

CHINA TELECOM CORP LTD
Form 6-K
March 18, 2004

1934 Act Registration No. 1-31517

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of the

Securities Exchange Act of 1934

For the Month of March 2003

China Telecom Corporation Limited

(Translation of registrant's name into English)

31 Jinrong Street Beijing, China 100032

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.) Form 20-F x Form 40-F

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(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):)

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):)

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____ .)

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO.333-113181) OF CHINA TELECOM CORPORATION LIMITED AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

EXHIBITS

<u>Exhibit Number</u>		<u>Page</u>
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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 6-K may be viewed as forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of China Telecom Corporation Limited (the Company) to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. The forward-looking statements include, without limitation, the continued growth of the telecommunications industry in China; the development of the regulatory environment; and the Company's ability to successfully execute its business strategies.

Such forward-looking statements reflect the current views of the Company with respect to future events. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, any changes in the regulatory policies of the Ministry of Information Industry and other relevant government authorities; any changes in telecommunications and related technology and applications based on such technology; and changes in political, economic, legal and social conditions in China, including the Chinese government's policies with respect to economic growth, foreign exchange, foreign investment and entry by foreign companies into China's telecommunications market. Please also see the Risk Factors section of the Company's registration statement on Form F-3 (File No. 333-113181), as filed with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA TELECOM CORPORATION LIMITED

Date: March 18, 2004

By: /s/ Zhou Deqiang

Name: Zhou Deqiang
Title: Chairman and CEO

China Telecom Corporation Limited

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

NOTICE OF THE CLASS MEETING FOR HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN that a class meeting of the holders of H shares of China Telecom Corporation Limited (the Company) with a nominal value of RMB1.00 each (H Share Class Meeting) will be held at 11:00 a.m. on 3 May 2004 at Beijing Nan Yue Yuan Hotel, 186 Zheng Wang Fen, Feng Tai District, Beijing, PRC, to seek the approval of the holders of H shares in the H Share Class Meeting to pass the following special resolutions:

SPECIAL RESOLUTIONS

1. **THAT** the directors of the Company be authorised to issue and allot up to 8,317,560,515 new H Shares (the *New H Shares*), which comprises (i) up to 7,561,418,650 New H Shares representing approximately 10% of the current registered share capital of the Company (the *Primary Shares*), and (ii) up to 756,141,865 New H Shares (representing 10% of the 7,561,418,650 Primary Shares to be issued and allotted) upon conversion of up to 756,141,865 existing domestic shares held by PRC state shareholders (the *Secondary Shares*) to comply with the Provisional Measures on the Administration of the Reduction of the State Owned Shares for Raising Social Security Funds (), subject to the following:
 - (a) the number of Secondary Shares actually issued and allotted upon conversion from domestic shares shall be 10% of the number of Primary Shares actually issued and allotted by the Company at any time and from time to time pursuant to this special resolution;
 - (b) any issue and allotment of the New H Shares pursuant to this special resolution shall be made on such terms and conditions as the directors of the Company (or a duly authorised committee thereof) consider to be appropriate and in the best interests of the Company and subject to the other conditions, including size, timing and price, as mentioned in this special resolution;
 - (c) the price at which any or all of the New H Shares may be issued and allotted by the directors of the Company pursuant to this special resolution shall be determined by reference to the prevailing market price of the H Shares at the time of offering and all other relevant market considerations. Such price will in any event be within a range of 20% below or above the prevailing market price of the H Shares of the Company at the time of the offering;
 - (d) the net proceeds from any such issue and allotment of the Primary Shares shall wholly fund the Company's Potential Acquisition (as defined in the circular accompanying this notice). If the Potential Acquisition does not proceed for whatever reason, any net proceeds raised from the issue and allotment of the Primary Shares pursuant to the New Issue will be used for the Company's other similar possible strategic acquisitions. Pending such use, the Company will invest such net proceeds in certificates of deposit, US

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government securities or certain other interest-bearing securities or place such net proceeds in bank deposits. Any use, investment or deposit of the net proceeds as mentioned above other than for the Potential Acquisition will have been reviewed and approved by the independent non-executive directors of the Company;

