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

Further Resource Sharing

Interim Report 2020

CONTENTS

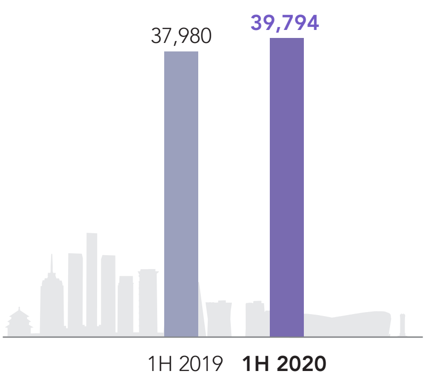
PERFORMANCE HIGHLIGHTS

RMB million	**1H2020**	1H2019	Change
Operating revenue	**39,794**	37,980	4.8%
of which			
Tower business	**36,371**	35,808	1.6%
Indoor distributed antenna system ("**DAS**") business	**1,720**	1,254	37.2%
Trans-sector site application and information ("**TSSAI**") business and energy operation business	**1,579**	843	87.3%
Operating profit	**5,841**	5,626	3.8%
EBITDA[1]	**29,100**	27,815	4.6%
Profit attributable to owners of the Company	**2,978**	2,548	16.9%
Capital expenditure	**14,302**	8,906	60.6%
Net cash flow from operating activities	**27,083**	20,798	30.2%
Basic earnings per share (RMB Yuan)	**0.0170**	0.0145	17.2%

Note 1: EBITDA is calculated by operating profit plus depreciation and amortization.

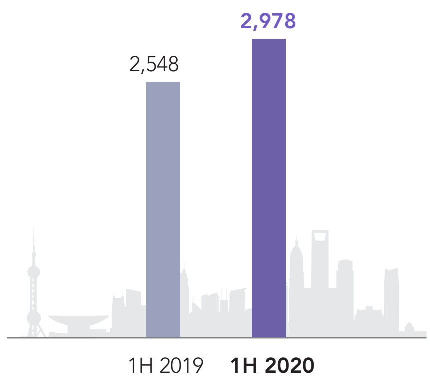
Operating revenue

(RMB million)



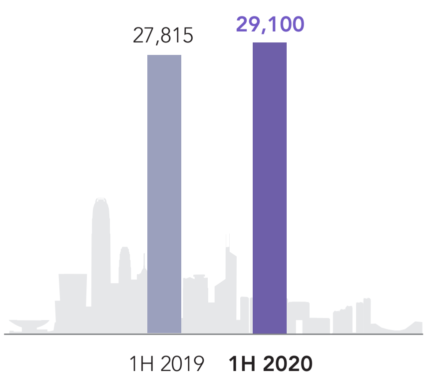
Profit attributable to owners of the Company

(RMB million)



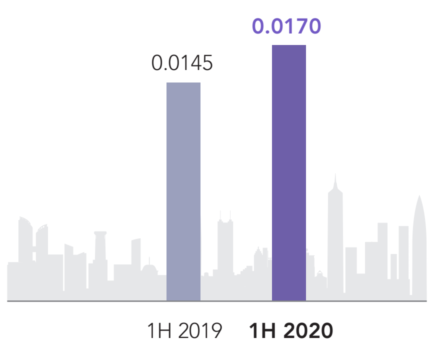
EBITDA

(RMB million)



Basic earnings per share

(RMB Yuan)



CHAIRMAN'S STATEMENT

Further Resource Sharing

Dear Shareholders,

In the first half of 2020, we, China Tower Corporation Limited (the "**Company**"), continued to uphold our resource-sharing philosophy to coordinate COVID-19 pandemic prevention and control activities, as well as promote our operational development. Seizing the tremendous opportunities arising from China's "new infrastructure" strategy and from the accelerating development of 5G networks construction, we deepened our "One Core and Two Wings" (一體兩翼) strategy and enhanced our core competencies. As a result, we achieved positive trends overall with steady operation development and business results.

FINANCIAL PERFORMANCE

In the first half of 2020, we continued to focus on quality enhancements by increasing investment efficiency and optimizing cost management. This ensured that we maintained a stable growth in revenue while steadily improving our operating efficiency at the same time. We recorded an operating revenue of RMB39,794 million, up by 4.8% over the same period last year. Our EBITDA reached RMB29,100 million, with the EBITDA margin[2] maintained at a high level of 73.1%. Profit attributable to owners of the Company reached RMB2,978 million, up by 16.9% over the same period last year.

