CHINA TOWER CORPORATION LIMITED
中國鐵塔股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code : 0788

Interim Report 2019

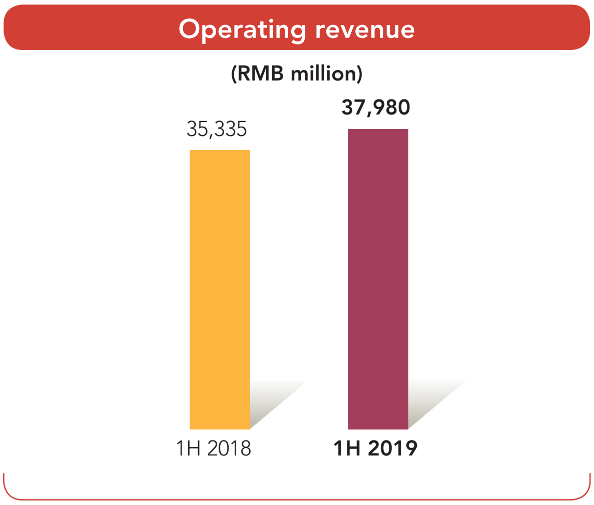
VALUE CREATION THROUGH RESOURCE SHARING

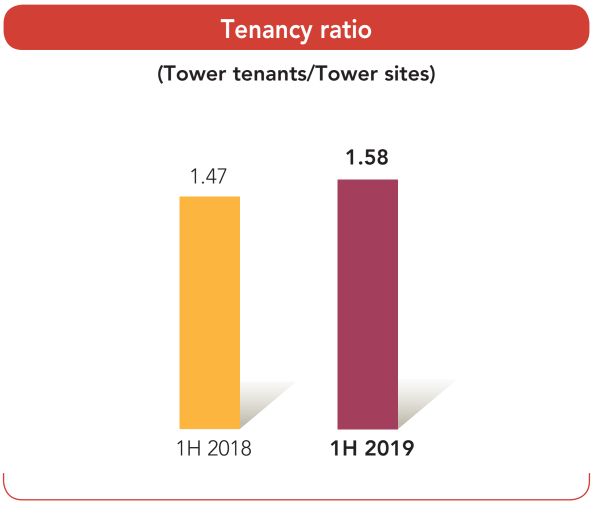
Contents

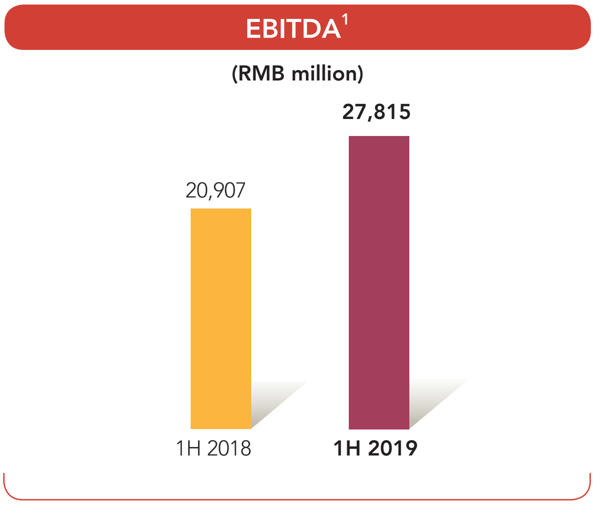
Performance Highlights

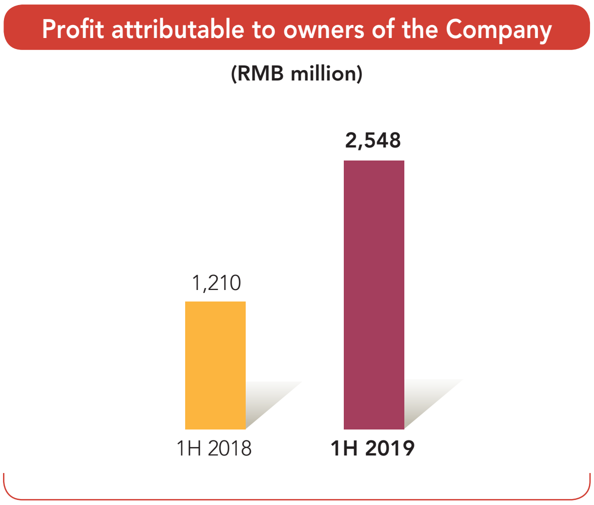
RMB million	1H 2019	1H 2018	Change
Operating revenue	**37,980**	35,335	7.5%
of which			
Tower business	**35,808**	34,064	5.1%
Indoor distributed antenna system ("**DAS**") business	**1,254**	824	52.2%
Trans-sector site application and information ("**TSSAI**") business	**843**	374	125.4%
Operating profit	**5,626**	4,760	18.2%
EBITDA[1]	**27,815**	20,907	33.0%
Profit attributable to owners of the Company	**2,548**	1,210	110.6%
Capital expenditure	**8,906**	8,105	9.9%
Cash flow from operating activities	**20,798**	17,173	21.1%
Basic earnings per share (RMB Yuan)	**0.0145**	0.0094	54.3%

Note 1: EBITDA: earnings before interest, tax, depreciation and amortization. The EBITDA of the Group is calculated by operating profit plus depreciation and amortization.









Chairman's Statement

Dear Shareholders,

In line with the strategy of "Cyberpower" and "Digital China" and the commencement of the construction of 5G network since 2019, we, China Tower Corporation Limited (the "**Company**"), have continued to deepen the philosophy of resource sharing and implemented our "One Core and Two Wings (一體兩翼)" strategy. We have navigated a steady phase of high-quality development and efficiency enhancements. The strong vitality of the organization bodes well for sustainable development.

FINANCIAL PERFORMANCE

We maintained stable and healthy growth in the first half of 2019, recording an operating revenue of RMB37,980 million, up by 7.5% over the same period last year. Our operating efficiency enhanced steadily, with EBITDA reaching RMB27,815 million, EBITDA margin[1] was 73.2%. On a comparable basis[2], the EBITDA margin maintained at a satisfactory level of 58.0%. Net profit reached RMB2,548 million, up by 110.6% over the same period last year, demonstrating our improving profitability.

Our cash flow continued to improve steadily. In the first half of 2019, net cash generated from operating activities amounted to RMB20,798 million. Our capital expenditures amounted to RMB8,906 million, while our free cash flow reached RMB11,892 million. As of 30 June 2019, the Company's total assets reached RMB336,328 million and interest-bearing liabilities amounted to RMB120,536 million with a gearing ratio[3] of 39.4%, representing a stable and controllable debt leveraging level.

BUSINESS PERFORMANCE

In the first half of 2019, the Company further implemented the "One Core and Two Wings" strategy. By promoting resource sharing and cultivating a win-win philosophy within the industry, we bolstered the solid foundations of our telecommunications service provider ("**TSP**") business. Also, we continued to nurture our TSSAI and energy operation businesses through leveraging the scale of our resources. Through these developments, we achieved the continuous optimization of our business structure. Our revenue from non-tower business accounted for 5.7% of total operating revenue, up by 2.1 percentage points over the same period last year. As of 30 June 2019, we managed a total of 1,954 thousand tower sites[4], representing an increase of 4.0% over the same period last year. The total number of tower tenants[4] increased by 11.8% over the same period last year to 3,082 thousand. Average tenants per tower site[4] increased to 1.58 from 1.55 at the end of 2018, showing further improvement in the level of site co-location.

- **Sharing Strategy Reinforces our Strong Leadership in the TSP Market**

  The demand for in-depth 4G network coverage and the scaling of 5G infrastructure created plenty of opportunities in the market. In view of this, we have adopted an innovative construction model, continued to optimize sharing of existing resources while stepping up our efforts to acquire and utilize social resources, and promoted the implementation of integrated wireless communications coverage solutions. The measures that we have taken have met substantial demand from TSPs, reduced construction costs and continued to enhance our core competitiveness. In the first half of 2019, more than 80% of new tenancy demand from the three TSPs was satisfied through co-location. We achieved a net addition of 94 thousand TSP tower tenants, bringing the total to 2,931 thousand TSP tower tenants as of the end of June 2019. The tower business recorded revenue of RMB35,808 million, representing an increase of 5.1% over the same period last year.

  With regard to the DAS business, we have striven to deploy diverse construction solutions to satisfy demand from TSPs and boosted the growth of our DAS business. By the end of June 2019, we had covered buildings with a cumulative area of approximately 1,910 million square meters, with an additional coverage of approximately 450 million square meters. We had also covered subways and high-speed railways with cumulative length of approximately 3,110 kilometers and 18,218 kilometers respectively, with additional coverage of approximately 223 kilometers and 527 kilometers respectively. Our DAS revenue for the first half of 2019 amounted to RMB1,254 million, representing an increase of 52.2% over the same period last year.

- **Focus on key sectors and drive to develop the Two Wings into New Drivers of Growth**

  To strengthen our multi-stream revenue structure to achieve business growth, we set up Smart Tower Corporation Limited* (鐵塔智聯技術有限公司) and Energy Tower Corporation Limited* (鐵塔能源有限公司) in June 2019 to accelerate the development of our Two Wings businesses.

