
IMPORTANT

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred your shares in China Telecom Corporation Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

PROPOSED ISSUE OF SHORT TERM COMMERCIAL PAPER

A letter from the Chairman of China Telecom Corporation Limited is set out on pages 2 to 3 of this circular.

A notice convening an extraordinary general meeting of the shareholders of the Company to be held at 31 Jinrong Street, Xicheng District, Beijing 100032, PRC on October 18, 2005 at 10:00 a.m. is set out on pages 4 to 6 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not later than 24 hours before the time designated for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

September 1, 2005

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board of Directors”	the Board of Directors of the Company
“Company”	China Telecom Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability on September 10, 2002, whose H Shares are listed on the Stock Exchange and whose American Depositary Shares are listed on the New York Stock Exchange
“Directors”	the Directors of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened on October 18, 2005, the notice of which is set out in the Appendix of this circular, or any adjournment thereof
“H Share(s)”	overseas listed foreign invested shares in the Company’s issued share capital with a par value of RMB1.00 per share which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, Taiwan and Macau)
“Proposal”	the proposal to issue short term commercial paper of the Company, further details of which are set out in page 3 of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



China Telecom Corporation Limited

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(Stock Code: 0728)

Executive Directors:

Wang Xiaochu
Leng Rongquan
Wu Andi
Zhang Jiping
Huang Wenlin
Li Ping
Wei Leping
Yang Jie
Sun Kangmin
Cheng Xiyuan
Feng Xiong

Registered Office:

31 Jinrong Street
Xicheng District
Beijing, 100032
PRC

Place of business in Hong Kong:

38th Floor
Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong

Non-executive Director:

Li Jinming

Independent Non-executive Directors:

Zhang Youcai
Vincent Lo Hong Sui
Shi Wanpeng

September 1, 2005

To the Shareholders

Dear Sir or Madam,

PROPOSED ISSUE OF SHORT TERM COMMERCIAL PAPER

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the special resolutions to be approved at the EGM relating to the Proposal.

2. THE PROPOSAL

Terms of the Proposal

The Company proposes to issue short term commercial paper, subject to approval by Shareholders in a general meeting. The Company proposes to, before the date on which the annual general meeting of the Company for the year ending December 31, 2005 is held, issue

LETTER FROM THE CHAIRMAN

short term commercial paper, in one or more tranches, and with a maximum outstanding repayment amount of RMB30 billion (the “Proposal”). The first tranche of issue of short term commercial paper under the Proposal is expected to be no more than RMB10 billion.

The maturity period of the short term commercial paper to be issued under the Proposal shall be no more than 365 days. The pricing, interest rate, underwriting arrangements and other details of the Proposal shall be determined by the Board of Directors, taking into consideration the specific needs of the Company and other market conditions.

Use of Proceeds and Benefits of the Proposal

The Company intends to use the proceeds of the Proposal to satisfy its funding needs of production and operation. The Company considers that the Proposal will enable it to lower its finance costs, to diversify its capital-raising channels and to improve its market image.

3. ACTIONS TO BE TAKEN

A notice convening the EGM is set out in the Appendix to this circular. The relevant form of proxy and attendance slip are enclosed. Shareholders who intend to attend the EGM are required to return the attendance slip to the Company on or before September 27, 2005.

Whether or not Shareholders are able to attend the EGM, you are requested to complete and return the enclosed form of proxy (for holders of domestic shares of the Company) to the Company’s office of the Board of Directors, 31 Jinrong Street, Xicheng District, Beijing 100032, PRC or (for holders of H Shares) to Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, as soon as practicable and in any event by not later than 24 hours before the time designated for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM should they so wish.

4. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to the Articles of Association, a general voting shall be made at a Shareholders meeting by a show of hands. However, (i) chairman of the meeting, (ii) at least two Shareholders or proxies of such Shareholders with voting rights, and (iii) one or more Shareholders including proxy or proxies of such Shareholders accounting individually or jointly for 10% or more of the Company’s shares with voting right(s), shall have the right to request for a voting by poll before or after a voting by a show of hands.

A poll demanded on the election of the chairman of the meeting or on a question of adjournment of the meeting, shall be taken forthwith. Other issues shall be voted by poll at the time to be decided by the chairman, and the meeting can go on with discussion of other matters. The result of such voting shall also be regarded as the resolution adopted at the meeting. A person who has made a request for voting by poll can withdraw such a request.

