

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

1. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT SINCE THE DATE OF THE 2025 ANNUAL REPORT

Reference is made to the announcement of the Company dated 19 May 2026. The re-election of Mr. Ke Ruiwen, Mr. Liu Guiqing, Mr. Tang Ke and Mr. Li Yinghui as the Executive Directors of the ninth session of the Board, the re-election of Mr. Lyu Yongzhong as the Non-Executive Director of the ninth session of the Board, the re-election of Mr. Ng Kar Ling Johnny and Mr. Lee Sunny Wai Kwong and the election of Mr. Liang Xuming and Madam Chen Ji Min as the Independent Non-Executive Directors of the ninth session of the Board were approved at the annual general meeting of the Company for the year 2025 held on 19 May 2026. In addition, Mr. Ke Ruiwen has been appointed as the Chairman and Chief Executive Officer of the Company, Mr. Liu Guiqing has been appointed as the President and Chief Operating Officer of the Company, Mr. Tang Ke, Mr. Li Yinghui, Madam Liu Ying and Mr. Huang Zhiyong have been appointed as Executive Vice Presidents of the Company and Mr. Li Yinghui has been appointed as the Chief Financial Officer and Secretary of the Board of the Company. The term of office of the above Directors and senior management commenced from 19 May 2026 until the annual general meeting of the Company for the year 2028 to be held in year 2029. The term of office of Mr. Chen Dongqi and Madam Lyu Wei as Independent Non-Executive Directors of the Company and relevant positions in the special committees of the Board and Madam Guan Lixin as the Employee Director of the eighth session of the Board of the Company expired on the date of the annual general meeting of the Company for the year 2025.

Reference is made to the announcement of the Company dated 2 June 2026. Madam Guan Lixin has been unanimously elected by the employee representatives of the Company democratically as the Employee Director of the ninth session of the Board of the Company, with her term of office commencing from 2 June 2026 and ending upon the expiry of the term of office of the ninth session of the Board of the Company.

Reference is made to the announcement of the Company dated 20 August 2026. Mr. Li Yunzhuang has been appointed as an Executive Vice President of the Company with his term of office commencing from 20 August 2026 until the annual general meeting of the Company for the year 2028 to be held in year 2029.

The changes in the biographical information relating to the Directors and senior management of the Company since the publication of the 2025 Annual Report and the above-mentioned announcements are set out below:

Mr. Ng Kar Ling Johnny, an Independent Non-Executive Director of the Company, currently serves as an Independent Non-Executive Director of PetroChina Company Limited which is listed on the HKSE and Shanghai Stock Exchange, and he no longer serves as an Independent Non-Executive Director of Metallurgical Corporation of China Ltd. which is listed on the HKSE and Shanghai Stock Exchange. Mr. Lee Sunny Wai Kwong, an Independent Non-Executive Director of the Company, no longer serves as an adjunct professor and senior director of the City University of Hong Kong.

Save as stated above, there is no other information of the Directors 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 and senior management are available on the website of the Company (www.chinatelecom-h.com).

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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)	1.606
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 second meeting of the ninth session of the Board of the Company decided to distribute the interim dividend for 2026 to all shareholders in the aggregate amount of approximately RMB14,696 million, representing 75% of the profit attributable to equity holders of the Company in the amount of RMB19,588 million. 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 2026, a dividend of RMB0.1606 per share (equivalent to HK\$0.185633) (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 2025 to decide the profit distribution proposal and the resolution for the proposed interim dividend was considered and approved at the second meeting of the ninth session of the Board of the Company on 20 August 2026.

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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 third vesting period of the second phase of the Company's share (H Share) appreciation right incentive plan was considered and approved at the 25th meeting of the eighth session of the Board on 14 January 2026. The Board confirmed that the exercise conditions of the third vesting period 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, Digital Transformation and AI for Good" 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 2026. 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 2026.

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 2026, the Company carried out precise assistance on a regular basis, continuously improved the quality and efficiency of its assistance and advanced all-round rural revitalisation, contributing its telecom power to the realisation of agricultural and rural modernisation.

The Company steadily advanced various tasks under its targeted assistance programme, maintained overall policy stability, and sustained its investment intensity. It directly purchased and assisted in selling RMB464 million of agricultural products from areas lifted out of poverty, and organised various talent training programmes for 62,000 attendances. Meanwhile, fully leveraging its corporate strengths, the Company implemented the “AI + Rural Revitalisation” initiative and deepened the development of digital-intelligent rural areas. It built 470,000 digital villages with the coverage of administrative villages reaching nearly 97% and provided AI+ grassroots governance services to over 287,000 villages, enabling 120 million villagers to enjoy an “intelligent and beneficial” life.

The Company successfully completed all tasks for the targeted support assessment in 2025, and for eight consecutive years, has achieved the highest rating of “Good” in the review and assessment of targeted support carried out by central units.