  The TSSAI business maintained fast and healthy growth. In response to the booming demand for the application of informatization across society, we leveraged sharing of sites and social resources to broaden our service sectors and scope, from site resource services to higher value-added integrated information services, and launched three brands, Smart Sharing, Smart Connection and Smart Monitoring (智享、智聯、智控). We focused on developing key sectors and key customers, and made progress in launching pilot projects in areas such as ecological and environmental conservation, emergency response and satellite positioning in China to drive high-quality growth of TSSAI business. In the first half of 2019, the TSSAI business generated revenue of RMB843 million, up by 125.4% over the same period last year.

* *For identification purpose only*

The energy operation business started rapidly. In view of the demand across society for reliable energy services and leveraging on our experience in ensuring base station power supply and battery power backup, we expanded our sharing philosophy to energy related services, and proactively explored and formulated plans to scale up our energy business for society-wide operations. We have commenced pilot projects in some areas on power backup and battery exchange, gaining valuable experience in forming a sound business model and product portfolio for the business.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

In the first half of 2019, we implemented the restricted share incentive scheme and granted a total of approximately 1.21 billion H shares to our core management team and key technical personnel for the first time. The long-term effective incentive and restraint mechanism aligns the interests of shareholders, the Company and the employees as a whole. The Company has remained committed to establishing sound governance systems and placed great emphasis on risk prevention and management to ensure sound corporate governance and safeguard the healthy and sustainable development of the Company.

As a telecommunications infrastructure service provider, the Company upholds the need to promote innovative, coordinated, green, open and shared development. We have fulfilled our corporate social responsibilities in such areas as ensuring the effective use of investment and resources within the industry, carrying out emergency communications missions, promoting energy saving and reducing emissions, contributing to the targeted alleviation of poverty, and narrowing the information divide. We have gained wide recognition for our efforts.

OUTLOOK FOR THE SECOND HALF OF 2019

China's information consumption is experiencing continued growth and upgrade. There is an emerging trend of informatization across society and an explosive expansion of data traffic. Following the official issue of 5G commercial licences, mobile communications networks are developing towards 5G with broadening demand in the market, which will bring valuable opportunities for the Company. Looking ahead, we will ride on the back of the development in areas such as in-depth 4G network coverage, continued construction of 5G network and the Internet of Things to accelerate our progress towards further high-quality, efficient and sustainable development.

- **Strengthening Core Competency and Maintaining Steady Growth in the TSP Business**

  Leveraging our advantages in resources, we will continue to pursue our sharing strategy, maintaining a clear focus on customers' needs. We will strengthen our ability to acquire site resources, integrating them with our existing and social resources to further increase co-location efficiency and reduce construction costs. This will create a win-win situation within the industry. We will also sharpen our market mindset and focus on enhancing our competitiveness by proactively going to market. Our aim will be to drive the comprehensive implementation of our integrated wireless communications coverage solutions so as to satisfy the overall needs of both 4G and 5G customers.

- **Leveraging our Resources for a Breakthrough in Two Wings**

  We will further unleash the potential of our resources and capabilities, and expand our sharing philosophy from within the industry to the social level, driving the rapid scaling of the Two Wings businesses. In the TSSAI business, we will focus on key businesses and sectors, accelerate the research, development and marketing of standardized products, and launch products on a large scale in key sectors across the country. By taking these measures, we will strive to enhance our core competitiveness in TSSAI business. In our energy operation business, we will leverage upon our professional operational procedures to explore commercialization models and develop comprehensive product portfolios. We will expedite business development in target markets to drive rapid scaling of the business.

- **Accelerating Innovation to Enhance the Quality of Operations and Management**

  We strongly believe in innovation-driven development to continuously enhance the quality of operations and management. In response to the 5G and communications technology revolution, we will relentlessly drive business and technological innovation, particularly in key areas such as 5G DAS sharing and 5G power supply, in order to enhance the cost-effectiveness of the 5G rollout. By making use of information technology, we will maintain a flat organizational structure and continue to adopt data and Internet technology to achieve centralized, high-efficiency operations and delicacy management. We will continue to improve our incentive schemes to create enthusiasm, vitality and a stronger sense of belonging among our employees, while aligning the interests of the Company with those of its shareholders and employees.

Finally, on behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and the wider public for their support, and to our employees for their hard work and commitment.

Tong Jilu
Chairman

Hong Kong, 7 August 2019

Note 1 EBITDA margin is calculated by dividing EBITDA by operating revenue, and multiplying the resulting value by 100%.

Note 2 The comparable basis represents the comparison of certain financial information in the first half of 2019 and corresponding financial information in the same period of 2018 excluding the impact of the adoption of IFRS 16. See "Financial Overview-Other Matter" and Note 3.1 of "Unaudited Interim Condensed Financial Information". This applies to all "the comparable basis" calculation throughout this report.

Note 3 Gearing ratio is calculated as net debt divided by the sum of total equity and net debt, then multiplied by 100%. Net debt is calculated as the amount of interest-bearing liabilities minus the amount of cash and cash equivalents.

Note 4 DAS business was not taken into consideration when counting the number of tower sites, number of tower tenants and average tenants per tower site.

Note 5 The financial information mentioned in this statement is prepared based on the consolidated financial information. The Company and its subsidiaries are hereafter collectively referred to as the Group.

OPERATING REVENUE

The Group insisted on creating value by applying the sharing philosophy, which enabled the Group to enhance the quality of development by fully leveraging its advantages in resources. The Group's revenue maintained a stable growth in the first half of 2019, recording an operating revenue of RMB37,980 million, up by 7.5% over the same period last year, of which revenue from tower business reached RMB35,808 million, up by 5.1% over the same period last year; revenue from DAS business reached RMB1,254 million, up by 52.2% over the same period last year; and revenue from TSSAI business reached RMB843 million, up by 125.4% over the same period last year. The revenue from non-tower business accounted for 5.7% of the total operating revenue in the first half of 2019, representing an increase from 3.6% in the same period last year.

OPERATING EXPENSES

The Group further enhanced its operating and service efficiency by reinforcing delicacy management of individual sites, while reducing costs by referencing to benchmarks. In the first half of 2019, the operating expenses were RMB32,354 million, up by 5.8% over the same period last year. On the comparable basis, the operating expenses were up by 7.5% over the same period last year. The breakdown is as follows:

- **Depreciation and amortization**

  The Group continued to implement the transformation of its construction model. Leveraging the integrated wireless communications coverage solutions and a better-coordinated utilization of existing and social resources, the Group provided sound service to customers and satisfy their construction needs in a high-efficiency and low-cost manner. In the first half of 2019, due to the increase of depreciation expenses in new sites, the Group's depreciation and amortization were RMB22,189 million, up by 37.4% over the same period last year. On the comparable basis, depreciation and amortization were up by 4.6% over the same period last year.

- **Site operating lease charges**

  The Group effectively controlled the increase of site operating lease charges by actively collaborating with external parties to seek site resources at low costs, and at the same time, continuously enhancing the level of site co-location. In the first half of 2019, the Group's site operating lease charges were RMB578 million, down by 90.4% over the same period last year. On the comparable basis, site operating lease charges were up by 3.5% over the same period last year.

- **Repair and maintenance expenses**

  The Group continued to enhance its professional maintenance capability and improve its service quality and efficiency through deploying an Internet-based smart monitoring system and a centralized and efficient operation model. With an increase in the number of sites, repair and maintenance expenses were RMB3,095 million in the first half of 2019, up by 3.5% over the same period last year.

- **Employee benefits and expenses**

  In the first half of 2019, employee benefits and expenses amounted to RMB3,058 million, up by RMB580 million over the same period last year, mainly because the Group continues to recruit outstanding industry talents to fulfill its business development and expansion needs. Meanwhile, the Group adopted a restricted share incentive scheme for the core management team and key technical personnel.

- **Other operating expenses**

  In the first half of 2019, other operating expenses were RMB3,434 million, representing an increase of RMB495 million over the same period last year, mainly due to an increase in TSSAI business expenses and recognition of allowance for credit losses in a prudent manner.

FINANCE COSTS

Due to a decrease in comprehensive finance costs and decline in average balance of interest-bearing liabilities, finance costs reduced to RMB2,349 million in the first half of 2019, down by 28.1% over the same period last year. On the comparable basis, finance costs were down by 47.2% over the same period last year.

PROFITABILITY

In the first half of 2019, the Group's operating profit reached RMB5,626 million; the profit for the period reached RMB2,548 million, up by 110.6% over the same period last year; EBITDA was RMB27,815 million, increased by 33.0% over the same period last year, representing 73.2% of operating revenue. On the comparable basis, EBITDA increased by 5.3% over the same period last year, representing 58.0% of operating revenue.

CAPITAL EXPENDITURE AND CASH FLOW

In the first half of 2019, the Group's capital expenditure was RMB8,906 million, net cash generated from operating activities was RMB20,798 million, and free cash flow was RMB11,892 million.

BALANCE SHEET STATUS

As at 30 June 2019, the Group's total assets were RMB336,328 million, total liabilities were RMB155,195 million and net debts were RMB117,770 million. The gearing ratio decreased from 39.9% at the beginning of this year to 39.4% at the end of the period.

