

Our forecast profit after taxation and minority interests but before extraordinary items for the year ending December 31, 2002 is set out in the Section headed “Financial Information—Profit Forecast and Dividend Policy.”

### **A. BASES AND ASSUMPTIONS**

We have adopted the following bases and assumptions, which we believe are reasonable for the applicable period, in the preparation of the prospective financial information:

- there will be no material change in existing political, legal, fiscal, market or economic conditions in China, Hong Kong, or any other country or territory in which we currently operate or which are otherwise material to our revenues;
- there will be no changes in legislation, regulations or rules in China, Hong Kong or any other country or territory in which we operate or with which we have arrangements or agreements, which materially adversely affect our business;
- based on information currently available to us, there will be no tariff reduction that will have a material adverse effect on our business;
- there will be no material change in the bases or rates of taxation in the countries or territories in which we operate, except as otherwise disclosed in this prospectus; and
- there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing.

**B. LETTERS**

Set out below are texts of letters received by our Directors from KPMG, Certified Public Accountants, Hong Kong and from the Joint Sponsors in connection with the forecast of the profit after taxation and minority interests but before extraordinary items of our Company for the year ending December 31, 2002.



8th Floor  
Prince's Building  
10 Chater Road  
Hong Kong

October 25, 2002

The Directors  
China Telecom Corporation Limited  
China International Capital Corporation (Hong Kong) Limited  
Merrill Lynch Far East Limited  
Morgan Stanley Dean Witter Asia Limited  
(as Joint Sponsors and on behalf of the Hong Kong Underwriters as  
defined in the Prospectus)

Dear Sirs,

We have reviewed the accounting policies and calculations adopted in arriving at the forecast (the "Forecast") of the combined profit after taxation and minority interests but before extraordinary items of China Telecom Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending December 31, 2002, for which the directors of the Company (the "Directors") are solely responsible, as set out in the prospectus dated October 25, 2002 issued by the Company (the "Prospectus"). The Forecast is based on the results of the Group for the six months ended June 30, 2002 and a forecast for the remaining six months of the year ending December 31, 2002.

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled on the bases and assumptions made by the Directors as set out in Part A of Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in our Accountants' Report dated October 25, 2002, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

KPMG  
Certified Public Accountants

China International Capital  
Corporation (Hong Kong) Limited  
Room 2307, 23rd Floor  
One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

Merrill Lynch Far East Limited  
17th Floor  
Asia Pacific Finance Tower  
3 Garden Road  
Central  
Hong Kong

Morgan Stanley Dean Witter Asia Limited  
30th Floor  
Three Exchange Square  
Central  
Hong Kong

October 25, 2002

The Directors  
China Telecom Corporation Limited

Dear Sirs,

We refer to the forecast profit after taxation and minority interests but before extraordinary items of China Telecom Corporation Limited (the “Company”) and its subsidiaries for the year ending December 31, 2002 as set out in the prospectus issued by the Company dated October 25, 2002 (the “Prospectus”).

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus upon which the profit forecast has been made. We have also considered the letter dated October 25, 2002 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the profit forecast has been made.

On the basis of the information comprising the profit forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the profit forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

China International Capital Corporation (Hong Kong) Limited  
Mr. Shen Xia  
Vice President

Merrill Lynch Far East Limited  
Mr. Kwai Lam Wong  
Managing Director

Morgan Stanley Dean Witter Asia Limited  
Mr. Jonathan Fouts  
Managing Director