- (e) any New H Shares to be issued and allotted shall be offered to investors who are independent of and not connected with any promoter, director, supervisor, chief executive or substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules)) of the Company or any of

its subsidiaries or an Associate (as defined in the Listing Rules) of any of them, in full compliance with the rules and regulations of the Listing Rules and all applicable laws;

- (f) approval of the issue and allotment of the New H Shares shall be obtained from the holders of domestic shares by way of special resolution at a separate class meeting of holders of domestic shares and from shareholders of the Company by way of special resolution at an extraordinary general meeting;
 - (g) approvals for the issue and allotment of the New H Shares shall be obtained from all relevant PRC governmental and regulatory authorities; and
 - (h) the authority to the directors of the Company to issue and allotment the New H Shares pursuant to the New Issue shall lapse on 2 November 2004, being the date falling 6 months following the passing of this special resolution.
2. **THAT** the directors of the Company be authorised to increase the registered capital of the Company and to make such appropriate and necessary amendments to the articles of association of the Company as they think fit to reflect the registered capital of the Company following the issue and allotment of any or all of the New H Shares as the directors of the Company may in their discretion decide to issue and allot pursuant to special resolution (1) above.
3. **THAT** subject to the passing of special resolution (1) above, the holders of H shares of the Company hereby, for the avoidance of doubt, waive their pre-emptive rights (if any) over any or all of the New H Shares which may be issued and allotted pursuant to special resolution (1).

By Order of the Board

Li Ping

Company Secretary

Hong Kong
17 March 2004

Notes:

- (1) Buyers who submit the share transfer application forms to the Company's share registrar before 4:00 p.m. on 2 April 2004 and then register as holders of the H shares on the register of members of the Company are entitled to attend the H Share Class Meeting.
- (2) Each shareholder entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies to attend and vote on his behalf at the H Share Class Meeting. A proxy need not be a shareholder.
- (3) To be valid, the form of proxy together with the power of attorney or other authorisation document (if any) signed by the authorised person or notorially certified power of attorney must be delivered to the Computershare Hong Kong Investor Services Limited not less than 24 hours before the designated time for the holding of the H Share Class Meeting. Completion and return of a form of proxy will not preclude a holder of H shares of the Company from attending in person and voting at the H Share Class Meeting if he so wishes. The address of the share registrar for the Company's H shares is as follows:

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Computershare Hong Kong Investor Services Limited

Rooms 1901-1905, 19th Floor, Hopewell Centre,

183 Queen's 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 H Share Class Meeting:

- (a) holders of H shares of the Company attending the H Share Class Meeting in person or by proxy shall present their identity certification. If the attending shareholder is a corporation, its legal representative or person authorised by the board or other decision making authority shall present the copy of the relevant resolution of the board or other decision making authority in order to attend the H Share Class Meeting.
- (b) holders of H shares intending to attend the H Share Class Meeting shall return the attendance slips via hand delivery, mail or fax to the office of the board of directors of the Company on or before 12 April 2004.
- (6) The register of members of the Company will be closed from 3 April 2004 to 3 May 2004 (both days inclusive).
- (7) Shareholders (in person or by proxy) attending the H Share Class Meeting shall be responsible for their own transportation and accommodation expenses.
- (8) 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
Telephone: (8610)6642 8166
Facsimile: (8610)6601 0728

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Telecom Corporation Limited (the *Company*) will be held at 12:00 noon on 3 May 2004 at Beijing Nan Yue Yuan Hotel, 186 Zheng Wang Fen, Feng Tai District, Beijing, PRC, to seek the approval of the shareholders in general meeting to pass the following special resolutions:

SPECIAL RESOLUTIONS

1. **THAT** the directors of the Company be authorised to issue and allot up to 8,317,560,515 new H Shares (the *New H Shares*), which comprises (i) up to 7,561,418,650 New H Shares representing approximately 10% of the current registered share capital of the Company (the *Primary Shares*), and (ii) up to 756,141,865 New H Shares (representing 10% of the 7,561,418,650 Primary Shares to be issued and allotted) upon conversion of up to 756,141,865 existing domestic shares held by PRC state shareholders (the *Secondary Shares*) to comply with the Provisional Measures on the Administration of the Reduction of the State Owned Shares for Raising Social Security Funds (), subject to the following:
 - (a) the number of Secondary Shares actually issued and allotted upon conversion from domestic shares shall be 10% of the number of Primary Shares actually issued and allotted by the Company at any time and from time to time pursuant to this special resolution;
 - (b) any issue and allotment of the New H Shares pursuant to this special resolution shall be made on such terms and conditions as the directors of the Company (or a duly authorised committee thereof) consider to be appropriate and in the best interests of the Company and subject to the other conditions, including size, timing and price, as mentioned in this special resolution;
 - (c) the price at which any or all of the New H Shares may be issued and allotted by the directors of the Company pursuant to this special resolution shall be determined by reference to the prevailing market price of the H shares at the time of offering and all other relevant market considerations. Such price will in any event be within a range of 20% below or above the prevailing market price of the H shares of the Company at the time of the offering;
 - (d) the net proceeds from any such issue and allotment of the Primary Shares shall wholly fund the Company's Potential Acquisition (as defined in the circular accompanying this notice). If the Potential Acquisition does not proceed for whatever reason, any net proceeds raised from the issue and allotment of the Primary Shares pursuant to the New Issue will be used for the Company's other similar possible strategic acquisitions. Pending such use, the Company will invest such net proceeds in certificates of deposit, US government securities or certain other interest-bearing securities or place such net proceeds in bank deposits. Any use, investment or deposit of the net proceeds as mentioned above other than for the Potential Acquisition will have been reviewed and approved by the independent non-executive directors of the Company;
 - (e) any New H Shares to be issued and allotted shall be offered to investors who are independent of and not connected with any promoter, director, supervisor, chief executive or substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (*Listing Rules*)) of the Company or any of its subsidiaries or an Associate (as defined in the Listing Rules) of any of them, in full compliance with the rules and regulations of the Listing Rules and all applicable laws;
 - (f) approval of the issue and allotment of the New H Shares shall be obtained from the holders of H shares by way of special resolution at a separate class meeting of holders of H shares and from the holders of domestic shares of the Company by way of special resolution at a separate class meeting of holders of domestic shares;
 - (g) approvals for the issue and allotment of the New H Shares shall be obtained from all relevant PRC governmental and regulatory authorities; and

- (h) the authority to the directors of the Company to the issue and allotment the New H Shares pursuant to the New Issue shall lapse on 2 November 2004, being the date falling 6 months following the passing of this special resolution.
2. **THAT** the directors of the Company be authorised to increase the registered capital of the Company and to make such appropriate and necessary amendments to the articles of association of the Company as they think fit to reflect the registered capital of the Company following the issue and allotment of any or all of the New H Shares as the directors of the Company may in their discretion decide to issue and allot pursuant to special resolution (1) above.
3. **THAT** subject to the passing of special resolution (1) above, the shareholders of the Company hereby, for the avoidance of doubt, waive their pre-emptive rights (if any) over any or all of the New H Shares which may be issued and allotted pursuant to special resolution (1).

By Order of the Board

Li Ping

Company Secretary

Hong Kong

17 March 2004

Notes:

- (1) Buyers who submit the share transfer application forms to the Company's share registrar before 4:00 p.m. on 2 April 2004 and then register as shareholders on the register of members of the Company are entitled to attend the extraordinary general meeting.
- (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 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 authorisation document (if any) signed by the authorised person or notorially certified power of attorney must be delivered to the office of the board for holders of domestic shares and to the Computershare Hong Kong Investor Services Limited for holders of H shares not less than 24 hours before the designated time for the holding of the extraordinary general meeting. Completion and return of a form of proxy will not preclude a shareholder from attending in person and voting at the extraordinary general meeting if he so wishes. The address of the share registrar for the Company's H shares is as follows:

Computershare Hong Kong Investor Services Limited

Rooms 1901-1905, 19th Floor, Hopewell Centre,

183 Queen's Road East, Wanchai,

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- (5) The registration procedure for attending the extraordinary general meeting:
- (a) shareholders attending the extraordinary general meeting in person or by proxy shall present their identity certification. If the attending shareholder is a corporation, its legal representative or person authorised by the board or other decision making authority shall present the copy of the relevant resolution of the board or other decision making authority in order to attend the extraordinary general meeting.
 - (b) shareholders intending to attend the extraordinary general meeting shall return the attendance slips via hand delivery, mail or fax to the office of the board of directors of the Company on or before 12 April 2004.

