



Press Release
28 August 2007
For Immediate Release

**China Telecom Corporation Limited
Announcement of Interim Results
For the six months ended 30 June 2007**

**Strategic Transformation Gathering Pace and
Driving Sustained Growth**

	(Excluding upfront connection fees)			(Including upfront connection fees)
	1H 2006	1H 2007	Growth	1H 2007
Operating Revenues (RMB million)	84,851	86,958	2.5%	88,624
EBITDA (RMB million)	44,211	44,551	0.8%	46,217
Profit Attributable to Equity Holders of the Company (RMB million)	11,661	11,816	1.3%	13,482
Basic EPS (RMB)	0.144	0.146	1.3%	0.167
Free Cash Flow* (RMB million)	18,925	19,356	2.3%	N/A

* Free Cash Flow = EBITDA (excluding upfront connection fees) – CAPEX – Income Tax

China Telecom Corporation Limited (hereinafter "China Telecom" or the "Company") (Stock Code on the Hong Kong Stock Exchange: 0728) (Stock Code on the New York Stock Exchange: CHA) announces its 2007 interim results today in Hong Kong.

In the first half of 2007, despite facing harsh challenges from intense market competition, the Company has successfully maintained its solid fundamentals and has continued to record growth in both revenue and profit, benefiting from the effective implementation of strategic transformation. The business structure of the Company was further optimised with its Internet access, value-added and integrated information services gaining momentum. This has also vigorously abated the pressure on the operation of the Company's traditional voice business.

In the first half of 2007, the Company's voice revenue recorded RMB56,997 million, a decrease of 6.9% from the same period last year. In face of the immense pressure of declining

voice revenue caused by the aggressive expansion of mobile operators, leveraging the Company's two major customer brands, "BizNavigator" and "One Home", the Company's non-voice businesses emerged as the new revenue-drivers for it. In the first half of 2007, the Company's non-voice businesses revenue reached RMB29,961 million, an increase of 26.9% compared to the same period last year, triggering 7.5 percentage points growth in revenue and accounting for 34.5% of operating revenue. Meanwhile, the Company's high-quality customer brands enhanced effective packaged sales of both voice and non-voice businesses, strengthening the Company's multi-services convergence offering edge and making good the loss in voice revenue to a certain extent. The customer base continued to expand. The total number of access lines in service increased by 1.45 million to 224 million and the broadband subscribers increased by 3.87 million to 32.19 million.

In the first half of 2007, the Company achieved solid financial performance. Excluding the upfront connection fees, operating revenues were RMB86,958 million, a 2.5% growth compared to the same period in 2006. EBITDA was RMB44,551 million, and the EBITDA margin maintained at a healthy level of 51.2%. Operating expenses were RMB68,340 million, an increase of 3.3% compared to the same period in 2006. Profit attributable to equity holders of the Company was RMB11,816 million, an increase of 1.3% compared to the same period last year. The basic earnings per share was RMB0.15. Capital expenditure was RMB20,435 million, 1.6% less than that of the same period last year. Free cash flow was RMB19,356 million.

Taking into consideration of the Company's business development needs and its cash flow position, the Board of Directors has resolved not to pay any interim dividend for the year in order to maintain adequate funding flexibility. The Board will proactively consider the final dividend proposal at the time of reviewing the full year results and propose to the shareholders' general meeting accordingly.

Mr. Wang Xiaochu, Chairman and Chief Executive Officer of the Company expressed that the rising demand in the domestic telecommunications market brings a great wealth of opportunities. The vast market potential in social informatization provides the Company with broader room for development. As the Company further deepens the strategic transformation, its roadmap is getting clearer. The Company has built its experience in integrated information operation with its people getting more suited to the requirements of strategic transformation. The Company is confident that it would achieve sustainable development and drive more value for its shareholders.

For further information, please browse the Company's website at: www.chinatelecom-h.com.

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 to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these 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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