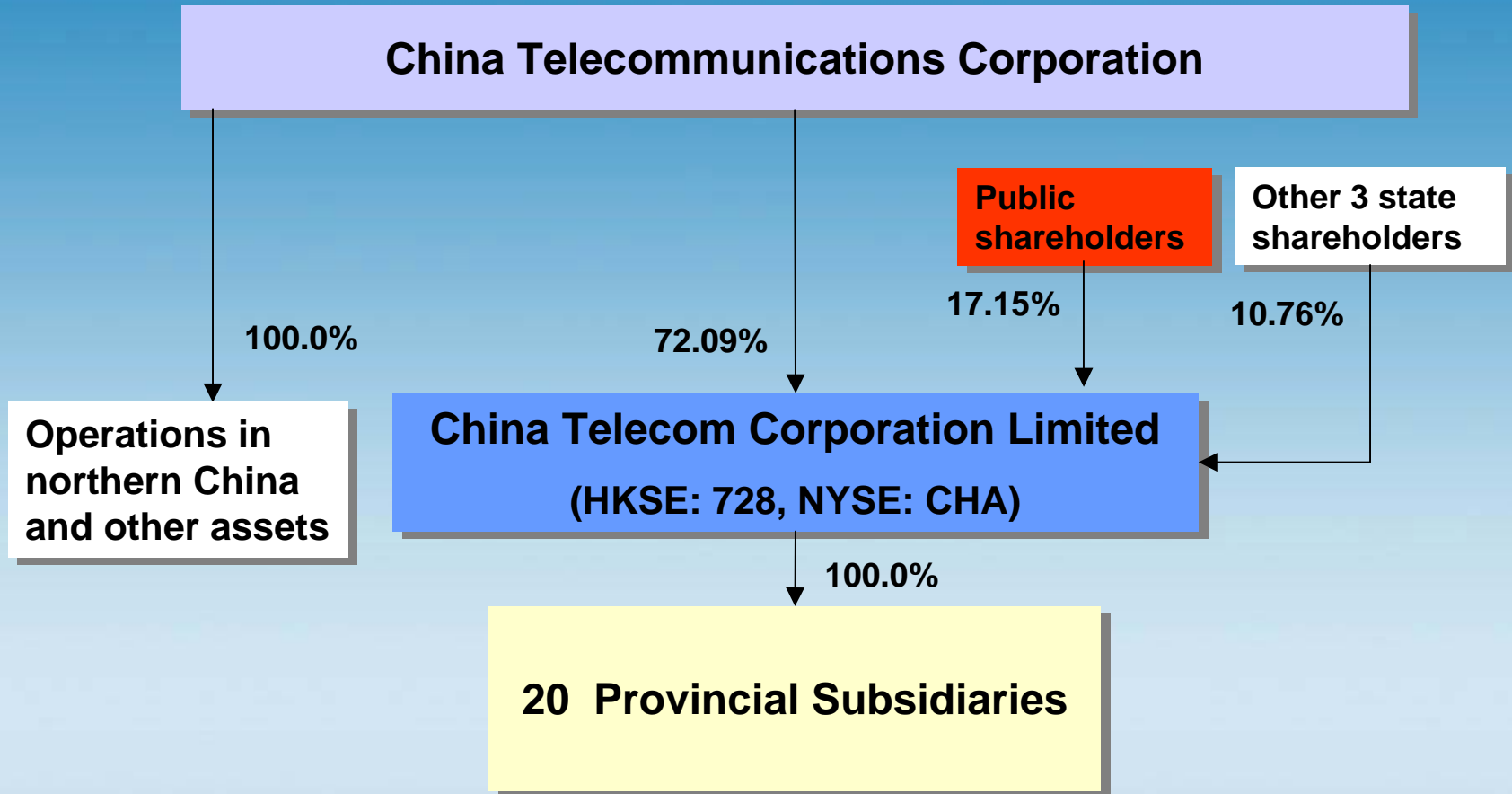
2002: IPO
4 Provincial
Operations

2003: 1st Acquisition
Another 6 Provincial
Operations

2004: 2nd Acquisition
Another 10 Provincial
Operations



Group Structure





Services	Description	Contribution to total revenue*
Local telephone	Local access and telephony	53%
Long distance	DLD, IDD	20%
Internet	xDSL, Fttx+LAN, WLAN, Dial-up	9%
Data/Leased Line	DDN, FR, ATM, X.25 ...	5%
VAS	Caller-ID, Telephone information service, System Integration, SMS, Color ring-tone, IDC, Yellow page	4%

* As of the year 2004

2004 Review



- Continuous growth in subscribers, revenue and net profit
- EBITDA margin sustained at a relatively high level