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31 Jinrong Street

Xicheng District, Beijing 100032

PRC

Contact person:	Li Ping
Telephone:	(8610)6642 8166
Facsimile:	(8610)6601 0728

Listed Companies Information

CHINA TELECOM Announcement

The Stock Exchange has received a message from China Telecom Corporation Limited which is reproduced as follows:-

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

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

CLARIFICATION ANNOUNCEMENT

This announcement has been made at the request of The Stock Exchange of Hong Kong Limited in response to a press article in Singtao Daily today relating to a proposed fund-raising by China Telecom Corporation Limited (the "Company") and the proposed acquisition of assets from its parent. The Board of Directors would like to clarify that under no circumstances has it disclosed such information to the press nor is it aware of the source of any such disclosure. As mentioned in its announcement on 1 March 2004, preliminary discussions are continuing with its parent in relation to the acquisition of telecommunication assets. So far no agreement has been reached in relation to the acquisition of any such assets nor has any placing agreement been entered into by the Company to raise funds to finance such acquisition. However, the Company expects to make a further announcement concerning the potential acquisition and certain proposal to raise funds to finance such acquisition after close of business today, when a formal announcement on these matters will also be made. The Company would like to further confirm that it has not entered into any agreement relating to any of the above matters. The proposed acquisition and proposal to raise funds may or may not proceed and investors are advised to exercise caution in dealing with the Company's H shares.

By Order of the Board

Li Ping

Company Secretary

Hong Kong

17 March 2004

China Telecom Corporation Limited

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

Announcement of Annual Results

for the Year Ended 31 December 2003

HIGHLIGHTS

Total operating revenue reached RMB118,451 million, up by 8.1%

EBITDA reached RMB65,369 million, with EBITDA margin of 55.2%

Net profit reached RMB24,686 million, with net profit margin of 20.8%

Basic earnings per share reached RMB0.33

Total number of access lines in service reached 118 million, up by 22.0%

Broadband subscribers reached 5.63 million, an increase of 200.4%

CHAIRMAN'S STATEMENT

China Telecom Corporation Limited performed with vitality in 2003. We have increased our overall strength significantly through our continuing efforts in innovation, solid execution, reforms and management improvement. Setting our goal to become a world-class telecommunications operator and our corporate objective to maximise shareholders' value, we seized opportunities to accelerate growth. Further developing our business model of market-oriented, customer-centered and return-driven, we have significantly increased and enhanced our profitability and investment value. In 2003, while maintaining the pace of our organic growth, we also achieved external expansion through the successful acquisition of the telecommunications businesses from China Telecommunications Corporation in Anhui Province, Fujian Province, Jiangxi Province, Guangxi Zhuang Autonomous Region, Chongqing Municipality and Sichuan Province. Consequently, our market leadership position has been further consolidated.

Review of 2003

In a favourable environment of China's fast growing and strong economy, we upheld our priority in developing our business and achieved positive results in 2003.

Our revenue for 2003 reached RMB118,451 million, an increase of 8.1% from our restated revenue for 2002. Operating expenses reached RMB86,003 million, an increase of 2.9% from our restated operating expenses for 2002. The growth rate of our expenses was lower than the growth rate of our revenue. Net profit reached RMB24,686 million and net profit margin was 20.8%. Our basic earnings per share was RMB0.33.

Our core businesses had outstanding performance in 2003. The wireline telephone services, our pillar business, maintained stable growth and provided us with a steady cash flow. Driven by the strong demand, our wireless local services grew rapidly to become a new driving force of our voice services and mitigated the substitution effect of mobile services. Our broadband Internet services has been our most rapidly growing line of service and has enormous potential.

As of the end of 2003, our wireline telephone subscriber base reached 118 million, an increase of 21.30 million subscribers, or 22.0%, from year-end 2002. Of this increase in our subscriber base, the number of our wireless local subscribers reached 18.35 million, an increase of 11.10 million, or 153.3%, from year-end 2002. The number of our broadband Internet subscribers reached 5.63 million, an increase of 3.76 million, or 200.4%, from year-end 2002. The steady growth in our local telephone subscriber base has strengthened our leading market position, while our continuously expanding broadband Internet subscriber base made room for further business growth.