OTHER MATTER

The Group applied International Financial Reporting Standard 16, "Leases" ("**IFRS 16**") for the year beginning on 1 January 2019. According to IFRS 16, the Group, as a lessee, recognized lease liabilities that reflected future lease payments and right-of-use assets on the balance sheet (except for underlying assets that are of low value or short-term leases). In the meantime, depreciation and amortization expenses related to right-of-use assets and finance costs related to lease liabilities are recognized instead of operating lease expenses, while cash payments of lease liabilities were incorporated in cash flows from financing activities instead of cash flows from operating activities. When applying IFRS 16, the Group adopted the simplified transition approach and did not restate comparative amounts for the year/period prior to first adoption, with the cumulative effect of initial adoption being recognized as an adjustment to the opening balance of retained earnings. As a result, comparative amounts for 2018 were not restated. In addition, long term prepayments for site ground lease and land use rights under "Long-term prepayments" are reclassified as right-of-use assets according to IFRS 16. Please refer to Note 3.1 of Notes to Unaudited Interim Condensed Financial Information below for details.

USE OF PROCEEDS FROM IPO

On 8 August 2018, the Company completed its initial public offering ("**IPO**") with an issuance of 43,114,800,000 H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") with the offer price of HK$1.26 per share. The proceeds from the IPO amounted to approximately HK$54,325 million. On 6 September 2018, 3,549,056,000 H shares were issued at the offer price of HK$1.26 per share upon the partial exercise of the over-allotment options with the proceeds in the amount of approximately HK$4,472 million.

Net proceeds from the new share issuance, after deduction of underwriting commissions and other relevant listing expenses, amounted to approximately HK$57,869 million, equivalent to RMB50,357 million. As at 30 June 2019, all proceeds from IPO have been fully used in accordance with the plans as disclosed in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" of the Prospectus.

Report on Review of Interim Financial Information

羅兵咸永道

To the Board of Directors of China Tower Corporation Limited
(Incorporated in People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 36, which comprises the interim condensed consolidated balance sheet of China Tower Corporation Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at 30 June 2019 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 7 August 2019

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019
(Expressed in Renminbi ("RMB"))

	Note	Unaudited Six months ended 30 June 2019 RMB million	 2018 RMB million
Operating revenue	5	**37,980**	35,335
Operating expenses			
Depreciation and amortisation	12	**(22,189)**	(16,147)
Site operating lease charges		**(578)**	(6,021)
Repairs and maintenance		**(3,095)**	(2,990)
Employee benefits and expenses	6	**(3,058)**	(2,478)
Other operating expenses	7	**(3,434)**	(2,939)
		(32,354)	(30,575)
Operating profit		**5,626**	4,760
Other gains		**37**	28
Interest income		**20**	65
Finance costs	8	**(2,349)**	(3,268)
Profit before taxation		**3,334**	1,585
Income tax expenses	9	**(786)**	(375)
Profit for the period		**2,548**	1,210
Profit attributable to:			
Owners of the Company		**2,548**	1,210
Non-controlling interests		**–**	–
Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the period		**2,548**	1,210
Total comprehensive income attributable to:			
Owners of the Company		**2,548**	1,210
Non-controlling interests		**–**	–
		2,548	1,210
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	10	**0.0145**	0.0094

The notes on pages 14 to 36 are an integral part of this interim condensed financial information.

Unaudited Interim Condensed Consolidated Balance Sheet

As at 30 June 2019
(Expressed in RMB)

	Note	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Assets			
Non-current assets			
Property, plant and equipment	11	**241,881**	249,055
Right-of-use assets	12	**35,887**	–
Construction in progress	11	**10,403**	12,193
Deferred income tax assets		**1,377**	706
Long-term prepayments	12	**–**	13,216
Other non-current assets	13	**7,850**	8,395
		297,398	283,565
Current assets			
Trade and other receivables	14	**26,726**	19,158
Prepayments and other current assets	15	**9,438**	7,805
Cash and cash equivalents	16	**2,766**	4,836
		38,930	31,799
Total assets		**336,328**	315,364
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	17	**176,008**	176,008
Reserves		**5,123**	4,494
Total equity attributable to owners of the Company		**181,131**	180,502
Non-controlling interests		**2**	–
Total equity		**181,133**	180,502
Liabilities			
Non-current liabilities			
Borrowings	19(a)	**17,580**	19,064
Lease liabilities	12	**17,898**	–
Deferred revenue	20	**910**	1,039
		36,388	20,103
Current liabilities			
Borrowings	19(a)	**78,138**	79,946
Lease liabilities	12	**6,920**	–
Deferred consideration payables	26(b)(iii)	**–**	382
Accounts payable	21	**28,462**	30,591
Accrued expenses and other payables	22	**4,694**	3,263
Current income tax payable		**593**	577
		118,807	114,759
Total liabilities		**155,195**	134,862
Total equity and liabilities		**336,328**	315,364

The notes on pages 14 to 36 are an integral part of this interim condensed financial information.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019
(Expressed in RMB)

		Unaudited									
		Attributable to owners of the Company									
	Note	Share Capital RMB million	Share Premium RMB million	Shares Held under Restricted Share Incentive Scheme RMB million	Share-based Compensation Reserves RMB million	Statutory Reserves RMB million	Retained Earnings RMB million	Total RMB million	Non-Controlling Interest RMB million	Total Equity RMB million
Balance at 1 January 2018		129,345	–	–	–	–	(1,850)	127,495	–	127,495
Profit for the period		–	–	–	–	–	1,210	1,210	–	1,210
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income for the period		–	–	–	–	–	1,210	1,210	–	1,210
Balance at 30 June 2018		129,345	–	–	–	–	(640)	128,705	–	128,705
Balance at 31 December 2018		176,008	3,694	–	–	80	720	180,502	–	180,502
Change in accounting policy	3.1	**–**	**–**	**–**	**–**	**(80)**	**(1,201)**	**(1,281)**	**–**	**(1,281)**
Total equity at 1 January 2019 (Restated)		**176,008**	**3,694**	**–**	**–**	**–**	**(481)**	**179,221**	**–**	**179,221**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**2,548**	**2,548**	**–**	**2,548**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**2,548**	**2,548**	**–**	**2,548**
Dividends paid	18	**–**	**–**	**–**	**–**	**–**	**(396)**	**(396)**	**–**	**(396)**
Acquisition of own shares under restricted share incentive scheme	23	**–**	**–**	**(314)**	**–**	**–**	**–**	**(314)**	**–**	**(314)**
Employee share schemes-value of employee services	23	**–**	**–**	**–**	**72**	**–**	**–**	**72**	**–**	**72**
Capital contribution from non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Balance at 30 June 2019		**176,008**	**3,694**	**(314)**	**72**	**–**	**1,671**	**181,131**	**2**	**181,133**

The notes on pages 14 to 36 are an integral part of this interim condensed financial information.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019
(Expressed in RMB)

	Unaudited Six months ended 30 June 2019 RMB million	2018 RMB million
Cash flows from operating activities		
Cash generated from operations	**21,813**	17,211
Income tax paid	**(1,035)**	(103)
Interest income received	**20**	65
Net cash generated from operating activities	**20,798**	17,173
Cash flows from investing activities		
Purchase of property and equipment	**(13,764)**	(14,834)
Purchase of land use right and other non-current assets	**(67)**	(32)
Proceeds from disposal of property and equipment	**26**	40
Net cash used in investing activities	**(13,805)**	(14,826)
Cash flows from financing activities		
Payments for listing expenses	**(83)**	–
Dividends paid to the Company's equity shareholders	**(396)**	–
Proceeds from borrowings	**14,170**	36,380
Repayments of borrowings	**(17,606)**	(24,514)
Payments of deferred consideration (including value-added tax) for acquisition of Tower Assets	**(382)**	(1,515)
Interest paid for interest-bearing liabilities (excluding lease liabilities)	**(2,035)**	(5,675)
Payments of lease liabilities (including principal and interest)	**(2,731)**	–
Net cash (used in)/generated from financing activities	**(9,063)**	4,676
Net (decrease)/increase in cash and cash equivalents	**(2,070)**	7,023
Cash and cash equivalents at beginning of period	**4,836**	7,852
Cash and cash equivalents at end of period	**2,766**	14,875

Significant non-cash transactions:

For the additions of construction in progress, the Group recorded accounts payables of approximately RMB16,676 million to equipment and construction suppliers as at 30 June 2019 (31 December 2018: approximately RMB21,989 million).

On the adoption of the International Financial Reporting Standard 16, the Group recorded approximately RMB5,056 million additions of right-of-use assets with a corresponding lease liabilities for the six months ended 30 June 2019.

The notes on pages 14 to 36 are an integral part of this interim condensed financial information.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

China Tower Corporation Limited (中國鐵塔股份有限公司, the "**Company**") was established by China Mobile Communication Company Limited ("**China Mobile Company**"), China United Network Communications Corporation Limited ("**China Unicom Corporation**") and China Telecom Corporation Limited ("**China Telecom**") (the three telecommunications service providers in China collectively hereinafter referred to as the "**Three TSPs**") on 15 July 2014 as a limited liability company in the People's Republic of China (the "**PRC**").