	2003	2004	Growth
Access Lines in Service (Mil)	160.99	186.65	15.9%
Broadband Subs (Mil)	7.23	13.84	91.4%
Operating Revenue (RMB Mil)	141,782	152,754	7.7%
EBITDA (RMB Mil)	69,678	78,542	12.7%
EBITDA Margin	49.1%	51.4%	2.3PP
Net Profit (RMB Mil)	* 4,111	** 19,565	-
EPS (RMB)	* 0.05	** 0.25	-

Notes: Unless otherwise stated, all financial data used hereinafter excludes connection fees

* Net profit and EPS for 2003 were arrived at after deducting asset revaluation deficit (RMB14,832 million) and related tax impact arising from 10 newly acquired provincial subsidiaries

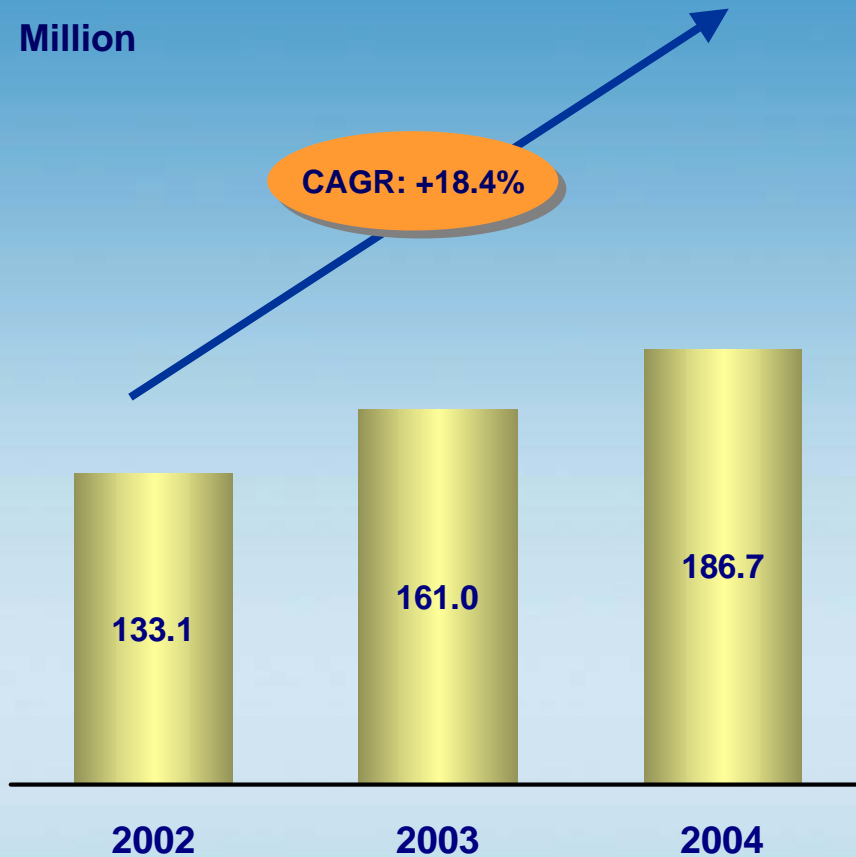
** Net profit and EPS for 2004 were arrived at after deducting asset revaluation deficit (RMB1,262 million) and related tax impact arising from across-the-board revaluation which is conducted every 3 years

