## 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 in this report, 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 2019 Annual Report.

## Purchase, Sale or Redemption of Listed Securities of the Company

During the six-month period ended 30 June 2020, 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 of the Company

As at 30 June 2020, none of the Directors and Supervisors of the Company had any interests or short positions in the 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 set out in Appendix 10 of the Listing Rules.

As at 30 June 2020, the Company has not granted its Directors or Supervisors, or their respective spouses or any of their respective minor child (natural or adopted) or on their behalf 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, Supervisors and Senior Management since the Date of the 2019 Annual Report

The term of office of the sixth session of the Board of Directors of the Company expired at the annual general meeting for the year 2019 held on 26 May 2020 (the "2019 AGM"). Mr. Ke Ruiwen, Mr. Li Zhengmao, Mr. Shao Guanglu, Mr. Chen Zhongyue, Mr. Liu Guiqing, Madam Zhu Min, Mr. Wang Guoquan, Mr. Chen Shengguang, Mr. Tse Hau Yin, Aloysius, Mr. Xu Erming, Madam Wang Hsuehming and Mr. Yeung Chi Wai, Jason were appointed as Directors of the seventh session of the Board of Directors of the Company at the 2019 AGM.

The term of office of the sixth session of the Supervisory Committee of the Company expired at the 2019 AGM. Mr. Sui Yixun, Mr. Xu Shiguang and Mr. You Minqiang were appointed as Shareholder Representative Supervisors of the seventh session of the Supervisory Committee of the Company at the 2019 AGM. Meanwhile, Mr. Zhang Jianbin and Mr. Dai Bin have been elected by the employees of the Company democratically as the Employee Representative Supervisors of the seventh session of the Supervisory Committee of the Company. Due to their age, Mr. Yang Jianqing, an Employee Representative Supervisor, and Mr. Ye Zhong, a Shareholder Representative Supervisor, of the sixth session of the Supervisory Committee retired from their positions as Supervisors of the Company upon the expiry of their term of office at the 2019 AGM.

The changes in the biographical information relating to the Directors and Supervisors of the Company since the date of the Company's 2019 Annual Report are set out below:

Mr. Wang Guoquan, an Executive Director and Executive Vice President of the Company, no longer served as a director of Besttone Holding Co., Ltd., which is listed on the Shanghai Stock Exchange. Mr. Zhang Jianbin, an Employee Representative Supervisor of the Company, is currently the Deputy Managing Director of the Legal Department (Compliance Management Department) of the Company and no longer served as the Deputy Managing Director of the Corporate Strategy Department (Legal Department) of the Company.

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 biographical details of the Directors, Supervisors and senior management 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 2020, 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 the shareholders' class meetings of the Company (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 | Class of shares | Approximate percentage of the respective class of shares in issue | Approximate 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 |
| Citigroup Inc. | 1,692,521,195 (Long position) | H shares | 12.19% | 2.09% | 83,200 shares as person having a security interest in shares; 34,628,492 shares as interest of controlled corporation; and 1,657,809,503 shares as approved lending agent |
| | 12,902,000 (Short position) | H shares | 0.09% | 0.01% | Interest of controlled corporation |
| | 1,657,809,503 (Shares available for lending) | H shares | 11.94% | 2.04% | Approved lending agent |
| BlackRock, Inc. | 1,263,842,588 (Long position) | H shares | 9.11% | 1.56% | Interest of controlled corporation |

| Name of Shareholders | Number of shares | Class of shares | Approximate percentage of the respective class of shares in issue | Approximate percentage of the total number of shares in issue | Capacity |
|---|---|---|---|---|---|
| GIC Private Limited | 1,249,043,475 (Long position) | H shares | 9.00% | 1.54% | Investment manager |
| The Bank of New York Mellon Corporation | 955,258,598 (Long position) | H shares | 6.88% | 1.18% | Interest of controlled corporation |
| | 499,924,300 (Short position) | H shares | 3.60% | 0.61% | Interest of controlled corporation |
| | 434,849,906 (Shares available for lending) | H shares | 3.13% | 0.53% | Interest of controlled corporation |
| JPMorgan Chase & Co. | 817,495,536 (Long position) | H shares | 5.89% | 1.01% | 241,290,530 shares as interest of controlled corporation; 67,370,200 shares as investment manager; 25,702,235 shares as person having a security interest in shares; and 483,132,571 shares as approved lending agent |
| | 118,852,228 (Short position) | H shares | 0.85% | 0.14% | Interest of controlled corporation |
| | 483,132,571 (Shares available for lending) | H shares | 3.48% | 0.59% | Approved lending agent |

Save as disclosed above, as at 30 June 2020, 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 and 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 risk management, internal control and financial reporting matters of the Group including the review of the Company's Interim Report for the six-month period ended 30 June 2020.

## 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, continuously 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 2020. In the Company's opinion, through supervision by the Board of Directors and 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 capture 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 2020.

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

The Company has adopted the Model Code 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 regarding the requirements in conducting securities transactions for the period from 1 January 2020 to 30 June 2020.