In 2015, the share capital of the Company was increased to RMB129,345 million, after an acquisition of certain telecommunications towers and related assets (the "**Tower Assets**") from the Three TSPs and new shares issuance to a new investor, China Reform Holdings Corporation Ltd. ("**China Reform**"). China Mobile Company, China Unicom Corporation, China Telecom and China Reform held 38.0%, 28.1%, 27.9% and 6.0% of the equity interests in the Company respectively as at 31 December 2017 and 30 June 2018.

On 8 August 2018, the Company completed the global offering of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited and 43,115 million H shares were issued. On 6 September 2018, an additional 3,548 million H shares were issued upon the exercise of the over-allotment options by the international underwriters of the global offering. All newly issued H shares were issued at an offer price of HKD1.26 per share and net proceeds from the new share issuance amounted to RMB50,357 million, after netting off underwriting commissions and other capitalised listing expenses.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in constructing and operating telecommunications towers, provision of telecommunications tower site space (the "**provision of Site Space**"); provision of maintenance services ("**Maintenance services**") and power services ("**Power services**"); provision of indoor distributed antenna systems ("**DAS**") and other trans-sector site application and information services ("**TSSAI business**"). The provision of Site Space, the Maintenance services and the Power services for tower sites are collectively referred to as the "Tower business". The Company's headquarter is in Beijing, the PRC, with 31 provincial branches operating across mainland China.

This unaudited interim condensed financial information is presented in RMB, unless otherwise stated. This unaudited interim condensed financial information was approved by the board of directors (the "**Board**") of the Company for issuance on 7 August 2019.

The Company's interim condensed financial information for the six months ended 30 June 2019 has been reviewed, not audited.

1.1 Adoption of a restricted share incentive scheme

At the Company's 2018 Annual General Meeting on 18 April 2019, the shareholders of the Company approved the adoption of a restricted share incentive scheme (the "**Scheme**"), with a duration of 10 years for the grant of restricted shares of the Company to qualified participants ("**Scheme participants**"), including directors, senior management, core technical and management personnel contributing directly to the overall business performance and sustainable development of the Company. The maximum total number of restricted shares to be granted under the Scheme should not exceed 10% of the total issued shares of the Company as at the date of the Scheme approved by the shareholders of the Company. A trustee (the "**Trustee**") shall purchase from the secondary market certain number of H Shares to be granted as instructed by the Board of the Company under the Scheme.

1 GENERAL INFORMATION (Continued)

1.1 Adoption of a restricted share incentive scheme (Continued)

On the same day, the Board resolved to approve the initial grant of the restricted shares under the Scheme to the Scheme participants (the "**Initial Grant**") as the conditions for the Initial Grant were fulfilled. Pursuant to the Scheme, 1,212 million restricted shares in aggregate of the Company would be granted in two tranches where the first tranche of restricted shares in amount of 1,112 million shares were granted to the qualified Scheme participants on the date of approving the Initial Grant by the Board (the "**First Tranche of Grant**"), the residual 100 million shares (the "**Reserved Restricted Shares**") were reserved for further grant in the second tranche (the "**Second Tranche of Grant**") (refer to Note 23 for details).

2 BASIS OF PREPARATION

This unaudited interim condensed financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting", issued by the International Accounting Standards Board ("**IASB**").

The unaudited interim condensed financial information does not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by IASB, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2018. The Group's policies on financial risk management were set out in the audited financial statements of the Group for the year ended 31 December 2018 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2019.

2.1 Going concern

At 30 June 2019, the Group's current liabilities exceeded its current assets by RMB79,877 million (31 December 2018: RMB82,960 million).

Given the current economic conditions and based on the Group's future operating plans and the expected levels of capital expenditure, management has comprehensively considered the following available sources of funds:

- The Group's continuous net cash inflows from operating activities;
- The available committed, unrestricted and unutilized revolving bank credit facilities of RMB109,806 million as at 30 June 2019; and
- Other available sources of financing from domestic banks and other financial institutions.

Based on management's operating and financial plans, the directors of the Company are of the opinion that the Group has adequate funds to continue its operations and to repay its debts when they fall due, and thus concluded that the Group will be able to meet its obligations for the twelve months after 30 June 2019. Accordingly, the unaudited interim condensed financial information has been prepared on the basis that the Group will continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards and amendments to existing standards adopted by the Group

New or amendments to IFRS effective for the financial year beginning on 1 January 2019 do not have a material impact on the Group's unaudited interim condensed financial information, except for the IFRS 16, "Leases" ("**IFRS 16**"), details of which are set out in below:

(a) Adjustments recognised on the adoption of IFRS 16

The Group has adopted the IFRS 16 on 1 January 2019 and has not restated comparative amounts for the year prior to the first adoption (as permitted under the specific transitional provisions of the new standard), with the cumulative effect of initial adoption recognized as an adjustment to the retained earnings of the opening balance sheet on 1 January 2019.

On the adoption of IFRS 16, the Group recognizes right-of-use assets and lease liabilities for almost all leases in the balance sheet, records depreciation & amortisation and finance cost accordingly. The Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rates as of 1 January 2019. The lessee's incremental borrowing rates applied to the lease liabilities were 3.76% to 4.47% per annum. Right-of-use assets are measured on transition as if the new rules have had always been applied.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its prior assessment made when applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.

As a result of adoption of IFRS16, as at 1 January 2019, the Group recognized right-of-use assets (including land use rights and prepayments for site ground lease in a total amount of 13,216 million, which previously recorded as "long-term prepayments" as at 31 December 2018) of RMB36,112 million, lease liabilities of RMB24,562 million and deferred tax assets RMB385 million. In addition, the Group's retained earnings and statutory reserves as at 1 January 2019 decreased by RMB1,201 million and RMB80 million respectively.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New standards and amendments to existing standards adopted by the Group (Continued)

(a) Adjustments recognised on the adoption of IFRS 16 (Continued)

The reconciliation between the operating lease commitments disclosed as at 31 December 2018 and the lease liabilities recognized as at 1 January 2019 is as follows:

	RMB million
Operating lease commitments disclosed as at 31 December 2018	30,105
(Less): Short-term leases commitments and low-value leases recognised on a straight-line basis as expense	(55)
Discounted using the lessee's incremental borrowing rate at the date of initial application	(5,488)
Lease liabilities recognised as at 1 January 2019	24,562
Of which are:	
Current lease liabilities	2,970
Non-current lease liabilities	21,592

(b) The Group's leasing activities and how these are accounted for

As lessee:

The Group leases land and buildings and others. Rental contracts are generally made for periods of 3 to 10 years. Lease terms are negotiated on an individual/group basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, unless the underlying asset is of low value or they are short-term leases. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

(Expressed in RMB unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 New standards and amendments to existing standards adopted by the Group (Continued)

(b) The Group's leasing activities and how these are accounted for (Continued)

As lessee: (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and equipment.

In addition, upon the adoption of IFRS 16, principal elements of lease payments and related interest portion have been classified within financing activities.

As lessor:

The Group continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently which is same as IAS 17. The previous accounting policy for lease was disclosed in note 2.21 in the annual financial statements for the year ended 31 December 2018.

3.2 Standards and Interpretations in issue but not yet effective and not been early adopted

The following new standards and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2020 or later periods, but the Group has not early adopted them:

	New standards, amendments and interpretations	Published date	Effective date
IFRS 17	Insurance contracts	May 2017	Annual periods beginning on or after 1 January 2021
Amendments to IFRS 3	Definition of a business	October 2018	Annual periods beginning on or after 1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	October 2018	Annual periods beginning on or after 1 January 2020
Amendments to the Conceptual framework	Amendments to the Conceptual framework	March 2018	Annual periods beginning on or after 1 January 2020

None of these IFRS is expected to have a significant effect on the financial information of the Group.

4 SEGMENT REPORTING

The executive directors and senior management, as a decision making group, is the Group's chief operating decision-maker ("**CODM**"). The Group has determined the operating segments based on the information reviewed by the CODMs for the purposes of allocating resources and assessing performance. For the periods presented, the Group as a whole is an operating segment since the Group is only engaged in the telecommunications tower infrastructure services and related businesses.

Substantially, the Group's long-lived assets are located in the mainland China and all the Group's revenues and operating profits are derived from the mainland China during the period.

5 OPERATING REVENUE

The table below summarises the Group's operating revenue by business types:

	Unaudited Six months ended 30 June 2019 RMB million	2018 RMB million
Tower business (Note (i))	**35,808**	34,064
DAS business	**1,254**	824
TSSAI business	**843**	374
Others	**75**	73
	37,980	35,335

Note:

(i) The table below summarises the Group's Tower business revenue by nature:

	Unaudited Six months ended 30 June 2019 RMB million	2018 RMB million
Revenue from the provision of Site Space	**30,280**	28,614
Revenue from Services*	**5,528**	5,450
	35,808	34,064

* Revenue from Services primarily comprises of Maintenance services revenue and Power services revenue.

5 OPERATING REVENUE (Continued)

Note: (Continued)

(ii) The major customers that contribute more than 10% of the total revenue of the Group are listed as below:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB million	RMB million
China Mobile Company and its subsidiaries	**20,101**	19,330
China Unicom Corporation	**8,243**	7,919
China Telecom	**8,851**	7,774
	37,195	35,023

For the six months ended 30 June 2019, the revenue generated from above Three TSPs accounted for 97.9% of the total revenue (for the six months ended 30 June 2018: 99.1%).

