



Press Release
22 March 2006
For Immediate Release

**China Telecom Corporation Limited
Announcement of Results
For the year ended 31 December 2005**

Favourable Results and Continued Growth Achieved

	(Excluding upfront connection fees)			(Including upfront connection fees)
	2004	2005	Growth	
Operating revenue (RMB million)	152,754	162,529	6.4%	169,310
EBITDA (RMB million)	78,542	81,825	4.2%	88,606
Net Profit (RMB million)	19,565	21,131	8.0%	27,912
EPS (RMB)	0.248	0.261	5.2%	0.345

China Telecom Corporation Limited (hereinafter "China Telecom" or the "Company") (Stock Code on the Hong Kong Stock Exchange: 728) (Stock Code on the New York Stock Exchange: CHA) announces today its results for 2005.

In spite of the intensifying competition in the telecommunication market in China, by implementing our strategic transformation, optimizing resources allocation and carrying out precision management, the Company managed to achieve sustainable business growth. The Company persisted in leveraging the effective development of our traditional wireline telecommunications business, intensively explored business models for our emerging services and concentrated our efforts on the development of integrated information services, so as to cultivate the new core competitive strength of the Company.

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Our business developed steadily in 2005 and our customer base progressively expanded. The number of local telephone subscribers reached 210 million, a net increase of 23.45 million from 2004. The number of broadband subscribers reached 21.02 million, a net increase of 7.19 million from 2004. Our revenue structure has been further optimized and value-added services achieved a record high in revenue reaching nearly RMB 10 billion, contributing to a growth in operating revenue (excluding amortization of upfront connection fees) by 2.5 percentage points from 2004.

The Company's financial performance in 2005 was favorable. Excluding the upfront connection fees, our operating revenue was RMB162,529 million, an increase of 6.4% from 2004; EBITDA was RMB81,825 million, an increase of 4.2% from 2004; net profit was RMB21,131 million, an increase of 8.0% from 2004. Earnings per share was RMB0.261 and free cash flows were RMB21,801 million. Our capital expenditure was effectively controlled and decreased by 4.3% from 2004.

Having considered the need to maintain the capital flexibility to ensure the Company's sustainable growth and availability of capital for future development of our business, the Board of Directors will recommend to the upcoming annual general meeting that dividend be increased and a final dividend equivalent to HK\$0.075 per share be declared, representing an increase of 15.4% from 2004.

Mr. Wang Xiaochu, Chairman and Chief Executive Officer of the Company said that under the favorable macroeconomic and new market conditions, the Company will fully leverage its existing resources to consolidate its traditional wireline services, stringently manage its scale of investment in order to maintain favorable financial results. We will continue to expand services such as Internet access and value-added services, thereby increase the revenue proportion of non-voice services. We will also take proactive steps to cultivate our seedling businesses to provide customers with services of multi-businesses, multi-networks, and multi-terminals, promoting the long-term sustainable development of the Company. By continuing with our strategic transformation, we aim at enhancing value for our shareholders.

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For further information, please browse our website at: www.chinatelecom-h.com.

Forward Looking Statement

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.

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