2004 Review (continued)



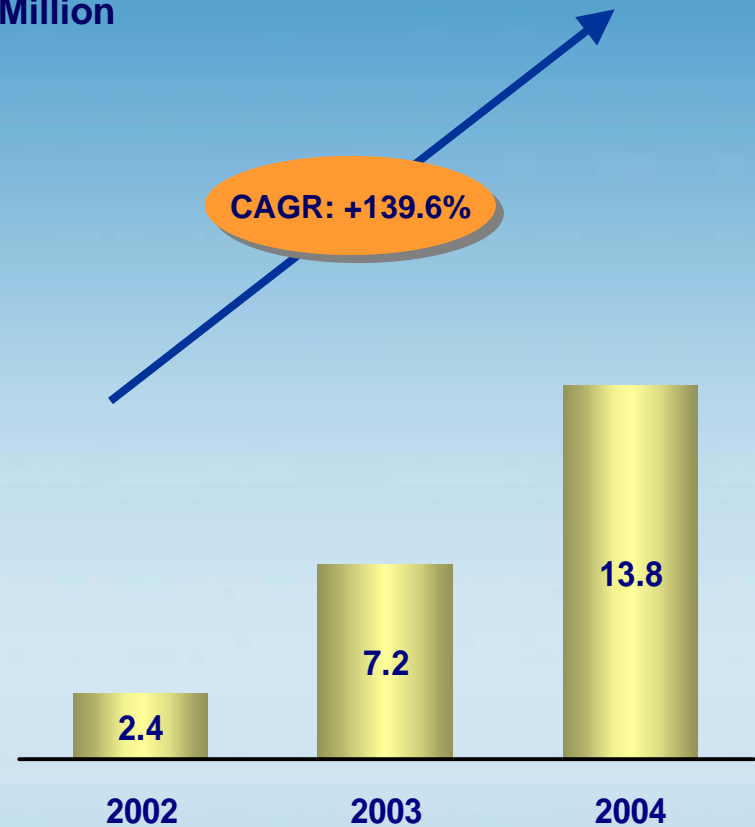
Local Subs

Million



Broadband Subs

Million

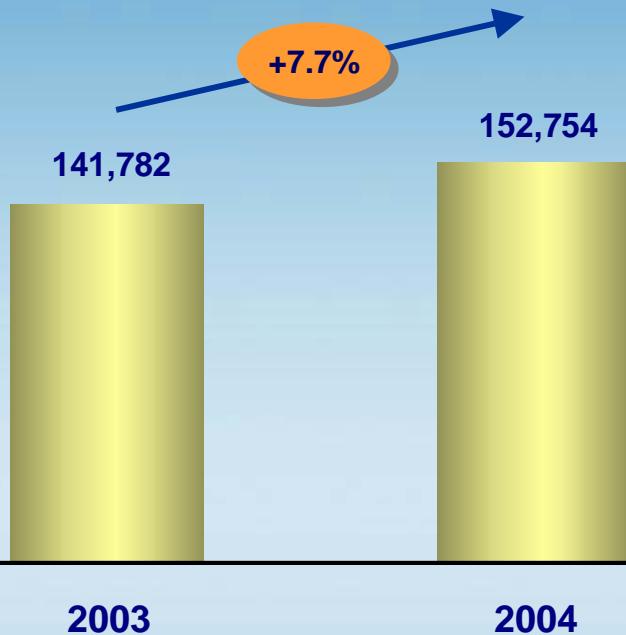


2004 Review (continued)



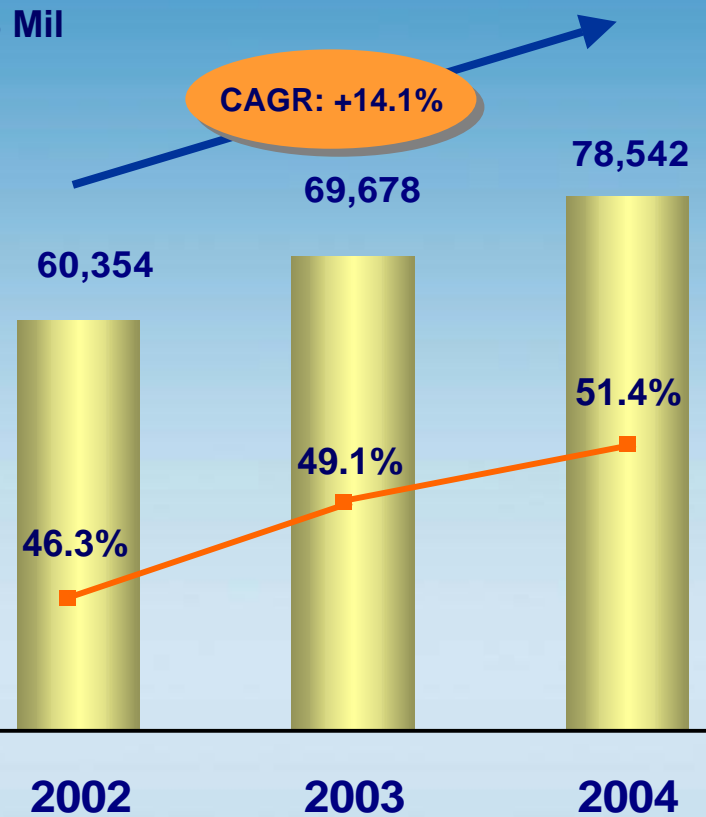
Operating Revenue

RMB Mil



EBITDA

RMB Mil



EBITDA Margin



Overview

1Q2005 Update

Outlook

Key Performance Indicator



	1Q2005*
Operating Revenue (Ex-connection fees, RMB million)	38,920
Local Subs (Million)	195.102
Net Add of Local Subs (Million)	8.454**
Broadband Subs (Million)	15.719
Net Add of Broadband Subs (Million)	1.880