Our cash flow was sound and healthy, and we sustained a reasonable and controllable debt leveraging level. In the first half of 2020, our net cash generated from operating activities amounted to RMB27,083 million. Capital expenditure amounted to RMB14,302 million and our free cash flow[3] reached RMB12,781 million. As of 30 June 2020, the Company's total assets reached RMB335,429 million and interest-bearing liabilities amounted to RMB113,949 million with a gearing ratio[4] of 37.5%.

BUSINESS PERFORMANCE

In the first half of 2020, we promoted the resumption of work and service during the COVID-19 pandemic in an orderly manner, endeavoring to minimize the negative impact of the pandemic. Whilst fully adhering to the measures necessary for the prevention and control of the pandemic, we firmly upheld our "One Core and Two Wings" strategy and leveraged our advantages in resource sharing to bolster our core competencies. Building on the solid foundation of our telecommunications service provider ("**TSP**") business, we achieved rapid development and breakthroughs in our TSSAI business and energy operation business, contributing to the further optimization of our overall business structure. Tower tenancy ratio had increased from 1.62 at the end of 2019 to 1.64 at the end of June 2020, reflecting a continued improvement in the level of site co-location.

Fully supporting the construction of 5G networks to maintain steady growth in our TSP business

In the first half of 2020, given the scaling construction of 5G networks and the demand for in-depth 4G network coverage, we continued to promote resource sharing through full utilization of existing resources and stepping up our efforts to acquire more social resources. This would serve to increase our operational efficiency and create more collaborative value. During this period, 97% of 5G construction demand from TSPs was satisfied through the sharing of existing resources. Taking into account the new features of 5G infrastructure, we continued to proactively promote the implementation of our integrated wireless communications coverage solutions. By combining macro and small cells, as well as outdoor and indoor network, these solutions provided a more economic, flexible and diverse way to fulfil customers' needs for cost-effective and varied approaches in network coverage. As of the end of June 2020, the Company managed a total of 2,015 thousand tower sites, representing an increase of 21,000 compared to the end of 2019. The total number of TSP tenants increased by 61,000 to 3,124 thousand compared to the end of 2019. Additionally, the revenue of our tower business increased by 1.6% to RMB36,371 million over the same period in 2019.

With regard to our DAS business, the Company fully leveraged its advantages in providing coordinated one-stop solutions. Considering a range of scenarios, we focused on customer demand and worked to create multiple and differentiated solutions that combine the active and passive DAS construction models. Drawing from our site sharing advantages, we maintained the rapid growth of our DAS business. As of 30 June 2020, we covered buildings with a cumulative area of 3,120 million square meters, representing an additional coverage of 550 million square meters compared to the end of 2019. We also covered subways and high-speed railway tunnels with a cumulative length of 4,827 kilometers and 6,122 kilometers, respectively, representing additional coverage of 1,457 kilometers and 804 kilometers, respectively, compared to the end of 2019. Our DAS revenue for the first half of 2020 increased by 37.2% year-on-year to RMB1,720 million.

Keep focusing on key sectors to accelerate the growth of our Two Wings business

Leveraging our resource and capability advantages, we extended our philosophy of resource sharing to release synergies across key sectors, accelerate the healthy and scaling development of our Two Wings business and unleash an impetus for new growth. Over the first half of 2020, our Two Wings business recorded revenue of RMB1,579 million, marking an 87.3% growth over the same period last year.

The growth of our TSSAI business remained fast and healthy. We leveraged our advantages in tower site resources and expertise to capture new opportunities arising from the digitization and informatization of society. With our foci on "resource sharing" and "data information", we placed great emphasis on key sectors and customers and continued to innovate our products and enhance our platform's operational capabilities. In addition, we formed an initial standardized product portfolio in areas such as video surveillance, field supervision, edge access and data monitoring. This accelerated our transition from providing ordinary resource leasing to offering an integrated information service, enabling the rapid and high-quality development of our TSSAI business. From the end of 2019 to 30 June 2020, the total number of our TSSAI tenants increased by 13,000 to 189 thousand. In the first half of 2020, our revenue generated from TSSAI business was RMB1,264 million, up by 49.9% over the same period last year.