6 EMPLOYEE BENEFITS AND EXPENSES

	Unaudited Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Salaries and welfare	**2,324**	1,929
Retirement benefits	**337**	280
Contributions to medical insurance	**179**	147
Contributions to housing fund	**146**	122
Share incentive expenses (Note 23)	**72**	–
	3,058	2,478

7 OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Power generation charges (Note (i))	**1,086**	1,071
Site operation and support expenses (Note (ii))	**982**	887
Losses on write-off/disposal of property and equipment	**455**	344
Office lease, property management expenses and utilities	**190**	307
Other taxes and surcharges	**89**	74
Credit loss allowance	**249**	–
Others (Note (iii))	**383**	256
	3,434	2,939

Note:

(i) Power generation charges are expenditures incurred during electric power generation, such as diesel oil.

(ii) Site operation and support expenses are expenditures from third-party supplies for site planning and monitoring expenses and the charges of vehicles and transportation incurred during the daily operation of each site.

(iii) Others mainly included professional fees and other miscellaneous expenses (such as travelling and communications expenses).

8 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Interest on borrowings	**1,799**	3,014
Interest on deferred consideration payables	**–**	343
Interest expense on lease liabilities (Note 12)	**623**	–
Less: Amounts capitalised in construction in progress (Note)	**(73)**	(89)
	2,349	3,268

Note:

The interest rate range of amounts capitalised in construction in progress for the six months ended 30 June 2019 are 3.66%-3.98% per annum (for the six months ended 30 June 2018: 4.14%-4.42% per annum).

9 INCOME TAX EXPENSES

The Company and its provincial branches file the PRC enterprise income tax on a consolidated basis. The provision for the PRC enterprise income tax is based on the applicable tax rate on the estimated taxable profits determined in accordance with the relevant enterprise income tax rules and regulations of the PRC.

Taxation in the statement of comprehensive income represents:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Current tax		
Current tax on estimated taxable profits for the period	**1,382**	291
Deferred tax		
Origination or reversal of temporary differences	**(596)**	84
Income tax expenses	**786**	375

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the PRC statutory income tax rate applicable to the Group as follows:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Profit before taxation	**3,334**	1,585
Tax at PRC statutory tax rate of 25%	**834**	396
Rate differential of certain provincial branches of the Group (Note)	**(50)**	(23)
Tax effect of non-deductible expenses	**2**	2
Income tax expenses	**786**	375

Note:

The provision for the PRC enterprise income tax is based on the statutory tax rate of 25% on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 25%).

According to the circular of "Deeply Implementation of the western development strategy taxation policy" (Caishui [2011] No.58) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC and relevant PRC enterprise income tax regulations, entities that are qualified and located in certain western provinces of mainland China are entitled to a preferential income tax rate of 15%, certain branches of the Group obtained the approval in 2017 and were entitled to this preferential income tax rate of 15% until 2020.

10 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Unaudited Six months ended 30 June 2019	2018
Profit attributable to owners of the Company (in RMB million)	**2,548**	1,210
The weighted average number of ordinary shares (million):		
Issued ordinary shares at 1 January	**176,008**	129,345
Effect of shares under restricted share incentive scheme purchase (Note 23)	**(14)**	–
Weighted average number of ordinary shares in issue	**175,994**	129,345
Basic earnings per share (in RMB Yuan)	**0.0145**	0.0094

(b) Diluted

For the six months ended 30 June 2019, diluted earnings per share was equal to basic earnings per share as the potential ordinary shares due to the restricted share incentive scheme adopted by the Group was anti-dilutive during this period (For the six months ended 30 June 2018: there were no potential dilutive ordinary shares).

11 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

(a) Acquisition of property, plant and equipment and construction in progress

During the six months ended 30 June 2019, the Company acquired items of property, plant and equipment and construction in progress with a cost of RMB8,332 million (for the six months ended 30 June 2018: RMB8,071 million).

(b) Write off of property, plant and equipment

Property, plant and equipment with a net book value of approximately RMB481 million were written off during the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately RMB442 million).

12 LEASE

	Unaudited As at 30 June 2019 RMB million	Unaudited As at 1 January 2019 RMB million
(i) The interim condensed consolidated balance sheet shows the following amounts relating to leases:		
Right-of-use assets (Note)		
– Buildings and sites	**34,966**	35,236
– Land use rights	**921**	876
	35,887	36,112
Lease Liabilities		
– Current	**6,920**	2,970
– Non-current	**17,898**	21,592
	24,818	24,562

	Unaudited Six months ended 30 June 2019 RMB million	2018 RMB million
(ii) The interim condensed consolidated statement of comprehensive income shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets	**5,323**	–
Interest expense	**623**	–
Expense relating to short-term leases and low-value leases	**664**	–
– Site operating lease charges	**578**	–
– Others	**86**	–

Note:

Right-of-use assets include prepayments for site ground lease and land use rights of tower sites, which were previously recorded as "long-term prepayments" on 31 December 2018, and reclassified to right-of-use assets on 1 January 2019 upon the adoption of IFRS 16.

13 OTHER NON-CURRENT ASSETS

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Input VAT recoverable – non-current portion (Note (i))	**7,481**	8,175
Others (Note (ii))	**369**	220
	7,850	8,395

Note:

(i) Input VAT recoverable represents the excess of input VAT over output VAT as at 30 June 2019 and 31 December 2018. The input VAT recoverable can be carried forward indefinitely to set-off future output VAT in following periods according to the relevant VAT regulations of the PRC. The Group obtained input VAT from its purchase of assets (i.e. towers, equipment and property) and services that are subject to VAT in PRC.

(ii) Others include: a) purchased software, which are recognised at their initial costs and amortised over their estimated useful lives (generally 5-10 years), and b) the carrying amount of the investment in an associate of the Group, Hangzhou Internet of Things Intelligence Industry Corporation Limited ("**Hangzhou IOT**", a limited liability company established in the PRC), the amount was RMB4 million as at 30 June 2019. The Group held 40% of equity interests of Hangzhou IOT as at 30 June 2019. Hangzhou IOT mainly engages in the development and operation of internet of things technology, device and platform in the PRC.

14 TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Trade receivables – net (Note (a))	**20,575**	13,534
Deposits (Note (b)(i))	**642**	682
Payments on behalf of customers (Note (b)(ii))	**5,506**	4,941
Others	**3**	1
Other receivables	**6,151**	5,624
Trade and other receivables	**26,726**	19,158

As at 30 June 2019 and 31 December 2018, trade and other receivables were primarily denominated in RMB and their carrying amounts approximated their fair values.

14 TRADE AND OTHER RECEIVABLES (Continued)

Note:

(a) Trade receivables

(i) Aging analysis of the Group's gross trade receivables based on the billing, net of allowance for impairment loss, at the respective balance sheet dates are as follows:

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Up to 3 months	**16,293**	13,303
3 to 6 months	**3,971**	102
Over 6 months	**311**	129
	20,575	13,534

Trade receivables primarily comprise receivables from the Three TSPs. Other third-party customers are mainly local government authorities, state-owned companies and other enterprises. Customers with balances that are overdue or exceed credit limits are generally required to settle all outstanding balances before any further services can be provided.

The Group reassess expected credit loss of certain customers or relevant groups based on current condition as well as reasonable forecasts of future economic conditions from time to time, an impairment loss provision related to the addition of lifetime expected credit losses would be immediately provided and recorded in profit and loss after there has been a significant increase in the expected credit losses of corresponding receivables from initial recognition.

(ii) Trade receivables are analysed by customers:

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
China Mobile Company and its subsidiaries	**12,255**	7,580
China Unicom Corporation	**3,109**	2,380
China Telecom	**4,353**	2,888
Others	**858**	686
	20,575	13,534

(b) Other receivables

(i) Deposits primarily include deposits for site ground lease, office premises lease, buildings and equipment purchase. The carrying amount of deposits do not differ significantly from their fair values.

(ii) Payments on behalf of customers mainly represent the payments made by the Group to third parties on behalf of customers for certain sites electric power charges when the Group provides the services of power access to its customers and acting as an agent. Customers will usually settle the amounts with the Group within 1-3 months. Due to the financial strength, reputation and good credit history of these customers, management considers that the expected credit loss is immaterial, no provision for impaired receivables has been made for these receivables for the six months ended 30 June 2019 and the year ended 31 December 2018.

15 PREPAYMENTS AND OTHER CURRENT ASSETS

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Advance prepayments (Note)	4,039	2,454
Input VAT recoverable – Current portion	5,399	5,351
	9,438	7,805

Note:

Advance payments mainly represents prepaid rentals to the landlords of ground lease sites (to be amortised in one year), prepaid electric powers charges of certain tower sites, and prepayment for the acquisition of shares.

As at 30 June 2019, the Company has paid RMB828 million to the Trustee as a prepayment for the acquisition of the Company's H shares under the Scheme mentioned in Note 23.

