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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)**

### **FINAL CONSIDERATION AMOUNT FOR THE TRANSACTION IN RELATION TO THE DISPOSAL OF TELECOMMUNICATIONS TOWERS AND RELATED ASSETS**

We refer to the announcements of China Telecom Corporation Limited (the "**Company**") dated 14 October 2015 and 2 November 2015, respectively in relation to the transfer agreement (the "**Transfer Agreement**") entered into by and among the Company and (i) China Mobile Communication Company Limited and related subsidiaries (together, "**China Mobile**"); (ii) China United Network Communications Corporation Limited ("**CUCL**") and Unicom New Horizon Telecommunications Company Limited ("**New Horizon**", together with CUCL, "**China Unicom**") (iii) China Reform Holding Company Limited ("**CRHC**"); and (iv) China Tower Corporation Limited ("**China Tower**") on 14 October 2015, and in relation to the fulfilment of all conditions precedent under the Transfer Agreement on 31 October 2015 (the "**Completion Date**"). Under the Transfer Agreement, the Company will sell certain telecommunications towers and related assets and inject cash to China Tower in return for new shares (the "**Consideration Shares**") issued by China Tower; China Mobile and China Unicom will also sell certain telecommunications towers and related assets to China Tower in return for new shares issued by China Tower and for cash; and CRHC will make cash subscription for new shares issued by China Tower (the "**Transaction**"). Unless otherwise defined, terms used in this announcement shall have the same meaning as those used in the announcement dated 14 October 2015.

As stated in the announcement of the Company dated 14 October 2015, the final consideration amount for the Transaction is calculated as follows:

Consideration equals	(1)	appraised value of the Assets
Less	(2)	amortisation and depreciation of the Assets for the period commencing from the Relevant Reference Dates (as defined below) to the Completion Date based on the appraised value and the remaining useful life of the Assets as determined in the Asset Appraisal Report
Less	(3)	the value of the excluded Assets
Add	(4)	the value of the Newly Included Assets

The ascertained appraised value and the book value of the Assets filed under the PRC laws and regulations are as follows (as adjusted from the preliminary appraised value and book value disclosed in the announcement dated 14 October 2015):

	<u>Appraised Value<sup>(a) (b)</sup></u>	<u>Book Value<sup>(c)</sup></u>
The Assets	RMB33.597 billion (approximately HK\$39.953 billion)	RMB28.320 billion (approximately HK\$33.678 billion)

Notes:

- (a) Refers to appraised value of the Assets set out as item (1) in the above calculation formula.
- (b) The aggregate amount of the appraised value of the first batch of the Assets as at 31 October 2014 and the appraised value of the second batch of the Assets as at 31 March 2015 (together with 31 October 2014 as the “**Relevant Reference Dates**”) as set out in the Asset Appraisal Report, which has been filed for record.
- (c) The aggregate amount of the book value of the first batch of the Assets as at 31 October 2014 and the book value of the second batch of the Assets as at 31 March 2015 as set out in the unaudited management accounts of the Company, which have been filed for record.

Accordingly, the Company and China Tower have implemented the delivery of the Assets under the Transfer Agreement. The final consideration amount for the Transaction has been determined as approximately RMB30.131 billion (equivalent to approximately HK\$35.831 billion) based on calculation in accordance with the aforesaid formula.

China Tower will issue approximately 33.097 billion Consideration Shares to the Company at an issue price of RMB1 per share under the Transfer Agreement in return for the Assets and approximately RMB2.966 billion (equivalent to approximately HK\$3.527 billion) cash from the Company.

Upon the issuance of the Consideration Shares by China Tower, the Company, China Mobile, China Unicom and CRHC hold 27.9%, 38.0%, 28.1% and 6.0% of the share capital of China Tower, respectively.

The Company expects to realise a gain (subject to deduction of relevant expenses and taxes) from the disposal of the Assets, which is calculated based on the surplus of the final consideration amount for the Transaction over the book value of the Assets as at the Completion Date. Such book value and the relevant expenses and taxes will be finally determined upon completion of audit. As the Company holds 27.9% of the share capital of China Tower, only 72.1% of the aforesaid gain will be recognised at the Completion Date and the remaining 27.9% of the aforesaid gain will be deferred over the remaining useful life of the Assets.

This announcement contains translations between Renminbi and Hong Kong dollar amounts at RMB0.84091 = HK\$1, being the prevailing exchange rate. The translations should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

By order of the Board  
**China Telecom Corporation Limited**  
**Ke Ruiwen**  
Executive Director and Executive Vice President

Beijing, China, 29 January 2016

***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 of the date of this announcement, the Board of the Company consists of Mr. Yang Jie (exercising the powers of the chairman and chief executive officer; as the president and chief operating officer); Mr. Zhang Jiping, Mr. Yang Xiaowei, Mr. Sun Kangmin and Mr. Ke Ruiwen (all as the executive vice presidents); Mr. Zhu Wei (as the non-executive director); and Mr. Tse Hau Yin, Aloysius, Madam Cha May Lung, Laura, Mr. Xu Erming and Madam Wang Hsuehming (all as the independent non-executive directors).