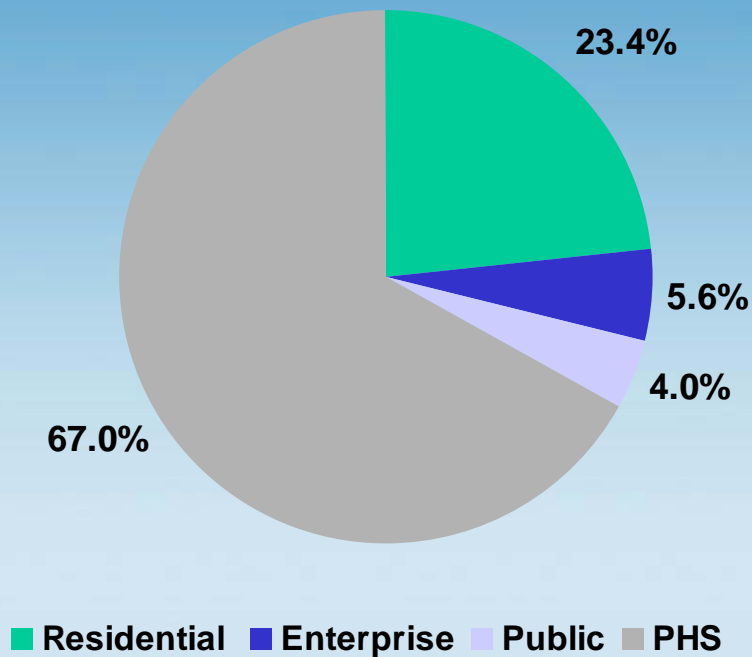
* Unaudited figures

** Benefiting from the seasonal strength and the Group's effective targeted marketing initiatives

Sustained Top Line Growth

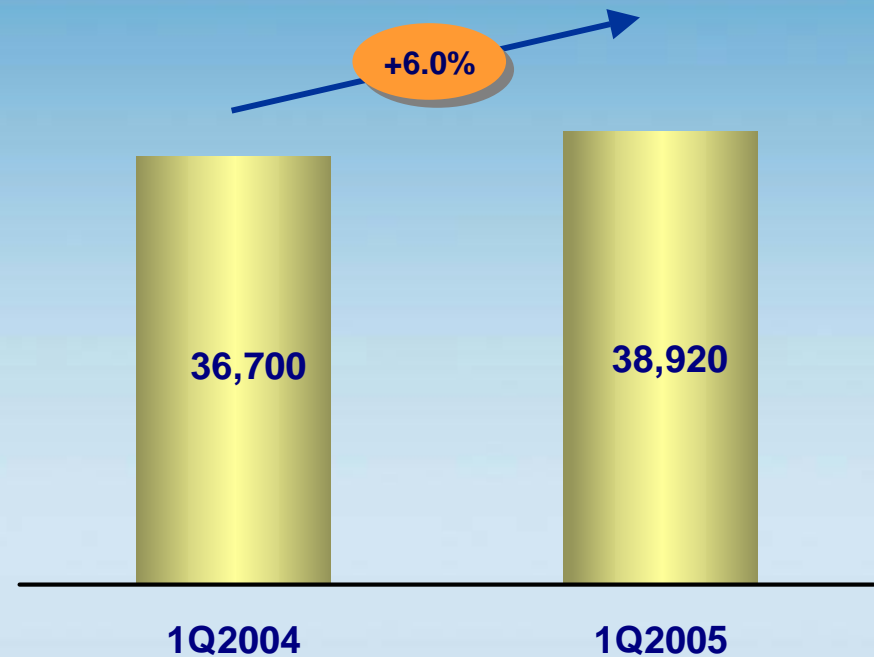


Composition of Local Subs Net Adds



Operating Revenue

RMB Million



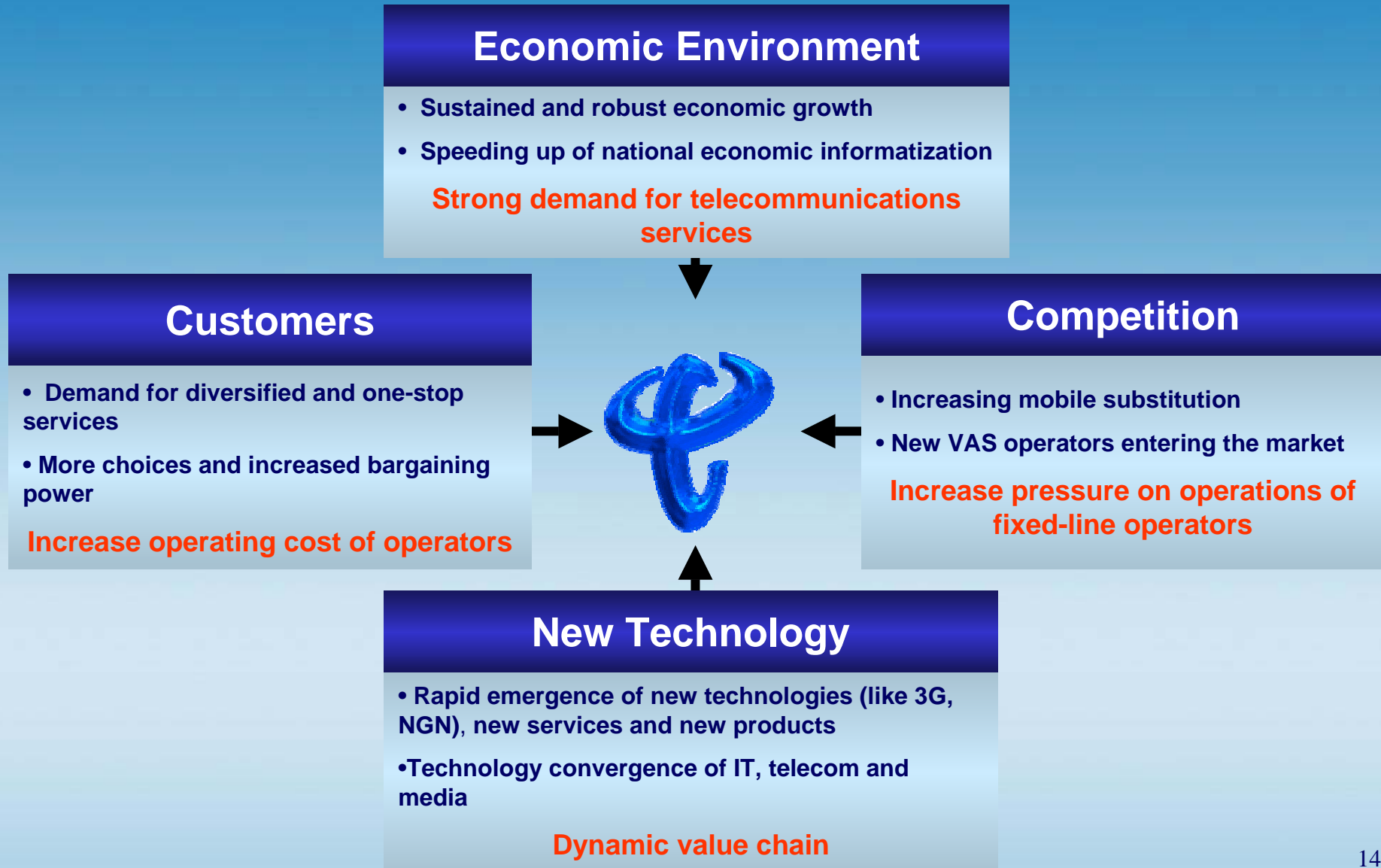


Overview

1Q2005 Update

Outlook

Opportunities and Challenges





