



Press Release  
31 March 2008  
For Immediate Release

**China Telecom Corporation Limited  
Announcement of Results  
For the year ended 31 December 2007**

**Driving Transformation to Ensure Solid Fundamentals  
Laying a Solid Foundation for Future Full Services Offering**

	(Excluding upfront connection fees)			(Including upfront connection fees)
	2006	2007	Growth	2007
Operating revenues (RMB million)	170,645	175,362	2.8%	178,656
EBITDA (RMB million)	84,866	85,974	1.3%	89,268
Net Profit (RMB million)	22,270	22,517*	1.1%	23,702
EPS (RMB)	0.275	0.278*	1.1%	0.293
Free Cash Flow** (RMB million)	28,991	33,964	17.2%	N/A

\* Excluding the effect of the related assets revaluation which was carried out at least once every three years: according to the Company's accounting policy, in 2007, the Company carried out a revaluation of property, plant and equipment. The surplus on revaluation of RMB4,809 million was shown in the consolidated statement of changes in equity. The deficit on revaluation of RMB2,755 million was recognized in the consolidated income statement.

\*\* 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: 728) (Stock Code on the New York Stock Exchange: CHA) announces its 2007 annual results today in Hong Kong.**

For the past three years, the Company has been making persistent efforts in innovation and strategic transformation, which have injected new energy into the Company and accelerated its corporate development. The Company has established a customer-oriented brand management system and strengthened its capabilities in integrated information application services. With further optimized business structure and enhanced financial capabilities, the Company reinforced its ability to increase the shareholders' value. In addition, the Company has advocated the

strategy of “Customer-focused Innovative Informatisation”, which will accelerate its transformation into a leading integrated information services provider.

In 2007, the Company grasped the opportunities brought by informatisation to promote the scale development of transformation business. In the meantime, the Company also took initiatives to alleviate the decline in its traditional voice business. As a result, the company maintained solid fundamentals and achieved favorable financial results in the highly competitive market. Excluding the upfront connection fees of RMB3,294 million, operating revenues were RMB175,362 million, a 2.8% increase from 2006. EBITDA was RMB85,974 million, a 1.3% increase from 2006. EBITDA margin was 49.0%, broadly at the same level as 2006. Profit attributable to equity holders of the Company reached RMB22,517 million, an increase of 1.1% from 2006. Capital expenditure decreased by 7.2% from 2006 to RMB45,558 million. Free cash flow reached RMB33,964 million, a 17.2% increase from 2006.

In 2007, the main theme of the Company was brand operation, which targeted at government and enterprise customers and mid-to-high-end household customers. Contract subscribers to the Company’s two major customer brands, “BizNavigator” and “One Home”, reached 1.884 million and 10.536 million respectively in 2007. Broadband services, value-added services and integrated information services achieved significant breakthrough. Non-voice business revenue represented 36.5% of the Company’s overall operation revenues, an increase of 7.4 percentage points from 2006. Due to intensifying mobile substitution, the Company experienced negative growth in access lines in service for the first time. Voice business revenue decreased by 7.9% from 2006. Facing new challenges in traditional voice business, the Company will consolidate its performance by further enriching the applications on informatisation and improving service packages.

Taking into consideration of the shareholders’ return and the Company’s capital requirements for future development, especially the preparation of the full services offering, the Board of Directors will recommend at the forthcoming Annual General Meeting that the dividend be an equivalent of HK\$0.085 per share, same as last year.

In early 2008, a snowstorm with its scale and duration unprecedented in the last century occurred in China. The snowstorm caused grave disturbances to people’s daily lives, as well as serious challenges to the Company’s telecommunications services. During the Lunar New Year, in places where the snowstorm was most severe, the Company’s Chairman and Chief Executive Officer Mr. Wang Xiaochu himself witnessed many of the Company’s staff volunteered to sacrifice their precious family gathering opportunities to make emergency repairs on the telecommunications facilities fearlessly under the harsh weather conditions. In some circumstances, in order to ensure smooth communications, they even insisted on staying on duty

under no power and water supply which lasted for several days. Their courage and strong team efforts well demonstrated the “unwavering dedications” spirits of the Company – “Exceptional strength, exceptional endurance and exceptional devotion”. Their actions had written a new chapter of “Customer First, Service Foremost”. The Chairman was deeply impressed with the vibrancy of the Company despite its long establishment over a century. As the Company further drives its strategic transformation and progresses its way to the upcoming full services offering, Mr. Wang Xiaochu firmly believes the Company will have a thriving future.

For further information, please browse the Company's website at: [www.chinatelecom-h.com](http://www.chinatelecom-h.com).

***FORWARD-LOOKING STATEMENTS***

Certain statements contained in this announcement 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 the Company 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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