16 CASH AND CASH EQUIVALENTS

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Cash at bank and on hand	2,766	4,836

17 SHARE CAPITAL

Registered, issued and fully paid:

	Unaudited As at 30 June 2019		Audited As at 31 December 2018	
	Number of Ordinary shares (million)	Share capital (RMB million)	Number of Ordinary shares (million)	Share capital (RMB million)
At beginning of period/year	176,008	176,008	129,345	129,345
Issuance of H shares upon the global offering	–	–	46,663	46,663
At end of period/year (RMB1.00, par value)	176,008	176,008	176,008	176,008

18 DIVIDENDS

At the AGM on 18 April 2019, the shareholders of the Company approved the payment of a final dividend of RMB0.00225 per share (equivalent to HK$0.002628 per share) (pre-tax) for the year ended 31 December 2018 totalling approximately RMB396 million, which has been reflected as a reduction of retained earnings and fully paid by the Company for the six months ended 30 June 2019.

The Board has resolved that no interim dividend is declared for the six months ended 30 June 2019.

19 BORROWINGS

(a) Borrowings

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Borrowings:		
Long-term borrowings (Note (i))		
– General Borrowings	**14,554**	14,000
– Preferential Borrowings	**8,714**	9,390
	23,268	23,390
Less: Current portion	**(5,688)**	(4,326)
Balance presented in non-current liabilities:	**17,580**	19,064
Short-term borrowings (Note (ii))	**72,450**	75,620
Long-term borrowings – Current portion	**5,688**	4,326
Balance presented in current liabilities:	**78,138**	79,946

Note:

(i) In 2015 and 2016, the Group obtained unsecured long-term RMB denominated loans from China Development Bank via China Development Fund Co., Ltd (the "**Preferential Borrowings**") at a preferential interest rate, as the government granted a loan interest subsidy to the Group.

As at 30 June 2019, the unsecured general long-term bank borrowings (the "**General Borrowings**") obtained by the Group has a maturity of 3 to 5 years (31 December 2018: 2 to 5 years).

For the six months ended 30 June 2019, the effective interest rates of all long-term borrowings were 2.75% to 4.41% per annum (for the six months ended 30 June 2018: 4.41% to 4.75% per annum).

(ii) For the six months ended 30 June 2019, all short-term borrowings are unsecured, which bear interest rates ranging 2.35% to 4.13% per annum (for the six months ended 30 June 2018: 2.35% to 4.48% per annum).

19 BORROWINGS (Continued)

(b) The repayment schedule of the borrowings

As at 30 June 2019 and 31 December 2018, borrowings are repayable as follows:

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Within 1 year	**78,138**	79,946
Between 1 and 2 years	**4,297**	4,276
Between 2 and 5 years	**12,766**	13,518
Over 5 years	**517**	1,270
	95,718	99,010

(c) The carrying amounts and fair value of the long-term borrowings

The carrying values of long-term borrowings approximate their fair values, as the impact of discounting is not significant. The fair values are based on cash flows discounted using the prevailing market interest rates as at 30 June 2019 and 31 December 2018. They are within level 3 of the fair value hierarchy.

20 DEFERRED REVENUE

Deferred revenue mainly represents the government grants obtained by the Group including the interest subsidy associated with the Preferential Borrowings (see Note 19 (a) (i)).

21 ACCOUNTS PAYABLE

Accounts payable primarily include payables for construction expenditures, repairs and maintenance and other operation expenditures. Accounts payable are unsecured, non-interest bearing and are repayable in accordance with contractual terms. Accounts payable are all denominated in RMB. Their carrying amounts approximate their fair values due to their short-term maturities.

The aging analysis of accounts payable is as follows:

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Less than six months	**19,129**	25,722
Six months to one year	**7,761**	3,560
More than one year	**1,572**	1,309
	28,462	30,591

22 ACCRUED EXPENSES AND OTHER PAYABLES

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Interest payable	**174**	483
Deposits from vendors	**1,305**	1,244
Accrued expenses	**540**	525
Salary and welfare payables	**1,107**	631
Other tax payables	**79**	112
Repurchase obligation under the Scheme (Note 23)	**1,142**	–
Others	**347**	268
	4,694	3,263

Accrued expenses and other payables are all denominated in RMB. Their carrying amounts approximate their fair values due to their short-term maturities.

23 RESTRICTED SHARE INCENTIVES SCHEME

As mentioned in Note 1.1, the Company adopted the Scheme on 18 April 2019. Pursuant to the Scheme, the Company may grant restricted shares to qualified Scheme participants, subject to the fulfilment of certain performance conditions by the Group and by Scheme participants for both the grant and unlocking of restricted shares. The interval of each grant after the last grant shall be 2 years by principle.

The grant price of the restricted shares shall be no less than 50% of the grant reference price. The pricing grant reference price shall be the higher of (i) closing price of the H shares of the Company on grant date and (ii) average closing price of the H shares for the 5 trading days immediately preceding the grant date. For each grant, the lock up period is 24 months commencing from the grant date, followed by an unlocking period of 24 months to 60 months (in the three periods/tranches, each for 12 months) after the grant of the restricted shares. Before unlocking of restricted shares, these shares are not transferrable, nor subject to any guarantee or indemnity. Upon the expiry of the lock up period, the restricted shares shall be unlocked separately in the three tranches in proportion of 40%, 30% and 30% of the total number of the restricted shares granted if the conditions for unlocking as required by the Scheme are satisfied during the unlocking period.

After the expiry of the lock up period, subject to fulfilment of all service and performance conditions under the Scheme, which include the achievement of certain revenue, profit and the return on equity targets of the Group and the Scheme participants' individual performance standards (collectively referred to as "**vesting conditions**"), the restriction over the restricted shares will be removed during corresponding unlocking period for each tranche and the Scheme participants will be fully entitled to the related shares (including the dividends declared or received on the underlying shares of the Company during the lock-up period and unlocking period).

The Trustee was appointed to purchase certain number of H shares from the secondary market for the Scheme as instructed by the Board, and the restricted shares purchased will be held by the Trustee until such shares are vested with Scheme participants in accordance with the provisions of the Scheme. If the vesting conditions are not fulfilled and the restricted shares of the corresponding proportion for the year cannot be unlocked, the Trustee or other third parties shall purchase the restricted shares at the grant price in accordance with the relevant laws and regulations.

(Expressed in RMB unless otherwise indicated)

23 RESTRICTED SHARE INCENTIVES SCHEME (Continued)

The Board has approved the First Tranche of Grant on 18 April 2019 (the "**Grant Date**") and 1,112 million restricted shares were granted to qualified Scheme participants. The grant price of each restricted share was RMB1.03 according to the Scheme. As at 30 June 2019, the proceeds of granted restricted shares of RMB1,142 million were contributed by the Scheme participants and received by the Trustee.

During the six months ended 30 June 2019, the Trustee has acquired 184 million H shares at a total cash consideration of RMB314 million, and which was debited to the equity of the Company.

The fair value of restricted shares granted to employees under the Scheme is recognised as an expense over the vesting period when employee services received, with a corresponding credit to equity. The total amount to be expensed is determined by reference to the fair value of the granted shares. At the end of each reporting period, the Group revises its estimates of the number of restricted shares that are expected to be vested. The impact of the revision of the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

The fair value of the restricted shares granted under the Scheme was RMB0.85 per share as determined based on the grant price adjustment mechanism of the Scheme and the difference between grant price and the market price of the Company's H Shares on the Grant Date.

	Fair Value (per share) RMB	Number of Restricted Shares Granted Million
As at 1 January 2019	–	–
Granted	**0.85**	**1,112**
Forfeited	**0.85**	**(3)**
As at 30 June 2019	**0.85**	**1,109**

For the six months ended 30 June 2019, share-based compensation of RMB72 million arising from the Scheme were recognised in the unaudited interim condensed consolidated statement of comprehensive income, with a corresponding credit to "share-based compensation reserves" in the unaudited interim condensed consolidated statement of changes in equity of the Group.

24 CONTINGENCIES

As at 30 June 2019 and 31 December 2018, the Group has no material contingencies.

25 COMMITMENTS

(a) Capital commitments

As at 30 June 2019 and 31 December 2018, the Group had capital commitments for construction expenditures as follows:

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Authorised but not contracted for:		
No later than one year	**8**	85
Later than one year and no later than five years	**–**	–
	8	85
Authorised and contracted for:		
No later than one year	**1,449**	1,343
Later than one year and no later than five years	**–**	–
	1,449	1,343

(b) Operating lease commitments

The Group leases office premises and site properties for telecommunication towers (as lessee) under non-cancellable lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Unaudited As at 30 June 2019 RMB million (Note (i))	Audited As at 31 December 2018 RMB million
No later than one year	**108**	3,011
Later than one year and no later than five years	**–**	20,903
Later than five years	**–**	6,191
	108	30,105

Note:

(i) As at 30 June 2019, the future aggregate minimum lease payments only represent the future payments of short-term leases and low-value leases after the adoption of IFRS 16.

(ii) As at 30 June 2019, the Group had future aggregate minimum lease receipts under non-cancellable operating leases (as lessor) during the leasing period (not exceeding 5 years) amounting to RMB233,550 million (31 December 2018: RMB244,154 million).