Our successful acquisition of the telecommunications businesses in the six service regions has enabled us to achieve strong external growth, resulting in an increase of 49.15 million local telephone subscribers, an increase of RMB37,071 million in operating revenue and an increase of RMB6,529 million in net profit.

Innovation and Implementation

Our businesses and operations were greatly bolstered by our efforts in innovation, restructuring, and enhanced management in 2003. We continued to focus on implementing our strategies. In particular, we stimulated revenue growth by enhancing our distribution channels, improved operating efficiency by implementing management innovation, increased competitive competence by implementing Business Process Re-engineering (BPR), and accelerated management modernisation by utilising information technology.

In 2003, we continued to enhance our distribution channels as a necessary measure for evolving into a market-oriented business. With the establishment of our four major distribution channels and three major customer service units, we have generally completed the structure of a multi-level and seamless distribution channel that provides integrated services with full coverage. Such a unique distribution system has become our core competitive competence. We enhanced the overall competence of our employees in our marketing channels by optimizing our personnel structure, and increased our responsiveness to the market by optimising our operating processes. We also improved our incentive mechanism by strengthening our merit-based evaluation scheme, such as sales accountability, and advanced support for our sales and services by optimizing our information system. In addition, we built up the service-level-agreement mechanism between the front-end and back-end operations, made timely allocations of network resources and therefore increased our responsiveness to the market in order to provide quality services.

We identified the direction of our management innovation and business focus by benchmarking with the best practices of the top telecommunications operators in the world. We incorporated all of our operating activities with our plans in controlling budget, and strengthened the implementation, supervision and evaluation of our plans. We further centralised and streamlined our financial management system, so as to strengthen our internal control and management on both levels of our headquarters and provincial subsidiaries. Such measures resulted in an efficient control on expenditures, which helped boost our operating performance. By continuously improving our internal control and establishing a multi-level control mechanism, we have effectively minimised our operating and financial risks.

We also made progress in the centralised management of our network resources, which has effectively reduced our maintenance costs for network operations. We optimised the use of our reserved network resources through centralised allotment, which effectively controlled our capital expenditures and further increased the security and reliability of our network operations. In addition, we completed the centralisation of our management for our local network billing system and established a consolidated settlement system at headquarters and provincial levels, which provided further support for our operations. We restructured our network operations and maintenance from a network-oriented system to a market-oriented and customer-oriented system, which consequently improved our network operating efficiency and responsiveness to our front-ends.

Benchmarking with the best practices in the world, we continued to implement BPR in our local branch companies and built up strong strategic business units to enhance our competitive ability. In implementing BPR, we continuously improved our residential customer process, commercial customer process, large enterprise customer process, billing process, investment process, and ongoing responsive local network resources management process. We also optimised the organisational structure of our local branch companies under the principle of centralisation and consolidation. By assigning a key performance indicator quota to each post, each employee bears his or her own operating responsibility. As a result, the market responsiveness and quality of our customer service improved significantly.

In 2003, our information technology made steadfast progress. We formulated an IT Strategic Plan (ITSP), setting up the goal for our technological structure to be unified network platform , unified data structure , and unified application and integration platform , and the goal for our organisational structure to be professionalised IT divisions , IT budgets and IT control processes , thereby establishing a new generation of integrated IT system for China Telecom known as CTG-MBOSS. In our ITSP, our Operation Supporting System (the OSS), which focuses on network operations, will help ensure efficient and stable network operations, provide strong support for our marketing activities, and accelerate our responses to the market. Our Business Supporting System (the BSS), which focuses on our customers and business, will effectively improve our customers' experience and satisfaction with our services. Our Management Supporting System (the MSS), which focuses on our management process, will effectively reduce our administrative expenses and strengthen support to management decisions.