Product Bundling and Tariff Packaging

**Targeted marketing,
strengthening
sales channel
management**

Brand Segmentation

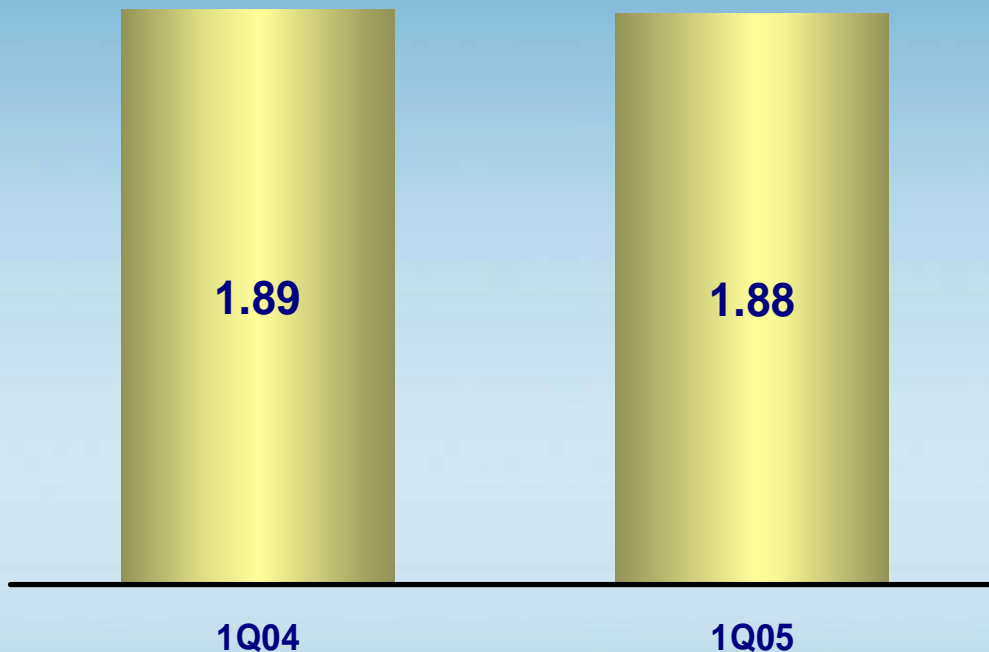
- **Wireline : Leverage bundling and packaging to boost usage**
- **Broadband : Expand subscriber base and extend value chain**
- **VAS : SMS, color ringtone**
- **Enterprise Subs : Provide total solutions and one-stop services**