We achieved effective breakthroughs in our energy operation business. Drawing from our experience in ensuring base-station power supply and operating traction batteries, we formulated plans to scale up our energy business for operations across society and established a new platform for energy sharing. Over the first half of 2020, we maintained a focus on our four core businesses of power backup, power generation, battery exchange and power charging. While building on our previous pilot projects, we continued to optimize our product platform and grow our customer base. As of 30 June 2020, the cumulative number of power exchange service users had reached 153 thousand. This reflects how we have initially established a unified brand in the energy business with competitive edge, which set a good foundation for sustainable development in the future. Additionally, our energy business recorded a revenue of RMB315 million, representing an effective launch.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

We continued to enhance our corporate governance systems and optimize our comprehensive risk management and internal controls to improve our capabilities in risk prevention and control. In doing so, we maintained a high standard of corporate governance to safeguard the healthy and sustainable development of the Company.

We have also remained committed to fulfilling our corporate social responsibilities and obligations, for which we have received broad recognition from society. We met our obligations to support emergency communications and ensure reliable communications during unforeseeable incidents such as natural disasters and epidemics. In the first half of 2020, facing the unexpected spread of COVID-19, the Company actively fulfilled its responsibilities to fight against the pandemic by responding to emergency construction tasks. We placed great emphasis on the surveillance, patrol, inspection and maintenance of base-stations that are core to pandemic prevention and control, supporting TSPs in safeguarding emergency communications. During the pandemic, the Company also helped teachers and students in remote mountainous areas overcome the issue of poor network signal and subsequent difficulties in online teaching and studying. Entering this year's flood season, we took quick action to safeguard communications against flooding impact. We worked diligently to ensure the safe and stable operation of site infrastructure, providing smooth communication networks for our customers during this period.

In addition, we helped build wireless networks in remote areas to support TSPs in providing inclusive services. Upholding our philosophy of shared development, we worked to promote cost efficiency within the industry and conserve social resources, to facilitate the building of resource-conserving and environmentally-friendly society. We also contributed to targeted poverty alleviation initiatives, in support of the tough battle against this social issue.

Chairman's Statement

OUTLOOK FOR THE SECOND HALF OF 2020

Looking to the future, given the ongoing implementation of China's "Cyberpower" and "new infrastructure" strategies, the construction and deployment of 5G networks will continue to accelerate. As a telecommunications infrastructure service provider, the Company is looking to capture new market development opportunities, uphold its strategy of resource sharing and maintain high-quality growth. This will ensure the stable growth of our operating results and continue to increase the efficiency of development, ultimately generating higher returns for our shareholders.

Reinforcing our market-oriented approach to promote the stable development of our TSP business

To capture the opportunities arising from the scaling construction of 5G networks, the Company is looking to anticipate changes in technology development, customer demand and the political environment. Leveraging our resource advantages, we are continuously strengthening our core competencies. Additionally, we are using our customer-centric approach to further enhance our integrated wireless communications coverage solutions through the combination of macro and small cells, as well as indoor and outdoor network infrastructure, to support TSPs in setting up wireless networks in a flexible and efficient manner. While continuing to reinforce our capabilities in coordinating and sharing existing resources, we have also increased our efforts to acquire and leverage social resources. By promoting resource sharing within the industry and prioritizing co-location over new construction, we are committed to expanding the scope of co-location sites and increasing their value. Adhering to our market-oriented and customer-centric approaches, we are working to innovate our products and services to provide on-demand, personalized and differentiated offerings for our customers. In doing so, we aim to achieve an efficient allocation of our resources and meet our customers' needs for high-quality network coverage in a cost-effective manner, creating a win-win situation for the industry.

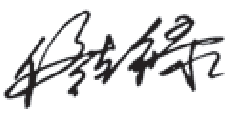
Forging competitive capabilities to promote the rapid and scaling development of our Two Wings business

Given the opportunities arising from the informatization of society and development of new energy sectors, we are dedicated to leveraging our resources and expertise to enhance the core capabilities of our Two Wings business, promoting the healthy and rapid development of the Company. Regarding our TSSAI business, we will further strengthen our marketing capabilities, focus on customer demands and continue to improve our product portfolio. By reinforcing the capabilities of our platform operational model and by steering towards delivering integrated information services, we will be well positioned to achieve sustainable and high-quality growth. Regarding our energy operation business, we are looking to leverage our professional operational procedures to pursue market development opportunities and further drive innovation. Focusing on our core business segments of power backup, battery exchange, power generation and charging, we will continue to optimize our product portfolio to nurture a positive reputation and enhance our brand influence, helping to rapidly scale up our energy operation business.