26 RELATED PARTY TRANSACTIONS

The Company is a limited liability company established in the PRC. As at 30 June 2019, the Company's main shareholders are China Mobile Company, China Unicom Corporation and China Telecom. The parent companies of the Three TSPs are China Mobile Communications Group Co., Ltd. ("**CMCC**"), China United Network Communications Group Company Limited ("**CUC**") and China Telecommunications Corporation ("**CTC**"), respectively, which are state-owned enterprises ultimately controlled by the PRC government. As a result, CMCC, CUC and CTC, the Three TSPs and their subsidiaries are all considered as the Group's related parties.

CMCC together with China Mobile Company and all their subsidiaries are hereinafter referred to as "CMCC Group"; CUC together with China Unicom Corporation and all their subsidiaries are hereinafter referred to as "CUC Group"; and CTC together with China Telecom and all their subsidiaries are hereinafter referred to as "CTC Group".

(a) Significant transactions with related parties

	Unaudited Six months ended 30 June	
	2019	2018
	RMB million	RMB million
Provision of Tower business, DAS and other services (i)	**37,195**	35,023
Purchases of various goods and services (ii)	**2,455**	3,375
Rental charges for property and site ground lease (iii)	**Note(iii)(1)**	340
Payments on behalf of related parties (iv)	**10,062**	10,056
Short-term borrowings and interests (v)		
– Principals	**–**	6,000
– Interests	**216**	349
Interest expenses of deferred consideration (vi)	**–**	343

Note:

(i) Provision of Tower business, DAS and other services

The provisions of the above Tower business, DAS and other services are mainly based on the agreed terms in the Commercial Pricing Agreements signed by the Company and the Three TSPs, and set out in the individual site service agreements between the provincial branches of the Company and the provincial subsidiaries/branches of the Three TSPs. The prices are determined on a cost plus margin basis, adjusted for different elements including tenancy co-sharing discount, area adjustment rate for different provincial standard construction costs and related operation costs. In early 2018, the Company entered into the Supplemental Agreement to the Commercial Pricing Agreements with each of the China Mobile Company, China Unicom Corporation and China Telecom.

(ii) Purchases of various goods and services

The Group purchases certain equipment, engineering design services, construction and supervision services, maintenance services, communications and IT services from CMCC Group, CUC Group and CTC Group. The transaction prices are mainly determined in accordance with relevant market price or cost-plus basis if no market price or the market price cannot be properly determined.

26 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

Note: (Continued)

(iii) Rental charges for property and site ground lease

The Group leases certain properties, site ground and warehouses from CMCC Group, CUC Group and CTC Group. The rents and management fees are charged to the Group are mainly determined with reference to the market price or cost-plus basis if no market price or the market price cannot be properly determined.

(1) For the six months ended 30 June 2019, the addition of right-of-use assets and lease liabilities from related parties as well as related interest expenses were not material due to the adoption of IFRS 16 by the Group on 1 January 2019 (see Note 3.1). According to the payment schedule as specified in each respective lease contracts with related parties, lease payments paid or payable to related parties during the six months ended 30 June 2019 were RMB242 million.

(2) For the six months ended 30 June 2018, the rental charges of paid or payable to related parties were RMB340 million.

(iv) Payments on behalf of related parties

As mentioned in Note 14 (b) (ii), the Group paid certain sites electric power charges to electricity power companies or third parties, on behalf of the Three TSPs.

(v) Short-term borrowings and interests

The Group obtained the short-term borrowings from CMCC and China Mobile Group Finance Co., Ltd. (a subsidiary of China Mobile Company). These borrowings are unsecured, with interest rates determined by benchmarking to the financial institution's one-year lending rate announced by the PBOC. These short-term borrowings have a maturity period of 3 to 12 months.

(vi) Interest expenses in related to the deferred consideration

The Group has to pay interests on the deferred consideration associated with the purchase of the Tower Assets in 2015. As of 30 June 2019, all the deferred consideration had been settled.

(b) Balances with related parties

(i) Amount due from related parties

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Trade and other receivables[(1)]	**25,157**	18,379
Prepayments and other current assets[(2)]	**290**	298

(1) Trade and other receivables with related parties mainly arise from provision of the Tower business, DAS services and other services (Note 26 (a) (i) and (iv)).

(2) The balances of prepayments and other current assets at each of the period/year end mainly arise from the leasing of certain properties and site ground from related parties as described in Note 26 (a) (iii).

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

(ii) Amount due to related parties

	Unaudited As at 30 June 2019 RMB million	Audited As at 31 December 2018 RMB million
Accounts payable	**3,644**	3,233
Accrued expenses and other payables	**119**	381

Apart from the balances of interest payables (non-trade) included in the Accrued expenses and other payables arising from the transactions described in Note 26 (a) (v) and (vi), amounts due to related parties mainly arise from the ordinary course of business in respect of transactions with related parties, such as the purchase of goods and services described in Note 26 (a) (ii) and (iii).

All the balances of amount due from/to related parties are unsecured, non-interest bearing and repayable on demand.

(iii) Deferred consideration payables

The balances of deferred consideration payables (non-trade) had been settled by 30 June 2019 (31 December 2018: RMB382 million), arising from the acquisition of Tower Assets in 2015.

(iv) Short-term borrowings from related parties

The balances of short-term borrowings from related parties (non-trade) was RMB8,950 million at 30 June 2019 (31 December 2018: RMB11,000 million), arising from the short-term borrowings with certain related parties as described in Note 26 (a) (v).

(c) Transactions with other state-owned entities in the PRC

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through government authorities, agencies, affiliations and other government-related organization (collectively referred to as "**government-related entities**"). Apart from transactions with CMCC Group, CUC Group and CTC Group (Note 26 (a)), the Group has significant transactions with other government-related entities, which include but not limited to the following:

- rendering or receiving services, such as construction services, logistics, transportation and maintenance services, etc.
- purchasing of goods, including use of public utilities
- placing of bank deposits, obtaining bank borrowings
- leasing of office buildings or tower sites

These transactions are conducted in the ordinary course of the Group's business on terms comparable with the terms of transactions with other entities that are not government-related. The Group prices its services and products with the counterparties based on commercial negotiations. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

27 FAIR VALUE ESTIMATION

As at 30 June 2019, the Group has no financial assets and financial liabilities measured at fair value. The financial assets and financial liabilities that are not carrying at fair values mainly include trade and other receivables, accounts payable, other payables, deferred consideration payables and borrowings. The Group measures these financial assets and financial liabilities at amortised cost. As at 30 June 2019, the Group considers that their carrying values approximate fair values due to the short maturity of the instruments and/or they are bearing interests at market rates.

28 EVENTS AFTER THE REPORTING PERIOD

On 26 July 2019, the Company issued super short-term commercial papers in the amount of RMB3,000 million with a maturity of 270 days in China's interbank bond market.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2019.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

Change of information of directors of the Company (the "**Director(s)**") and supervisors of the Company (the "**Supervisor(s)**") since the publication of the Company's 2018 annual report is set out below:

- Mr. Tse Yung Hoi, an independent non-executive Director, ceased to be a council member of HKSAR Financial Services Development Council (FSDC).

Save as stated above, there is no other information of the Directors or Supervisors required to be disclosed pursuant to Rule 13.51B(1) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Mr. Wang Zhixue has resigned from his position as a Supervisor with effect from 16 July 2019 by reason of change in work arrangement.

Mr. Gu Xiaomin was appointed as an executive Director on 31 July 2019. His term of office will end on the date of the expiration of the second session of the Board. Please refer to the announcements of the Company dated 10 June 2019 and 31 July 2019 for the information of Mr. Gu.

Ms. Li Tienan was appointed as a Supervisor on 31 July 2019. Her term of office will end on the date of the expiration of the second session of the supervisory committee of the Company. Please refer to the announcements of the Company dated 16 July 2019 and 31 July 2019 for the information of Ms. Li.

The biographical details of the Directors and Supervisors are available on the website of the Company (www.china-tower.com).

RESTRICTED SHARE INCENTIVE SCHEME

In order to further improve the corporate governance structure of the Company, and to establish and develop a long-term incentive mechanism, upon the approval of annual general meeting dated 18 April 2019 of the Company (the "**AGM**"), the Company adopted the "China Tower Corporation Limited First Phase Restricted Share Incentive Scheme" (the "**Restricted Share Incentive Scheme**") on 18 April 2019. The Restricted Share Incentive Scheme participants (the "**Scheme Participants**") are the Directors, senior management of the Company and core technical and management personnel contributing directly to the overall business performance and sustainable development of the Company. On the same day, the Board conducted the initial grant (the "**Initial Grant**") under the Restricted Share Incentive Scheme. For details, please refer to the announcement and circular of the Company both dated 4 March 2019, and the announcement of the Company on poll results of the AGM and announcement of the Initial Grant under Restricted Share Incentive Scheme both dated 18 April 2019, in relation to (inter alia) (i) the adoption of the Restricted Share Incentive Scheme and the Administrative Measures on the Restricted Share Incentive Scheme; (ii) the authorization to the Board to implement the Restricted Share Incentive Scheme and grant Restricted Shares under the Restricted Share Incentive Scheme from time to time; and (iii) the Initial Grant under the Restricted Share Incentive Scheme.