Broadband Development



Additional Broadband Subs

Million



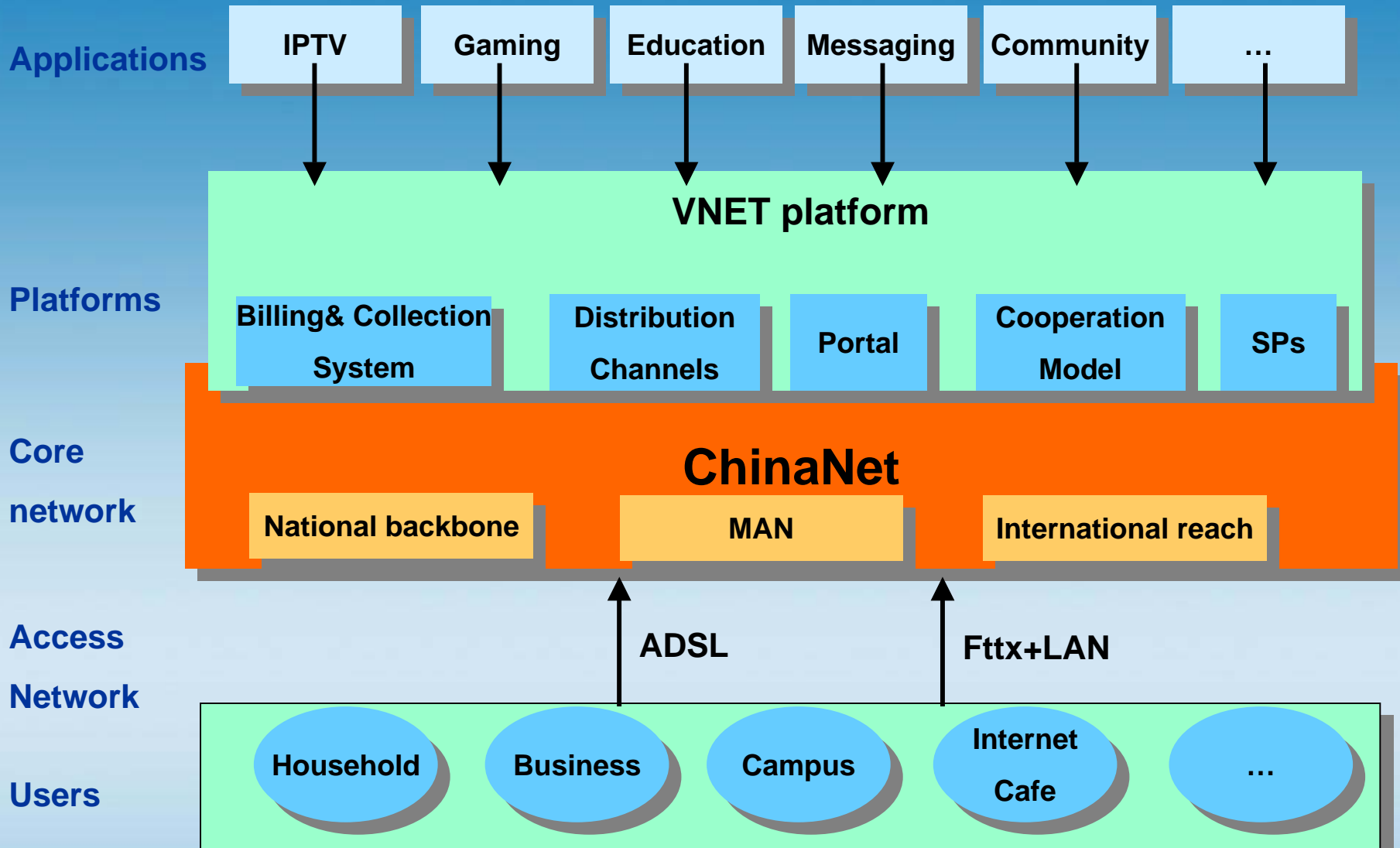
Leading position maintained with a roughly 90% market share*