Upholding an innovation-driven development strategy to continuously increase company value

We adhere to value-creation-oriented technology innovation. To remain market, application and development focused, we will place emphasis on our core business areas, including tower products, power solutions and low-cost DAS solutions. We also intend to increase our efforts to achieve technological breakthroughs and build innovative collaborations, enhance our technology research and development efforts as well as reinforce our technological support capabilities, all to empower the Company's business development. Focusing on the values of high-quality service and efficiency, the Company is committed to the continuous improvement of management. By optimizing our production management processes and promoting the standardization of management, the level of detail-oriented management will be improved. We are also committed to improving our incentives and allocation mechanisms to drive the Company's development and enhance its efficiency. With an emphasis on performance and value creation, we are dedicated to exploring and building a more flexible and differentiated remuneration system to motivate our talent, encourage innovation and infuse vitality into our Company.

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



Tong Jilu
Chairman

Beijing, China, 11 August 2020

Note 1: The financial information mentioned in the Chairman's Statement and Financial Overview of this interim report is prepared based on the consolidated financial information. The Company and its subsidiaries are collectively referred to as the Group.

Note 2: EBITDA margin is calculated by dividing EBITDA by operating revenue, and multiplying the resulting value by 100%.

Note 3: Free cash flow is the net cash generated from operating activities minus the capital expenditures.

Note 4: 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.

FINANCIAL OVERVIEW

(Expressed in RMB unless otherwise indicated)

OPERATING REVENUE

The Company insisted the sharing philosophy and actively promoted the "One Core and Two Wings" strategy. The operating revenue remained a steady growth. In the first half of 2020, the Company recorded an operating revenue of RMB39,794 million, up by 4.8% over the same period last year, of which revenue from tower business reached RMB36,371 million, up by 1.6% over the same period last year; revenue from DAS business reached RMB1,720 million, up by 37.2% over the same period last year; and revenue from TSSAI and energy operation businesses reached RMB1,579 million, up by 87.3% over the same period last year. The revenue from non-tower business accounted for 8.6% of the total operating revenue in the first half of 2020, increasing from 5.7% for the same period last year.

OPERATING EXPENSES

The Company persisted in individual site accounting while controlling costs by referencing to benchmarks and promoting delicacy management to enhance cost efficiency. In the first half of 2020, the operating expenses were RMB33,953 million, up by 4.9% over the same period last year. The breakdown is as follows:

- **Depreciation and amortization**

  In the first half of 2020, the depreciation and amortization were RMB23,259 million, up by 4.8% over the same period last year, of which the amortization of the right-of-use assets in relation to long-term lease were RMB5,590 million, up by 5.0% over the same period last year, mainly due to the growth in number of sites, and the increase in the right-of-use assets as recognized in accordance with the accounting standard on leases resulting from the increased proportion of sites under long-term lease.

- **Repair and maintenance expenses**

  The Company has continuously strengthened capability in maintenance operation. Through deploying an Internet-based smart monitoring system, the Company has been able to carry out maintenance operation accurately and effectively, thereby enhancing the efficiency of maintenance expenses. In the first half of 2020, repair and maintenance expenses were RMB3,001 million, down by 3.0% over the same period last year.

- **Employee benefits and expenses**

  In the first half of 2020, employee benefits and expenses amounted to RMB3,469 million, up by RMB411 million over the same period last year, mainly due to the staff cost arising from gradual increase of technical staff in second half of 2019 to fulfill the Company's business development needs, as well as the effect of the share-based compensation arising from the restricted share incentive scheme.

- **Other operating expenses**

  In the first half of 2020, other operating expenses amounted to RMB4,224 million, representing an increase of RMB212 million over the same period last year, mainly due to strong development momentum of our TSSAI and energy operation businesses, with related costs increased by RMB337 million over the same period last year.

Financial Overview

(Expressed in RMB unless otherwise indicated)

FINANCE COSTS

With much effort to carry out multi-channel financing at low costs, maintaining efficient capital turnover and controlling finance costs effectively, the Company recorded net finance costs of RMB2,064 million in the first half of 2020, down by 11.4% over the same period last year.

PROFITABILITY

In the first half of 2020, the Company achieved an operating profit of RMB5,841 million. Profit attributable to owners of the Company for the period amounted to RMB2,978 million, up by 16.9% over the same period last year; EBITDA reached RMB29,100 million, up by 4.6% over the same period last year, representing 73.1% of operating revenue.

CAPITAL EXPENDITURE AND CASH FLOW

Through the utilization of both self-owned and social resources and the promotion of the integrated wireless communications coverage solutions, the Company satisfied the scaling 5G network construction demand at low costs, while also having bolstered the growth of Two Wings business in an economical and efficient way. In the first half of 2020, the capital expenditure reached RMB14,302 million. Net cash flow generated from operating activities was RMB27,083 million while free cash flow was RMB12,781 million.

