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The world's largest wireline and broadband services provider (220 million access lines in services and 35.65 million broadband subscribers)



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driving value



driving transformation,

driving value

Customer First, Service Foremost



Report of the Supervisory Committee

Dear Shareholders,

During the reporting period, the Supervisory Committee of China Telecom Corporation Limited spared no effort in performing its supervisory duties in accordance with the "Company Law of the People's Republic of China" and the Articles of Association of the Company, as well as the principle of good faith to safeguard the interests of shareholders and the benefits of the Company.

During the reporting period, the Supervisory Committee held three meetings. At the fourth meeting of the Second Session of the Supervisory Committee held in March 2007, the Second Session of the Supervisory Committee reviewed and approved six agenda items, including the financial statements, profit distribution proposal, the independent auditors' report for the year ended 2006, the report of the Supervisory Committee for the year ended 2006, the working plan of the Supervisory Committee for the year 2007 and the change in personnel of the Supervisory Committee. At the fifth meeting of the Second Session of the Supervisory Committee held in July 2007, chairperson of the Supervisory Committee was elected. At the sixth meeting of the Second Session of the Supervisory Committee held in August, the interim financial statements and the independent auditors' review report of 2007 were reviewed. During the reporting period, members of the supervisory committee supervised the major decision-making processes of the Company and the performance of duties carried out by members of the Board of Directors and the senior management through their attendance of the shareholders' general meetings of the Company and the meetings of the Board of Directors.

The Supervisory Committee is of the view that during the reporting period, in face of the harsher market situations, the Company continued to promote corporate transformation and proactively changed the business model. By continuously deepening corporate reforms and improving precision management, the Company has remarkably improved its business structure and cost structure, effectively mitigated its operating risks and significantly enhanced its competitiveness. As a result, the Company has achieved satisfactory operating performance and fulfilled its commitments to its investors. The Supervisory Committee is satisfied with the achievement of the Company in 2007 and is fully confident in the prospect of the Company.

The Supervisory Committee believes that during 2007, all members of the Board of Directors and members of senior management have exercised due diligence, adhered to the principle of good faith, sincerely acted in the best interest of shareholders, spared no effort in performing their duties set out in the Articles of Association of the Company, diligently carried out the resolutions approved in shareholders' general meetings and the Board meetings, persisted in managing the operation in accordance with the standards of listed companies, and have not engaged in any behavior that violates the law, regulations, and the Articles of Association or are harmful to the interests of shareholders.

Upon the review of the unqualified financial statements of the Company for the year ended 31 December 2007 and other relevant information which were prepared in accordance with PRC accounting rules and

Report of the Supervisory Committee

regulations and International Financial Reporting Standards, audited by domestic and international auditors of the Company, and proposed to be submitted to the shareholders' general meeting by the Board of Directors, the Supervisory Committee is of the opinion that the financial statements were prepared in line with the principle of consistency and that they truly and fairly reflect the Company's financial position and results of operations.

In 2008, the Supervisory Committee will further develop its work plans, strengthen its supervision and inspection, and do its best to preserve the interests of all investors.

By order of the Supervisory Committee

Xiao Jinxue

Chairperson of the Supervisory Committee

Beijing, PRC

31 March 2008