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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 three quarters 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 three quarters of 2006.

Financial Data (Excluding the amortisation of upfront connection fees)

	<b>For the period from 1 January 2006 to 30 September 2006</b>	<b>For the period from 1 January 2006 to 30 June 2006</b>
Operating revenue (RMB Million)	127,204	84,442
EBITDA (RMB Million)	65,477	44,217
EBITDA margin	51.5%	52.4%
Profit attributable to equity holders of Company (RMB Million)	16,821	11,590

<b>Business Data</b>	<b>As at 30 September 2006/ For the period from 1 January 2006 to 30 September 2006</b>	<b>As at 30 June 2006/ For the period from 1 January 2006 to 30 June 2006</b>
Local Access Lines in Service (Million)	221.05	218.71
including: Residential (Million)	121.10	121.00
Enterprise (Million)	22.14	21.65
Public Telephone (Million)	15.37	14.86
Wireless Local Access (Million)	62.44	61.20
Net Add of Local Access Lines in Service (Million)	10.96	8.62
Broadband Subscribers (Million)	27.35	25.26
Net Add of Broadband Subscribers (Million)	6.33	4.24
Local Voice Usage (Billion Pulses)	320.45	213.61
Domestic Long Distance Usage (Billion Minutes)	70.66	46.76
International (including Hong Kong, Macau and Taiwan) Long Distance Usage (Billion Minutes)	1.22	0.80
SMS Usage Volume (Billion Messages)	16.500	11.166
Color Ring Tone Subscribers (Million)	33.21	27.72

In spite of intensifying market competition, especially from mobile substitution, our Group's business continued to develop steadily during the first three quarters of 2006 through executing strategic transformation. Local access lines in service reached 221 million, representing a net addition of 10.96 million. Businesses like Internet access and value-added services continued its growth momentum. The net addition of broadband subscribers for the first three quarters of 2006 was 6.33 million, bringing the total to 27.35 million. Excluding the amortisation of upfront connection fees of RMB 3,739 million, operating revenue for the first three quarters of 2006 was RMB 127,204 million, representing an increase of 4.5% over the same period of last year. The profit attributable to equity holders of the Company reached RMB 16,821 million and EBITDA was RMB65,477 million. EBITDA margin was 51.5%, sustained at a healthy level.

The Group will continue to capitalize on its strength of multi-services convergence offering and accelerate the execution of strategic transformation by actively developing the Internet, value-added and integrated information services. Through the leverage of multi-services packaging, the Group will effectively differentiate its products and services to expand sources of revenue, consolidate development of its traditional voice business, and proactively lay a solid foundation for its future comprehensive services convergence offering (“Triple-play”) to sustain its growth and create value for its shareholders.

The Board wishes to remind investors that the above key performance indicators 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. 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 October 2006