

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 2020 Annual Report.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six-month period ended 30 June 2021, 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 2021, 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 (Cap. 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 2021, 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.

A Share Offering of the Company

As disclosed in the announcement of the Company dated 29 July 2021, the CSRC has officially approved the A Share Offering of the Company in a written notice on 29 July 2021. Further announcement(s) will be made when appropriate to disclose any major updates and developments in respect of the A Share Offering in accordance with the Listing Rules, Part XIVA of the SFO (Cap. 571 of the Laws of Hong Kong) and other applicable laws and regulations.

NYSE has Completed the Delisting Proceedings of American Depositary Shares

As mentioned in the annual report published on 8 April 2021 and the announcement dated 7 May 2021, respectively, NYSE Regulation of The New York Stock Exchange LLC (the "NYSE") had determined to proceed the delisting (the "Determination") of the American Depositary Shares of the Company (NYSE stock ticker: CHA, the "ADSs") and that a Committee of the Board of Directors of the NYSE has affirmed the Determination. The delisting of the Company's ADSs has taken effect on 18 May 2021. The Company will continue to pay close attention to the development of related matters and will publish further announcement(s) as necessary and when appropriate.

Other Information

Change of Directors, Supervisors and Senior Management since the Date of the 2020 Annual Report

The changes in the biographical information relating to the Directors of the Company since the date of the Company's 2020 Annual Report are set out below:

On 23 March 2021, an announcement has been published by China Huarong Asset Management Co., Ltd. ("China Huarong") that Mr. Tse Hau Yin, Aloysius, an Independent Non-Executive Director of the Company, has resigned as an Independent Non-Executive Director of China Huarong and the resignation shall be effective from the commencement of the term of office of the new Independent Non-Executive Director. Meanwhile, with effect from 3 June 2021, Mr. Tse Hau Yin, Aloysius no longer served as an Independent Non-Executive Director of OCBC Wing Hang Bank Limited.

In order to satisfy the relevant requirement issued by the CSRC that the term of independent directors should not exceed six years, the Company has undertaken to actively seek and select appropriate candidates as independent directors after the completion of the A Share Offering, endeavouring to procure the change of Independent Non-Executive Directors who have served for more than six years at a shareholders' meeting by 15 July 2022 provided that the effective functioning of the Company's corporate governance mechanism can be assured. The Company will publish further announcement(s) as necessary and when appropriate in compliance with the Listing Rules and applicable laws and regulations.

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 2021, 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 Holdings Group Co., Ltd.	5,614,082,653 (Long position)	Domestic shares	8.37%	6.94%	Beneficial owner
GIC Private Limited	1,560,593,002 (Long position)	H shares	11.25%	1.92%	Investment manager

Save as disclosed above, as at 30 June 2021, 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 external auditor, PricewaterhouseCoopers, 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 Interim Report for the six-month period ended 30 June 2021.

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 2021. 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 2021.

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 2021 to 30 June 2021.