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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: 728)

CHANGES IN ACCOUNTING ESTIMATES

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the "Board") of China Telecom Corporation Limited (the "Company", together with its subsidiaries, the "Group") hereby announces that, in order to ensure that the accounting depreciable lives of fixed assets are in better alignment with their actual usage conditions, the Company resolved to change the accounting depreciable lives of certain fixed assets (including IPTV equipment, CDN equipment and corporate information system equipment) from 10 years to 5 years in accordance with the actual conditions. The above changes have been implemented with effect from 1 October 2017.

1. Overview of Changes in Accounting Estimates

Since the proposed implementation of Transformation 3.0 strategy from June 2016, the Company has proactively devoted to promote network intelligentisation and has introduced new technologies such as SDN, NFV and cloud, expediting the construction of the new generation network. To create state-of-the-art network experience and enhance market competitiveness, the Company resolved to accelerate the upgrade and replacement of IPTV equipment, CDN equipment and corporate information system equipment in order to promote the long-term sustainable development of the Company. Therefore, it is expected that the actual useful lives of the above fixed assets will be different from the original estimated depreciable lives. After conducting a review on the useful lives of the fixed assets of the Company, in order to more accurately reflect the useful lives of the fixed assets of the Company and to ensure that the fixed assets and their related depreciation expenses more appropriately reflect the Company's actual usage conditions, the Company resolved to change the accounting estimates of the depreciable lives of certain fixed assets. The accounting depreciable lives of IPTV equipment, CDN equipment and corporate information system equipment have been changed from 10 years to 5 years.

2. Particulars of Changes in Accounting Estimates

The Company changed the depreciable lives of certain fixed assets, particulars of which are as follow:

<u>Category of fixed assets</u>	<u>Depreciable lives before the changes</u>	<u>Depreciable lives after the changes</u>
IPTV equipment, CDN equipment and corporate information system equipment	10 years	5 years

3. Expected Financial Impact of Changes in Accounting Estimates on the Company

The above changes have been implemented with effect from 1 October 2017. The changes in depreciable lives of certain fixed assets are considered as changes in accounting estimates and are to be accounted for prospectively without retrospective adjustment. Therefore, such changes will not have any impact on the Group's financial statements for previous years. Based on the existing information, in accordance with the calculations under International Financial Reporting Standards, the above changes in accounting estimates are expected to increase the depreciation expenses of the Group for the year ending 31 December 2017 by approximately RMB4,000 million, which are also expected to affect the net profit of the Group for the year ending 31 December 2017. The Company's international auditor, Deloitte Touche Tohmatsu, will perform audit for the consolidated financial statements of the Group for year 2017 which include these changes in accounting estimates when it performs financial audit for year 2017.

The expected impact on the depreciation and profit arising from the above changes in accounting estimates is only a preliminary assessment by the Company based on the information currently available, which has not been audited by the Company's international auditor.

4. Board's Opinion

Taking into consideration the opinion of the audit committee of the Company, the Board is of the view that the changes in accounting estimates are in compliance with applicable laws and regulations. The changes in accounting estimates are able to more accurately reflect the useful lives and actual usage conditions of the fixed assets of the Company. Meanwhile, it is in compliance with relevant regulations of International Financial Reporting Standards and in the interests of the Company and its shareholders as a whole.

In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.

By Order of the Board
China Telecom Corporation Limited
Yang Jie
Chairman and Chief Executive Officer

Beijing, China, 15 December 2017

FORWARD-LOOKING STATEMENTS

Certain statements contained in this announcement may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 (as amended) and Section 21E of the U.S. Securities Exchange Act of 1934 (as amended). Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.

As at the date of this announcement, the Board of Directors of the Company consists of Mr. Yang Jie (as the chairman and chief executive officer); Mr. Liu Aili (as the president and chief operating officer); Mr. Ke Ruiwen, Mr. Sun Kangmin, Mr. Gao Tongqing and Mr. Chen Zhongyue (all as the executive vice presidents); Mr. Chen Shengguang (as the non-executive director); Mr. Tse Hau Yin, Aloysius, Madam Cha May Lung, Laura, Mr. Xu Erming and Madam Wang Hsuehming (all as the independent non-executive directors).