Outlook for 2004

The average annual growth rate for China's economy in the past 25 years was 9.4%. The GDP growth rate in 2003 exceeded 9%. Such continuously strong growth in China's economy has created further growth potential in the Chinese telecommunications industry. The Chinese government's goal of further improving its residents' living standards and its strategy for developing information technology have provided robust driving forces for the development of the telecommunications industry in China. In 2004, the government's grand plans for developing China into a strong telecommunications nation will bring invaluable opportunities for our growth.

The regulatory environment in China has become more transparent than ever. We expect that the PRC regulators will continue to focus on regulatory issues such as interconnection and encourage orderly competition in the market.

In 2004, we will seize all opportunities to accelerate growth. To meet the high demand in the wireline telephone market, we will continue to fully leverage on the advantage of our customer base, networks and full business lines, in order to enhance our profitability and maximise our shareholders' value. While maintaining high organic growth, we will continue to expand externally by seeking opportunities for high-quality acquisition targets. We will strive to do our utmost to build China Telecom into a large corporation that is highly competitive worldwide.

We will continue to devote our efforts in serving and repaying our society, and helping develop information technology for China's economy and contributing to the development of China into a strong telecommunications country.

Dividend Policy in 2003

Based on our operating results, our Board of Directors will propose to declare a dividend of HK\$0.065 per share in the forthcoming Annual General Meeting.

Finally, I would like to take this opportunity to express my sincere appreciation to all of our shareholders, directors, supervisors, employees and customers.

Zhou Deqiang

Chairman and Chief Executive Officer

Beijing, PRC

17 March 2004

GROUP RESULTS

China Telecom Corporation Limited (the Company) is pleased to announce the consolidated results of the Company and its subsidiaries (the Group) for the year ended 31 December 2003 extracted from the audited financial statements of the Group as set out in its 2003 annual report.

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2003

(Amounts in millions, except per share data)

	<i>Note</i>	2003 <i>RMB</i>	2002 <i>RMB</i>
Operating revenues		118,451	109,564
Operating expenses			
Depreciation and amortisation		(32,921)	(33,005)
Network operations and support		(31,883)	(32,228)
Selling, general and administrative		(18,303)	(15,461)
Other operating expenses		(2,896)	(2,873)
Total operating expenses		<u>(86,003)</u>	<u>(83,567)</u>
Operating profit		32,448	25,997
Deficit on revaluation of property, plant and equipment			(14,690)
Net finance costs		(1,814)	(2,144)
Investment income		7	63
Share of profit from associates		34	37
Profit before taxation and minority interests		<u>30,675</u>	<u>9,263</u>
Taxation		(5,933)	582
Profit before minority interests		<u>24,742</u>	<u>9,845</u>
Minority interests		(56)	(72)
Profit attributable to shareholders		<u>24,686</u>	<u>9,773</u>
Basic earnings per share	2	<u>0.33</u>	<u>0.14</u>
Weighted average number of shares		<u>75,614</u>	<u>69,242</u>

CONSOLIDATED BALANCE SHEET

at 31 December 2003

(Amounts in millions)

	2003 RMB	2002 RMB
ASSETS		
Non-current assets		
Property, plant and equipment, net	235,211	220,761
Construction in progress	22,790	27,969
Lease prepayments	3,234	3,261
Interests in associates	513	464
Investments	205	271
Deferred tax assets	8,314	7,526
Other assets	9,834	9,659
	<u> </u>	<u> </u>
Total non-current assets	280,101	269,911
Current assets		
Inventories	2,330	1,753
Accounts receivable, net	10,187	9,058
Prepayments and other current assets	2,440	2,852
Time deposits with maturity over three months	428	1,352
Cash and cash equivalents	10,119	18,685
	<u> </u>	<u> </u>
Total current assets	25,504	33,700
	<u> </u>	<u> </u>
Total assets	305,605	303,611
	<u> </u>	<u> </u>
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term debt	40,097	40,336
Current portion of long-term debt	6,434	5,674
Accounts payable	20,129	21,728
Accrued expenses and other payables	15,989	16,297
Income tax payable	3,395	3,842
Current portion of finance lease obligations	19	67
Current portion of deferred revenues	10,603	11,604
	<u> </u>	<u> </u>
Total current liabilities	96,666	99,548
	<u> </u>	<u> </u>
Net current liabilities	(71,162)	(65,848)
	<u> </u>	<u> </u>
Total assets less current liabilities		