

If you are in doubt about this supplemental prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

This is a supplemental prospectus issued by China Telecom Corporation Limited which supplements the prospectus issued by it on October 25, 2002 (the "Prospectus") in connection with a global offering and listing of its H shares on The Stock Exchange of Hong Kong Limited. A copy of this supplemental prospectus having attached thereto a certified copy of a certificate in the approved manner as to the accuracy of the Chinese translation of this supplemental prospectus and the original and certified copy of a certificate in the approved manner as to the competency of the Chinese translator to be given by the Joint Sponsors have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this supplemental prospectus or any other documents referred to above.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Unless otherwise indicated, capitalised terms used in this supplemental prospectus have the same meanings ascribed to them as in our prospectus dated October 25, 2002.



**China Telecom Corporation Limited**  
**中國電信股份有限公司**

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

**SUPPLEMENTAL PROSPECTUS**

On October 24, 2002, subsequent to the printing of the Prospectus, we held a press conference to launch our Hong Kong Public Offering. At that press conference, in response to questions from the press, we made certain statements that were not included in our Prospectus. Accordingly, we are setting out such additional information in this supplemental prospectus so that all potential investors may have the benefit of such information.

We are issuing this supplemental prospectus pursuant to Rule 11.13 of the Hong Kong Listing Rules to provide information on the statements we made at the press conference. This document supplements the Prospectus, should be read in conjunction with the Prospectus and is required to be distributed with the Prospectus. Some of the statements referred to below have already been set out in our press announcements dated October 25, 2002 appearing on the South China Morning Post and the Hong Kong Economic Times on October 26 and 28, 2002.

The statements we made are described below:

**Statements relating to internal benchmarkings**

At the press conference, we provided targeted annual average growth rates for revenues and profits over the three financial years of 2002 to 2004. Subsequent to the press conference, we issued a press announcement that clarified that these figures are only internal benchmarks that we have set for ourselves to assess our financial performance, and that they should not be interpreted as projections of our future revenue or earnings. These internal benchmarks were established by taking into account many factors and assumptions that are subject to significant risks, uncertainties and contingencies, many of which are beyond our control. In addition, these internal benchmarks reflect our current targets with respect to future events and are not a guarantee of future performance. The internal financial benchmarks provided were an average annual growth rate in revenues of approximately 8% over the three-year period of 2002 to 2004 and an average annual growth rate in net profit in the range of 8% to 11% over the same three-year period. The internal benchmark growth rate in net profit for 2002 is based upon our 2001 net profit after adding back a revaluation deficit charge of RMB11,930 million, net of related income tax of approximately RMB3,937 million.

These internal benchmarks are forward-looking statements based upon many factors and assumptions which are subject to significant risks and uncertainties, including those set forth under the section headed "Risk Factors" in the Prospectus. Please also see the section headed "Forward-Looking Statements" in the Prospectus. It is expected that the failure of one or more of these factors or assumptions to be correct will cause our actual results to vary materially from our internal benchmarks, and such variances will likely increase over time. You should not regard the inclusion of these internal benchmarks in this supplemental prospectus as a representation by us, the Underwriters involved in the Global Offering or any other person that these internal benchmarks will be attained. For these reasons, you should only consider these internal benchmarks after carefully evaluating all of the information in the Prospectus, including the risks described in the "Risk Factors" section and throughout the Prospectus. Furthermore, we do not intend to publish or otherwise disseminate any revisions to these internal benchmarks.

#### **Statement relating to number of access lines**

We believe that we are currently one of the world's largest telecommunications operators in terms of access lines in service and that we will remain one of the largest in 2003. This statement is a forward-looking statement subject to significant risks and uncertainties, including those set forth under the section headed "Risk Factors" in the Prospectus. Please also see the section headed "Forward-Looking Statements".

#### **Statement relating to acquisition of telecommunications assets**

We currently are considering acquiring quality telecommunications assets from China Telecommunications Corporation in some provinces. However, we have no current plans or anticipated timing in respect of any such acquisition and we have no plans as to the number or identity of the provinces that this may involve.

#### **Statement relating to wireline penetration rate**

We currently target continued growth in our wireline penetration rate in our service regions and target such rate to approach 35% by the end of 2005. This statement is a forward-looking statement subject to significant risks and uncertainties, including those set forth under the section headed "Risk Factors" in the Prospectus. Please also see the section headed "Forward-Looking Statements".

#### **Statement relating to managed data services**

We currently target our managed data services to grow at a double-digit annualized rate. This statement is a forward-looking statement subject to significant risks and uncertainties, including those set forth under the section headed "Risk Factors" in the Prospectus. Please also see the section headed "Forward-Looking Statements".

#### **Statement relating to our DSL service**

A large portion of our customers currently live within a short distance from our central offices which makes offering DSL service more cost effective.

By Order of the Board  
**China Telecom Corporation Limited**  
**Li Ping**  
*Company Secretary*

Hong Kong, October 28, 2002

*The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, (i) the information contained in this supplemental prospectus is accurate and complete in all material respects and not misleading; (ii) there are no other facts the omission of which would make any statement in this document misleading and (iii) all opinions expressed in this supplemental prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*