Household broadband penetration < 8%, indicating huge potential

* Source: MII, China Telecom

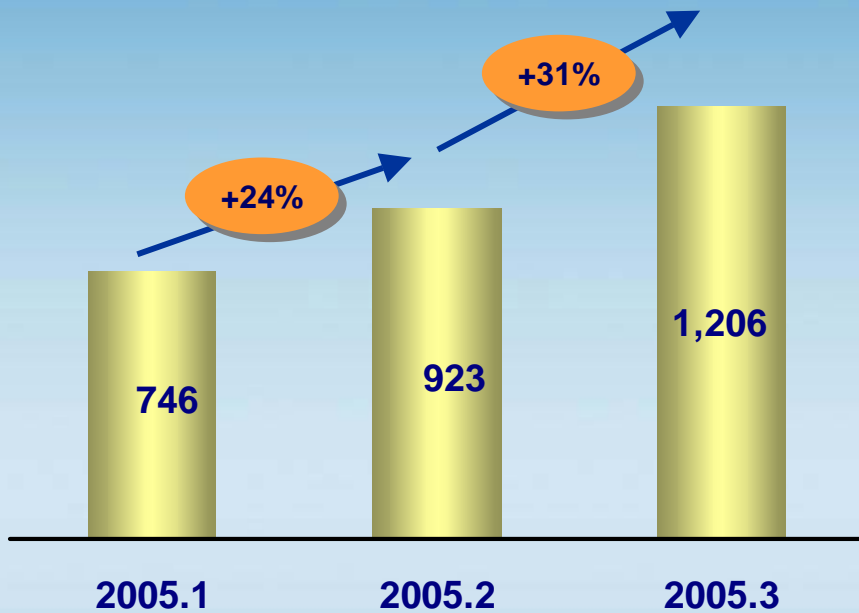
Broadband Development (Continued)





