

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## China Telecom Corporation Limited

### 中国电信股份有限公司

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 0728)**

## ANNOUNCEMENT

In order to further enhance the transparency of the Group and to enable shareholders, investors and the general public to better appraise the operational performance of the Group, the Board announces certain selected unaudited key performance indicators of the Group for the first quarter of 2005.

In order to further enhance the transparency of the Group and to enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board of directors (the **"Board"**) of China Telecom Corporation Limited (the **"Company"**, together with its subsidiaries, the **"Group"**) announces certain selected unaudited key performance indicators of the Group for the first quarter of 2005.

### SELECTED UNAUDITED KEY PERFORMANCE INDICATORS (Note)

	<b>As at 31 December 2004 / For the period from 1 January 2004 to 31 December 2004</b>	<b>As at 31 March 2005 / For the period from 1 January 2005 to 31 March 2005</b>
Local Access Lines in Service (Million)	186.648	195.102
including: Residential (Million)	113.091	115.072
Enterprise (Million)	19.003	19.473
Public Telephone (Million)	12.387	12.723
Wireless Local Access (Million)	42.167	47.834
Net Add of Local Access Lines in Service (Million)	25.660	8.454
Broadband Subscribers (Million)	13.839	15.719
Net Add of Broadband Subscribers (Million)	6.608	1.880
Local Voice Usage (Million Pulses)	429,150	107,824
Domestic Long Distance Usage (Million Minutes)	81,960	21,333
International (including Hong Kong, Macau and Taiwan) Long Distance Usage (Million Minutes)	1,654	377

Our Group's business continued to grow steadily during the first quarter of 2005 and local access lines in service reached 195 million, including 47.83 million of wireless local access service subscribers. Same

as the first quarter of last year, the Group experienced very favourable growth in subscribers for the first quarter of 2005 with a net add reaching 8.45 million, benefiting from the seasonal strength and the Group's effective targeted marketing initiatives. Robust subscriber growth led to favourable increase in local voice usage and operating revenue. The operating revenue for the first quarter of 2005 reached RMB40.616 billion. Excluding the amortization of upfront connection fees, operating revenue for the first quarter of 2005 reached RMB38.920 billion, representing an increase of 6.0% (Note) over the same period of last year.

Note: The relevant financial and business data in this announcement assumes the Group had been operating in the current service areas (20 municipalities, provinces and autonomous regions) since the beginning of 2004.

The Group shall continue to pursue the operation of mobile business proactively so as to realise potential synergies by operating both mobile and wireline businesses. Based on a win-win business model, we shall leverage our telecommunications network resources and strengthen co-operation with content providers with a view to extending the industry value chain. We shall seek to work with IT services providers to provide differentiated total solutions for our enterprise customers. In addition, the Group will fully exploit the development potential of rural telephony, value-added services, leased line and other services with a view to creating new revenue growth drivers. The Group will also strive to transform our networks into intelligent, broadband and IP based networks, and to enhance the development and convergence of multi-terminals and multi-businesses. In addition, the Group shall leverage product bundling and tariff packaging to deliver integrated information services so as to transform the Group from a traditional basic network operator into a modern integrated information services provider in an orderly manner, with a view to ensuring the Group's sustainable development.

The Board wishes to remind investors that the above financial and business data are based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such data.

**In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.**

As of the date of this announcement, the Board consists of Mr. Wang Xiaochu as the chairman and chief executive officer, Mr. Leng Rongquan as the president and chief operating officer, Ms. Wu Andi as the executive vice president and chief financial officer, Mr. Zhang Jiping as the executive vice president, Ms. Huang Wenlin as the executive vice president, Mr. Li Ping as the executive vice president and joint company secretary, Mr. Wei Leping as the executive vice president, Mr. Yang Jie as the executive vice president, Mr. Sun Kangmin as the executive vice president, Mr. Cheng Xiyuan and Mr. Feng Xiong as the executive directors, Mr. Li Jinming as the non-executive director, and Mr. Zhang Youcai, Mr. Vincent Lo Hong Sui and Mr. Shi Wanpeng as the independent non-executive directors.

By Order of the Board  
**China Telecom Corporation Limited**  
**Wang Xiaochu**  
*Chairman and Chief Executive Officer*

Beijing, PRC  
22 April 2005