

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

1. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT SINCE THE DATE OF THE 2024 ANNUAL REPORT

Reference is made to the announcements of the Company dated 16 May 2025. Mr. Liu Guiqing, an Executive Director of the Company, has been appointed as the President and Chief Operating Officer of the Company, and he no longer served as an Executive Vice President of the Company. The relevant appointment took effect from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026. Mr. Huang Zhiyong has been appointed as an Executive Vice President of the Company. The relevant appointment took effect from 16 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026.

Reference is made to the announcement of the Company dated 21 May 2025. The appointment of Mr. Lyu Yongzhong as the Non-Executive Director of the Company was approved at the annual general meeting of the Company for the year 2024 held on 21 May 2025, and his term of office commenced from 21 May 2025 until the annual general meeting of the Company for the year 2025 to be held in year 2026. Due to change in work arrangement, Mr. Chen Shengguang no longer served as the Non-Executive Director of the Company with effect from 21 May 2025.

Reference is made to the announcement of the Company dated 14 August 2025. Mr. Chen Dongqi, an Independent Non-Executive Director of the Company, has been appointed as a member of the remuneration committee of the Board of the Company and Madam Lyu Wei, an Independent Non-Executive Director of the Company, has been appointed as a member of the nomination committee of the Board of the Company with effect from 14 August 2025.

The changes in the biographical information relating to the Directors, Supervisors and senior management of the Company since the publication of the 2024 Annual Report and the above-mentioned announcements are set out below:

Mr. Huang Zhiyong, an Executive Vice President of the Company, currently serves as the General Counsel of China Telecommunications Corporation. Madam Huang Xudan, a Shareholder Representative Supervisor and the Chairlady of the Supervisory Committee of the Company, no longer serves as the Chairperson of the Supervisory Committee of China Telecom Cloud Technology Co., Ltd. Mr. Luo Laifeng, an Employee Representative Supervisor of the Company, no longer serves as the Managing Director of the Corporate Strategy Department of both China Telecommunications Corporation and the Company.

Save as stated above, there is no other information of the Directors, Supervisors or senior management 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).

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY**2. PROPOSAL FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE**

The half-year proposal for profit distribution or conversion of capital reserve

Whether distributed or capitalised	Yes
Number of bonus shares for every 10 shares (share)	–
Dividend amount per 10 shares (RMB) (pre-tax)	1.812
Number of shares capitalised for every 10 shares (share)	–

Description on the proposal for profit distribution or conversion of capital reserve

After fully considering actual conditions such as the Company's cash flow level and shareholders' cash return requirements, the twenty-first meeting of the eighth session of the Board of the Company decided to distribute the interim dividend for 2025 to all shareholders in the aggregate amount of RMB16.58 billion, representing 72% of the profit attributable to equity holders of the Company in the amount of RMB23.02 billion. Based on the total share capital registered on the record date for the dividend distribution, and based on the Company's total share capital of 91,507,138,699 shares as at 30 June 2025, a dividend of RMB0.1812 per share (equivalent to HK\$0.199264) (pre-tax) was declared and will be paid to all shareholders. In case of any change in the total number of issued share capital of the Company before the record date for the implementation of the dividend distribution, the total distribution amount will remain unchanged, and the distribution amount per share will be adjusted accordingly.

The Board has been authorised by the annual general meeting for the year 2024 to decide the profit distribution proposal and the resolution for the proposed interim dividend was considered and approved at the twenty-first meeting of the eighth session of the Board of the Company on 14 August 2025.

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3. EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES OF THE COMPANY AND THEIR IMPACT

The Company implemented the second phase of share appreciation rights scheme in 2021 to provide mid-to long-term incentives for key personnel (excluding the Executive Directors, Non-Executive Directors, Independent Non-Executive Directors, Supervisors and senior management of the Company).

The proposal in relation to completion of exercise conditions of the first and second vesting periods of the second phase of the Company's share appreciation right incentive plan was considered and approved at the 15th meeting of eighth session of the Board on 30 October 2024. The Board confirmed that the exercise conditions of the first and second vesting periods of the 2021 Share Appreciation Rights have been met, and the Company would handle the matters in relation to the exercise of share appreciation rights and distribute benefits to incentive subjects according to established rules.

Firstly, share appreciation rights are distributed based on contribution, adhering to the value-oriented principle and tilting towards units with remarkable high-quality development. Secondly, share appreciation rights are distributed based on potential, which adheres to the development orientation and tilts to the key areas of "Cloudification and Digital Transformation" and high-end and high-quality talents. Thirdly, share appreciation rights are granted based on performances. The Company adheres to the performance-oriented principle and closely links the number of rights exercised with the Company's performance and employees' individual performance, and imposes penalties for failure to achieve performance targets.

The scheme does not involve the grant of shares or other securities of the Company or any of its principal subsidiaries (including the grant of options for the purchase of any of such shares or securities) and therefore, it does not fall within the scope of, and is not subject to, the requirements under Chapter 17 of the Listing Rules.

4. 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 2025. 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 C1 of the Listing Rules throughout the six-month period ended 30 June 2025.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY**5. CONSOLIDATION AND EXPANSION OF ACHIEVEMENTS IN POVERTY ALLEVIATION AND REVITALISATION OF RURAL VILLAGES**

In the first half of 2025, the Company focused on consolidating and expanding the achievements of poverty alleviation and solidly promoted comprehensive rural revitalisation, enhancing the level of rural industrial development, rural construction and rural governance and contributing its telecom power to the realisation of agricultural and rural modernisation.

Steadily advancing various targeted support work, the Company directly purchased and assisted in selling agricultural products of RMB442.77 million and organised various types of talent training activities for 61,081 person-times. Meanwhile, fully leveraging its strengths, the Company promoted the construction of digital villages and empowered rural revitalisation through digitalisation, smartification and intelligentisation, serving more than 100 million villagers.

The Company successfully completed all tasks for the targeted support assessment in 2024, and has achieved the highest rating for 7 consecutive years in the review and assessment of targeted support carried out by central units, consistently ranking in the top ten in state-owned central enterprises.

Note: This section contains the environmental and social responsibilities work of China Telecommunications Corporation, the Company's controlling shareholder, in the first half of 2025.