PHS SMS Usage

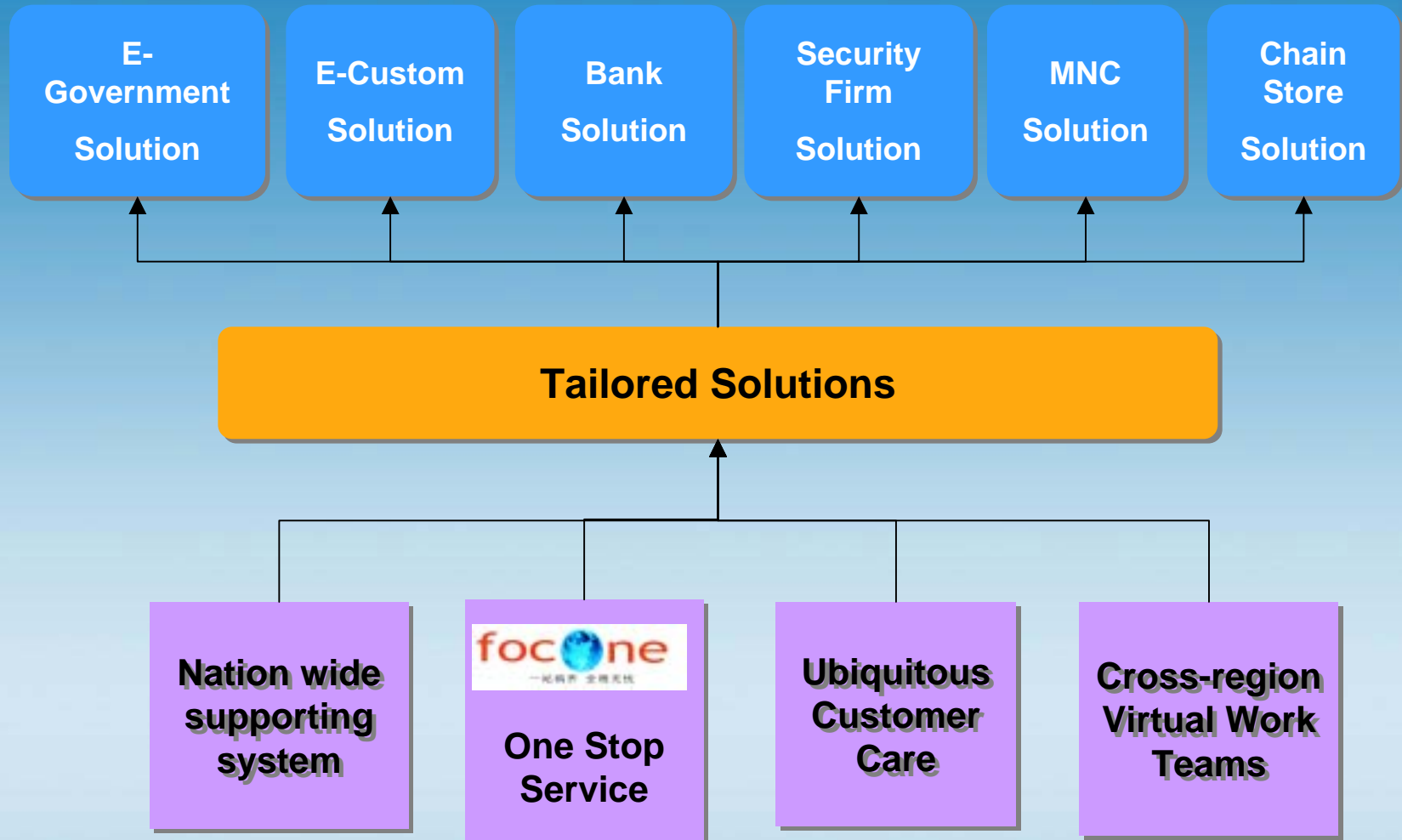
Million pieces



VAS pool



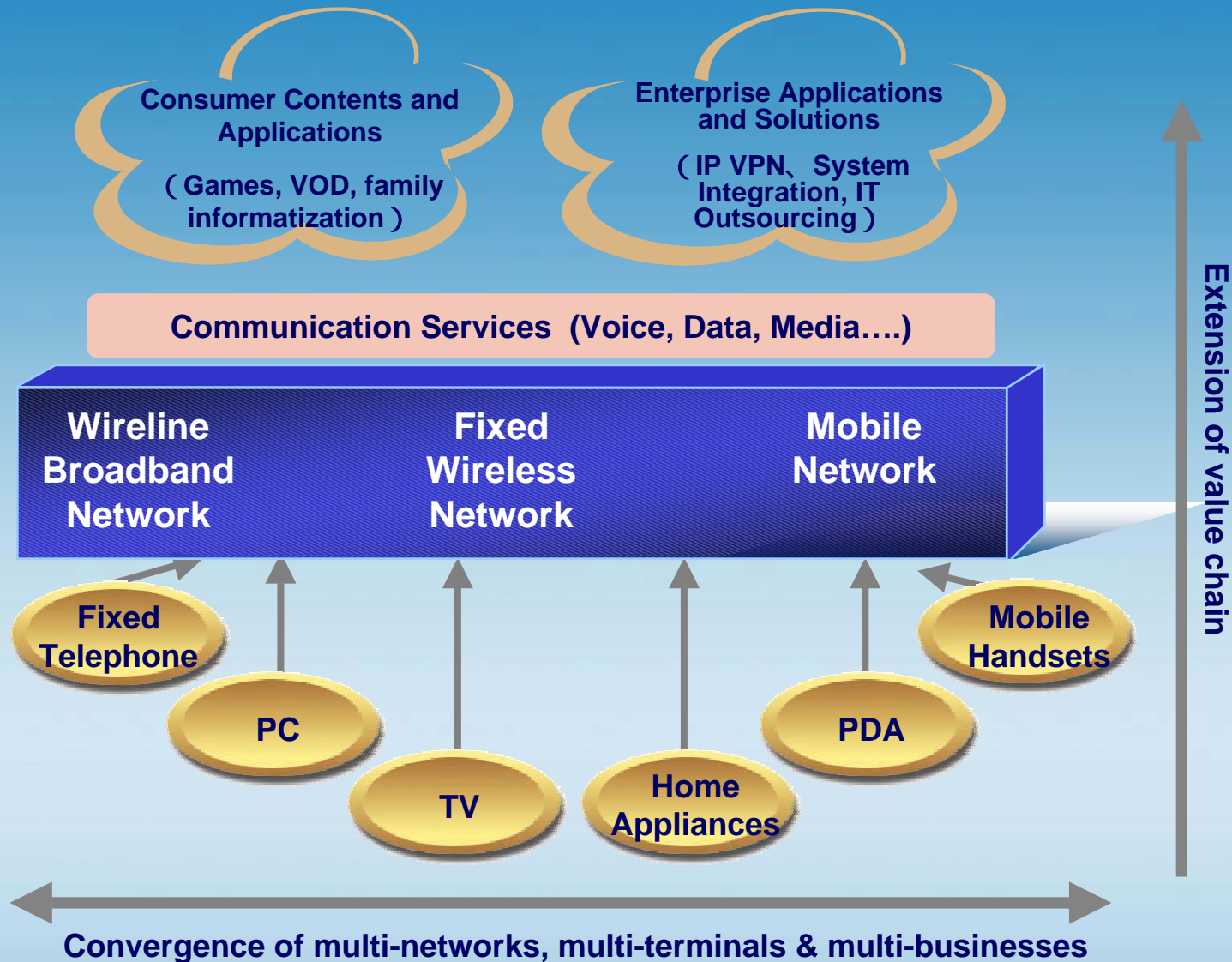
Improved Key Account Service





-  **Strengthen branding and sales channel management to enhance competence**
-  **Optimize and upgrade network to support business development**
-  **Strengthen financial management to control costs and CAPEX effectively**
-  **Persist to improve internal control to reduce risk**

Progressive Strategic Transformation





‘ Connecting The World ’



中国电信
CHINA TELECOM

用户至上 用心服务 Customer First Service Foremost

客户服务热线 10000
Customer Service

THANK YOU

China Telecom Corporation Limited
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