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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 2006.

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 2006.

Financial Data (Excluding the amortisation of upfront connection fees)

	For the period from 1 January 2006 to 31 March 2006	For the year from 1 January 2005 to 31 December 2005
Operating Revenue (RMB)	41,760 million	162,529 million
EBITDA (RMB)	22,339 million	81,825 million
EBITDA margin	53.5%	50.3%
Profit attributable to equity holders of the Company (RMB)	5,908 million	21,131 million

Business Data

	As at 31 March 2006 / For the period from 1 January 2006 to 31 March 2006	As at 31 December 2005 / For the period from 1 October 2005 to 31 December 2005	As at 30 September 2005 / For the period from 1 July 2005 to 30 September 2005
Local Access Lines in Service (Million) including:	215.18	210.09	206.86
Residential (Million)	120.02	118.05	117.29
Enterprise (Million)	21.18	20.90	20.55
Public Telephone (Million)	14.45	14.06	13.71
Wireless Local Access (Million)	59.53	57.08	55.31
Net Add of Local Access Lines in Service (Million)	5.09	3.23	4.46
Broadband Subscribers (Million)	23.16	21.02	19.17
Net Add of Broadband Subscribers (Million)	2.14	1.85	1.80
Local Voice Usage (Billion Pulses)	106.65	117.30	113.19
Domestic Long Distance Usage (Billion Minutes)	23.02	24.94	23.73
International (including Hong Kong, Macau and Taiwan) Long Distance Usage (Billion Minutes)	0.39	0.46	0.43
SMS Usage Volume (Million Messages)	5,386	5,277	4,597
Color Ring Tone Subscribers (Million)	23.50	18.16	14.11

In spite of intense market competition, especially from mobile substitution, our Group's business continued to develop steadily during the first quarter of 2006 through strategic transformation. Local access lines in service reached 215 million, representing a net increase of 5.09 million. Businesses like Internet access and value-added services continued to show favourable growth trend. Excluding the amortisation of upfront connection fees of RMB1,248 million, operating revenue for the first quarter of 2006 reached RMB41,760 million, representing an increase of 7.3% over the same period of last year. The profit attributable to equity holders of the Company reached RMB5,908 million and EBITDA was RMB22,339 million. Same as the first quarter of last year, benefiting from the seasonal strength, EBITDA margin was raised to 53.5%.

The Company will continue to fully utilise existing resources to consolidate and stabilise our traditional fixed lines business; stringently control investment to achieve robust financial results; persist in developing businesses like Internet access and value-added services and boost revenue contribution from non-voice businesses; actively cultivate "seedling" businesses to provide customers with multi-business, multi-network and multi-terminal services, with a view to progressing our business transformation, sustaining the Company's growth and creating value for our shareholders.

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 director, Mr. Yang Jie as the executive vice president, Mr. Sun Kangmin as the executive vice president, Mr. Li Jinming as the non-executive director, and Mr. Zhang Youcai, Mr. Vincent Lo Hong Sui, Mr. Shi Wanpeng, Mr. Xu Erming and Mr. Tse Hau Yin, Aloysius as the independent non-executive directors.

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

Beijing, PRC
20 April 2006