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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)

VOLUNTARY ANNOUNCEMENT: COMMERCIAL PRICING ARRANGEMENT IN RESPECT OF THE LEASE OF TELECOMMUNICATIONS TOWERS AND RELATED ASSETS FROM CHINA TOWER CORPORATION LIMITED

Reference is made to the announcement (the “Announcement”) of China Telecom Corporation Limited (the “Company”) published on 8 July 2016 in relation to the pricing arrangement in respect of the lease of telecommunications towers and related assets (including Acquired Towers and New Towers) from China Tower Corporation Limited (“China Tower”). Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

On 8 July 2016, the Company and China Tower entered into the Commercial Pricing Agreement pursuant to which the provincial companies of both parties entered into the Provincial Service Agreement (I) therein.

In accordance with the Commercial Pricing Agreement, after mutual negotiations and discussions on an arm’s length basis, both parties entered into a supplemental agreement on the basis of the original agreement on 1 February 2018. The major terms include:

1. To adjust the relevant pricing arrangement of tower products stated in Annex 1 Product Catalogue and Pricing under the Commercial Pricing Agreement, including the markup margin rate shall be adjusted from 15% to 10%; the sharing discount rate of base price shall be adjusted from 20% to 30% applicable to the towers shared by two lessees and from 30% to 40% applicable to the towers shared by three lessees; an extra 5% discount in addition to the sharing discount applicable to the first occupier remains unchanged; for certain provinces, the geographical adjustment coefficients of standard construction costs of new tower products and the discount rate of Acquired Towers shall be adjusted. The concessionary policy for existing sharing parties shall be extended to 31 December 2019 and both parties will further negotiate and agree on the pricing arrangement prior to the expiry date.

2. The adjusted Product Catalogue and Pricing shall be effective from 1 January 2018. The product confirmation note or the bulk product lease commencement confirmation shall be entered into by the respective companies of both parties at the provincial or city level.
3. The term of the agreement is five years, commencing from 1 January 2018 until 31 December 2022. Prior to the expiry, negotiations will be conducted by both parties to confirm the subsequent pricing arrangement.

In the opinion of the Company, signing of the supplemental agreement with China Tower is beneficial to further foster sustainable healthy development of the Company in the future.

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

Beijing, China, 1 February 2018

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. 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).