5. RECOMMENDATIONS

The Company considers that the Proposal is in the best interests of the Company and the Shareholders as a whole, and recommends the Shareholders to vote in favor of the special resolutions to be proposed at the EGM.

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



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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “Extraordinary General Meeting”) of China Telecom Corporation Limited (the “Company”) will be held at 10:00 a.m. on October 18, 2005 at 31 Jinrong Street, Xicheng District, Beijing 100032, PRC for the purposes of considering and, if thought fit, passing, with or without modifications, the following special resolutions:

SPECIAL RESOLUTIONS

1. **THAT** the proposal to issue short term commercial paper of the Company, pursuant to which the Company may, before the date on which the annual general meeting of the Company for the year ending December 31, 2005 is held, issue short term commercial paper, in one or more tranches, and with a maximum outstanding repayment amount of RMB30 billion (the “Proposal”), and the first tranche of issue of short term commercial paper under the Proposal, which is expected to be no more than RMB10 billion, be and are hereby approved, confirmed and ratified.
2. **THAT** the board of directors of the Company (the “Board”), or any two or more directors of the Company (the “Directors”) duly authorized by the Board, be and are hereby generally and unconditionally authorized to:
 - (a) determine the specific terms, conditions and other matters of the Proposal (including, but not limited to, the determination of the actual aggregate amount, interest rate, rating, guarantee arrangements and use of proceeds of the Proposal);
 - (b) do all such acts which are necessary and incidental to the Proposal (including, but not limited to, the securing of approvals, the determination of underwriting arrangements, and the preparation of relevant application documents); and
 - (c) take all such steps which are necessary for the purposes of executing the Proposal (including, but not limited to, the execution of all requisite documentation and the disclosure of relevant information in accordance with applicable laws),

taking into consideration the specific needs of the Company and other market conditions, and **THAT**, to the extent that any of the aforementioned acts and steps have already been undertaken by the Board or the Directors in connection with the Proposal, such acts and steps be and are hereby approved, confirmed and ratified.

By Order of the Board
China Telecom Corporation Limited
Li Ping **Yung Shun Loy, Jacky**
Joint Company Secretaries

Beijing, PRC, August 31, 2005.

Notes:

1. Shareholders whose names appear on the register of members of the Company at the close of business on Friday, September 16, 2005 will be entitled to attend the Extraordinary General Meeting. The register of members of the Company will be closed from Saturday, September 17, 2005 to Tuesday, October 18, 2005, both days inclusive, during which period no transfer of the Company's shares will be effected. Where applicable, shareholders of the Company's H shares intending to attend the Extraordinary General Meeting are therefore required to lodge their respective instrument(s) of transfer and the relevant share certificate(s) to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on Friday, September 16, 2005.
2. Each shareholder entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies to attend and vote on his/her behalf at the Extraordinary General Meeting. A proxy need not be a shareholder.
3. To be valid, the form of proxy, together with the power of attorney or other authorization document (if any) signed by the authorized person or the notarially certified power of attorney must be delivered (for holders of domestic shares) to the Office of the Board of Directors or (for holders of H shares) to Computershare Hong Kong Investor Services Limited not less than 24 hours before the time designated for the holding of the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

The address of the share registrar for the Company's H shares is as follows:

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queens Road East, Wanchai, Hong Kong

4. A proxy of a shareholder may vote by hand or vote on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
5. The registration procedure for attending the Extraordinary General Meeting is as follows:
 - (a) shareholders attending the Extraordinary General Meeting in person or by proxy are required to present their identity certification. If the attending shareholder is a corporation, its legal representative or person authorized by the board or other decision

making authority is required to present a copy of the relevant resolution of the board or other decision making authority approving him/her to be the legal or duly authorized representative, in order to attend the Extraordinary General Meeting on behalf of such corporation; and

- (b) shareholders intending to attend the Extraordinary General Meeting “in person or by proxy” are required to return the attendance slip via hand delivery, mail or fax to the Office of the Board of Directors on or before Tuesday, September 27, 2005.
6. The Extraordinary General Meeting is expected to last for half a day and shareholders (in person or by proxy) attending the Extraordinary General Meeting shall be responsible for their own transportation and accommodation expenses.

7. The address of the Office of the Board of Directors is as follows:

31 Jinrong Street
Xicheng District, Beijing 100032
PRC

Contact person: Li Ping Yung Shun Loy, Jacky
Telephone: (8610) 6642 8166
Fax: (8610) 6601 0728

8. 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.