

Comments on IASB's Proposed Amendments to Revaluation of Assets

To: International Accounting Standards Board
From: China Telecom Corporation Ltd.
Date: December 22, 2009
Re: IFRS exposure draft on improvements to IFRS

Dear Sir/Madam,

We generally agree with the improvements to IFRS 1, please see our reason and advice below.

Question 1: Do you agree with the Board's proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

Answer : We agree with the amendment to assets revaluation proposed by the IASB, which is to relax the condition on the adoption of deemed cost to the situation that the measurement date is after the first-time adopter's date of transition to IFRSs and allow the selection of fair value measurements as deemed cost under the special condition of restructuring and initial public offering. The advantage is that this can reduce the difference between the original standard and IFRS. However, for those

entities which measurement date (because of an event such as an initial public offering) is after the first-time adopter's date of transition to IFRSs, we suggest to relax the condition regarding the selection of fair values measurement as deemed cost:

1. In paragraph D8 of the amendment, the IASB mentioned that if the revaluation date is after the first-time adopter's date of transition to IFRSs, the entities should meet some criteria (e.g. the revaluation of property, plant and equipment, investment property and intangible assets), and then they may elect the fair value measurements as deemed cost. We suggest that this treatment should not just apply to property, plant and equipment mentioned in IAS 16, but also apply to all assets and liabilities. In practice, the entities performed revaluation on all assets and liabilities on revaluation base date (评估基准日) and the original standard requires the entities to elect fair value measurements for accounting treatment. If the conditions regarding the selection of fair values measurements as deemed cost can be extended to all assets and liabilities, GAAP difference will be further reduced.

Question 2: Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you

propose?

Answer : We agree with the proposed transition provisions and effective date.

Should you have any questions on our comments, please don't hesitate to contact us at weinan@chinatelecom.com.cn.

Yours sincerely,

Finance and Accounting Dept.

China Telecom Corporation Ltd.