In addition, according to the price adjustment mechanism of the Restricted Share Incentive Scheme, the grant price of the Initial Grant shall be adjusted based on the final dividend of RMB0.00225 per Share for the year 2018, and rounding to two decimal places, the grant price after such adjustment maintained at RMB1.03 per Restricted Share.

The Restricted Share Incentive Scheme is a discretionary scheme of the Company and does not constitute a share option scheme under Chapter 17 of the Listing Rules.

DIRECTORS', SUPERVISORS' AND THE COMPANY'S CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Save as described below, as at 30 June 2019, none of the Directors, Supervisors and chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Hong Kong Stock Exchange.

Name of the Directors, Supervisors and chief executive	Nature of interest	Class of shares	Number of shares held (1) (2)	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
Tong Jilu	Other	H shares	1,800,000 (L)	0.00%	0.00%
Gu Xiaomin (3)	Other	H shares	1,550,000 (L)	0.00%	0.00%

Notes:

(1) (L) – Long position

(2) These represent the number of the Restricted Shares which were granted to the above-mentioned persons by the Company. Please see "Restricted Share Incentive Scheme" above for details.

Mr. Tong Jilu and Mr. Gu Xiaomin have accepted 1,800,000 and 1,550,000 Restricted Shares granted by the Company under the Restricted Share Incentive Scheme, respectively. For details, please refer to the announcement and circular of the Company both dated 4 March 2019, and the announcement of the Company on poll results of the AGM and the announcement of the Initial Grant under Restricted Share Incentive Scheme both dated 18 April 2019, in relation to (inter alia) (i) the adoption of the Restricted Share Incentive Scheme and the Administrative Measures on the Restricted Share Incentive Scheme; (ii) the authorization to the Board to implement the Restricted Share Incentive Scheme and grant Restricted Shares under the Restricted Share Incentive Scheme from time to time; and (iii) the initial grant under the Restricted Share Incentive Scheme.

(3) Mr. Gu Xiaomin served as a deputy general manager of the Company when he was granted such Restricted Shares. He has served as the general manager of the Company since 10 June 2019, and was appointed as an executive Director upon shareholders' approval at the extraordinary general meeting of the Company held on 31 July 2019.

Save as described above, as at 30 June 2019, the Company has not granted the Directors, Supervisors or chief executive of the Company, 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 of the Company.

MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, 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 or underlying shares of equity derivatives of the Company as recorded in the register required to be maintained under Section 336 of the provisions of Division 6 of Part XV of the SFO are as follows:

Name of shareholder	Nature of interest	Class of shares	Number of shares held[1]	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司) ("**CMCC**")[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile (Hong Kong) Group Limited (中國移動(香港)集團有限公司)[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile Hong Kong (BVI) Limited (中國移動香港(BVI)有限公司)[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile Limited (中國移動有限公司) ("**China Mobile**")[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile Communication (BVI) Limited (中國移動通信(BVI)有限公司)[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile Communication Company Limited (中國移動通信有限公司) ("**China Mobile Company**")[2]	Legal and beneficial owner	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China United Network Communications Group Company Limited (中國聯合網絡通信集團有限公司) ("**CUC**")[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China United Network Communications Limited (中國聯合網絡通信股份有限公司) ("**China Unicom A Share Company**")[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Unicom Group Corporation (BVI) Limited (中國聯通集團(BVI)有限公司)[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%

Name of shareholder	Nature of interest	Class of shares	Number of shares held[1]	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Unicom (BVI) Limited (中國聯通(BVI)有限公司)[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Unicom (Hong Kong) Limited (中國聯合網絡通信(香港)股份有限公司) ("**China Unicom**")[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China United Network Communications Corporation Limited (中國聯合網絡通信有限公司) ("**China Unicom Corporation**")[3]	Legal and beneficial owner	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Telecommunications Corporation (中國電信集團有限公司) ("**CTC**")[4]	Interest held by controlled corporations	Domestic shares	36,087,147,592 (L)	27.90%	20.50%
China Telecom Corporation Limited (中國電信股份有限公司) ("**China Telecom**")[4]	Legal and beneficial owner	Domestic shares	36,087,147,592 (L)	27.90%	20.50%
China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司)	Legal and beneficial owner	Domestic shares	7,760,676,901 (L)	6.00%	4.41%
Citigroup Inc.	Person having a security interest in shares/ Interest held by controlled corporations/ approved lending agent	H shares	4,738,958,884 (L) 138,035,522 (S) 4,399,561,633 (P)	10.15% 0.29% 9.42%	2.69% 0.08% 2.50%
BlackRock, Inc.	Interest held by controlled corporations	H shares	3,500,903,142 (L) 22,770,000 (S)	7.50% 0.05%	1.99% 0.01%
Hillhouse Capital Advisors, Ltd.[5]	Investment manager	H shares	3,273,878,000 (L)	7.01%	1.86%
Wellington Management Group LLP[6]	Investment manager	H shares	3,080,713,036 (L) 203,523 (S)	6.60% 0.00%	1.75% 0.00%
Gaoling Fund, L.P.	Legal and beneficial owner	H shares	2,899,776,000 (L)	6.21%	1.65%

Name of shareholder	Nature of interest	Class of shares	Number of shares held(1)	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
GIC Private Limited	Investment manager	H shares	2,779,836,778 (L)	5.96%	1.58%

Notes:

(1) (L) – Long position; (S) – Short position; (P) – Interest in a lending pool

(2) By virtue of the SFO, each of CMCC, China Mobile (Hong Kong) Group Limited, China Mobile Hong Kong (BVI) Limited, China Mobile Communication (BVI) Limited and China Mobile is deemed to have an interest in the shares held by China Mobile Company.

(3) By virtue of the SFO, each of CUC, China Unicom A share Company, China Unicom (BVI) Limited, China Unicom Group Corporation (BVI) Limited and China Unicom is deemed to have an interest in the shares held by China Unicom Corporation.

(4) By virtue of the SFO, CTC is deemed to have an interest in the shares held by China Telecom.

(5) By virtue of the SFO, Hillhouse Capital Advisors Ltd., as an investment manager, is deemed to have an interest in the shares held by Gaoling Fund, L.P. and YHG Investment, L.P.

(6) By virtue of the SFO, Wellington Management Group LLP, as an investment manager, is deemed to have an interest in the shares held by Wellington Management Singapore Pte. Ltd., Wellington Management Hong Kong Ltd, Wellington Management Company LLP, Wellington Management Global Holdings, Ltd., Wellington Investment Advisors Holdings LLP, Wellington Group Holdings LLP.

Save as disclosed above, as of 30 June 2019, 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 equity derivatives of the Company.

AUDIT COMMITTEE

The audit committee, together with the Company's management, reviewed the accounting principles and practices adopted by the Company and discussed financial reporting matters including the review of the Company's unaudited interim condensed financial information for the six months ended 30 June 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. For the six months ended 30 June 2019, the Company had complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules, except the deviation from Code Provision A.2.1 of the Corporate Governance Code.

Code Provision A.2.1 of the Corporate Governance Code in Appendix 14 to the Listing Rules requires that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. For the period ended 10 June 2019, the Company did not have separate chairman and chief executive; Mr. Tong Jilu ("**Mr. Tong**") was the chairman of the Board and the general manager of the Company.

In view of Mr. Tong's experience, personal profile and his roles in the Company, the Board considers it beneficial to the business prospects and operational efficiency of the Company that Mr. Tong, in addition to acting as the chairman of the Board, acts as the general manager of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that:

(i) there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors and our Board has three independent non-executive Directors out of the seven Directors, which is in compliance with the Listing Rules;

(ii) Mr. Tong and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly;

(iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and

(iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

On 10 June 2019, Mr. Tong resigned from his position as the general manager of the Company due to work adjustment. Mr. Gu Xiaomin was appointed as the general manager of the Company on the same day. Mr. Tong continued serving as the chairman of the Board and an executive Director. Since then, the Company has complied with the Code Provision A.2.1 of the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Code of Conduct for Securities Transactions by the Directors, Supervisors and Relevant Employees of China Tower Corporation Limited (the "**Company Code**") which is substantially based on the Model Code set out in Appendix 10 to the Listing Rules and is on terms no less exacting than those in the Model Code.

The Company has made specific enquiries to all Directors and Supervisors, and all Directors and Supervisors have confirmed that they have complied with the Company Code and the Model Code during the six months ended 30 June 2019.

SUBSEQUENT EVENTS

On 26 July 2019, the Company issued super short-term commercial papers in the amount of RMB3,000 million with a maturity of 270 days in China's interbank bond market.

CONTINGENT LIABILITIES

As at 30 June 2019, the Company had no contingent liabilities.

MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2019, the Company was not involved in any material litigation or arbitration, and as far as the Company is aware, no material litigation or claims were pending or threatened or made against the Company.

COMPLIANCE WITH APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed herein, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 has not been changed materially from the information disclosed in the Company's 2018 annual report.

FORWARD LOOKING STATEMENTS

The performance and the results of the operations of the Company contained in this 2019 interim report are historical in nature, and past performance is no guarantee of the future results of the Company. Any forward-looking statements and opinions contained within this 2019 interim report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Company, the Directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this 2019 interim report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.