

Other Information

Management Discussion and Analysis

According to paragraph 40 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), save as disclosed herein, the Company confirms that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 has not changed materially from the information disclosed in the Company’s 2016 Annual Report.

Purchase, Sale or Redemption of Securities

During the six-month period ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

Directors’ and Supervisors’ Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, none of the Directors or Supervisors of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”).

As at 30 June 2017, the Company has not granted its Directors or Supervisors, or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for the shares or debentures.

Change of Directors and Supervisors since the Date of the 2016 Annual Report

The changes in the information relating to the Directors and Supervisors since the date of the Company’s 2016 Annual Report are set out below:

The term of office of the members of the fifth session of the Board of Directors of the Company expired on 23 May 2017. Mr. Yang Jie, Mr. Yang Xiaowei, Mr. Ke Ruiwen, Mr. Sun Kangmin, Mr. Gao Tongqing, Mr. Chen Zhongyue, Mr. Chen Shengguang, Mr. Tse Hau Yin, Aloysius, Madam Cha May Lung, Laura, Mr. Xu Erming and Madam Wang Hsuehming were elected or re-elected as directors of the sixth session of the Board of Directors of the Company at the Annual General Meeting held on 23 May 2017.

The term of office of the members of the fifth session of the Supervisory Committee of the Company expired on 23 May 2017. Mr. Sui Yixun, Mr. Hu Jing and Mr. Ye Zhong were re-elected as supervisors of the sixth session of the Supervisory Committee of the Company at the Annual General Meeting held on 23 May 2017. On the same date, Mr. Yang Jianqing and Mr. Zhang Jianbin have been elected by the employees of the Company democratically as supervisors of the Company representing the employees. A member of the fifth session of the Supervisory Committee, Mr. Tang Qi, retired as a supervisor of the Company upon expiry of the term of office of the fifth session of the Supervisory Committee on 23 May 2017.

On 7 June 2017, Mr. Yang Xiaowei resigned from his positions as an Executive Director, President and Chief Operating Officer of the Company due to change in work arrangement.

Mr. Ke Ruiwen, the Executive Director, Executive Vice President and Joint Company Secretary of the Company, has been appointed as the Chairman of Supervisory Committee of China Tower Corporation Limited. Mr. Xu Erming, the Independent Non-Executive Director of the Company, has retired from the position of Independent Supervisor of Harbin Electric Company Limited and has been appointed as an Independent Non-Executive Director of Comtec Solar Systems Group Limited. Mr. Ye Zhong, the Supervisor of the Company, has been appointed as a Director of Zhejiang Provincial Financial Holdings Co., Ltd. and a Director of Zhejiang Provincial Industry Fund Co., Ltd.

Save as stated above, there is no other information of the Directors or Supervisors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors and Supervisors are available on the website of the Company (www.chinatelecom-h.com).

Material Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2017, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings (excluding the Directors and Supervisors) in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO are as follows:

| Name of Shareholders | Number of shares held | Type of Shares | Percentage of the respective type of shares in issue (%) | Percentage of the total number of shares in issue (%) | Capacity |
|--|-----------------------------------|-----------------|--|---|------------------|
| China Telecommunications Corporation | 57,377,053,317 (Long position) | Domestic shares | 85.57% | 70.89% | Beneficial owner |
| Guangdong Rising Assets Management Co., Ltd. | 5,614,082,653 (Long position) | Domestic shares | 8.37% | 6.94% | Beneficial owner |

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|---|---|----------------|--|---|---|
| JPMorgan Chase & Co. | 1,647,074,975 (Long position) | H shares | 11.87% | 2.04% | 421,413,090 shares as beneficial owner; 88,780,000 shares as investment manager; 10,700 shares as trustee (other than a bare trustee) and 1,136,871,185 shares as custodian corporation/ approved lending agent |
| | 151,459,928 (Short position) | H shares | 1.09% | 0.19% | Beneficial owner |
| | 1,136,871,185 (Shares available for lending) | H shares | 8.19% | 1.40% | Custodian corporation/approved lending agent |
| BlackRock, Inc. | 858,371,924 (Long position) | H shares | 6.19% | 1.06% | Interest of controlled corporation |
| GIC Private Limited | 838,531,200 (Long position) | H shares | 6.04% | 1.04% | Investment manager |
| The Bank of New York Mellon Corporation | 750,064,125 (Long position) | H shares | 5.40% | 0.93% | Interest of controlled corporation |
| | 721,643,841 (Shares available for lending) | H shares | 5.20% | 0.89% | Interest of controlled corporation |
| Templeton Global Advisors Limited | 703,545,865 (Long position) | H shares | 5.07% | 0.87% | Investment manager |

Save as disclosed above, as at 30 June 2017, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of the Company.

Audit Committee

The audit committee has reviewed with management and the Company's international auditor, Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the Company's Interim Report for the six months ended 30 June 2017.

Compliance with the Corporate Governance Code

The Company attaches great importance to corporate governance. We continued to make efforts in improving the Company's internal control mechanisms, strengthening information disclosure and enhancing the Company's transparency, developing corporate governance practices and protecting shareholders' interests to the maximum degree.

The roles of Chairman and Chief Executive Officer of the Company were performed by the same individual, for the six-month period ended 30 June 2017. In the Company's opinion, through supervision by the Board of Directors and the Independent Non-Executive Directors, with effective control of the Company's internal check and balance mechanism, the same individual performing the roles of Chairman and Chief Executive Officer can enhance the Company's efficiency in decision-making and execution and effectively capturing business opportunities. Many leading international corporations around the world also have similar arrangements.

Save as stated above, the Company has been in compliance with all the code provisions under the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six-month period ended 30 June 2017.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to govern securities transactions by Directors and Supervisors. Based on the written confirmations from the Directors and Supervisors, they have confirmed their compliance with the Model Code for Securities Transactions by Directors of Listed Issuers regarding the requirements in conducting securities transactions for the period from 1 January 2017 to 30 June 2017.