BALANCE SHEET STATUS

As of 30 June 2020, the Company's total assets were RMB335,429 million and total liabilities were RMB152,486 million, in which net debts amounted to RMB109,569 million. The gearing ratio decreased from 38.5% at the beginning of this year to 37.5% at the end of the period.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

To the Board of Directors of China Tower Corporation Limited
(A joint stock company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 40, 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 2020 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, 11 August 2020

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020
(Expressed in Renminbi ("RMB"))

	Note	Unaudited Six months ended 30 June 2020 RMB million	2019 RMB million
Operating revenue	5	**39,794**	37,980
Operating expenses			
Depreciation and amortisation	12	**(23,259)**	(22,189)
Repairs and maintenance		**(3,001)**	(3,095)
Employee benefits and expenses	6	**(3,469)**	(3,058)
Other operating expenses	7	**(4,224)**	(4,012)
		(33,953)	(32,354)
Operating profit		**5,841**	5,626
Other gains, net		**120**	37
Interest income		**30**	20
Finance costs	8	**(2,094)**	(2,349)
Profit before taxation		**3,897**	3,334
Income tax expenses	9	**(920)**	(786)
Profit for the period		**2,977**	2,548
Profit attributable to:			
– Owners of the Company		**2,978**	2,548
– Non-controlling interests		**(1)**	–
Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the period		**2,977**	2,548
Total comprehensive income attributable to:			
– Owners of the Company		**2,978**	2,548
– Non-controlling interests		**(1)**	–
		2,977	2,548
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	10	**0.0170**	0.0145

The notes on pages 17 to 40 are an integral part of this interim condensed financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020
(Expressed in RMB)

	Note	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Assets			
Non-current assets			
Property, plant and equipment	11	**233,685**	239,925
Right-of-use assets	12	**35,004**	36,140
Construction in progress	11	**14,324**	12,263
Deferred income tax assets		**1,527**	1,199
Other non-current assets	13	**6,485**	7,545
		291,025	297,072
Current assets			
Trade and other receivables	14	**31,096**	26,258
Prepayments and other current assets	15	**8,928**	8,514
Cash and cash equivalents	16	**4,380**	6,223
		44,404	40,995
Total assets		**335,429**	338,067
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	17	**176,008**	176,008
Reserves		**6,934**	6,551
Total equity attributable to owners of the Company		**182,942**	182,559
Non-controlling interests		**1**	2
Total equity		**182,943**	182,561

The notes on pages 17 to 40 are an integral part of this interim condensed financial information.

Unaudited Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2020
(Expressed in RMB)

	Note	**Unaudited As at 30 June 2020 RMB million**	Audited As at 31 December 2019 RMB million
Liabilities			
Non-current liabilities			
Borrowings	19(a)	**12,856**	8,480
Lease liabilities	12	**17,270**	17,862
Deferred revenue	20	**685**	800
		30,811	27,142
Current liabilities			
Borrowings	19(a)	**76,893**	87,019
Lease liabilities	12	**6,930**	6,992
Accounts payable	21	**31,525**	29,313
Accrued expenses and other payables	22	**5,870**	4,641
Current income tax payable		**457**	399
		121,675	128,364
Total liabilities		**152,486**	155,506
Total equity and liabilities		**335,429**	338,067

The notes on pages 17 to 40 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 2020
(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 Interests RMB million	Total Equity RMB million
Balance at 31 December 2018		176,008	3,694	–	–	80	720	180,502	–	180,502
Change in accounting policy		–	–	–	–	(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 scheme-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 17 to 40 are an integral part of this interim condensed financial information.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2020
(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 Interests RMB million	Total Equity RMB million
Balance at 31 December 2019		176,008	3,694	(1,735)	247	475	3,870	182,559	2	182,561
Profit for the period		–	–	–	–	–	2,978	2,978	(1)	2,977
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income for the period		–	–	–	–	–	2,978	2,978	(1)	2,977
Dividends paid	18	–	–	–	–	–	(2,561)	(2,561)	–	(2,561)
Acquisition of own shares under restricted share incentive scheme	23	–	–	(219)	–	–	–	(219)	–	(219)
Employee share scheme-value of employee services	23	–	–	–	185	–	–	185	–	185
Balance at 30 June 2020		176,008	3,694	(1,954)	432	475	4,287	182,942	1	182,943

The notes on pages 17 to 40 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 2020
(Expressed in RMB)

	Unaudited Six months ended 30 June 2020 RMB million	2019 RMB million (Note 2)
Cash flows from operating activities		
Cash generated from operations	**28,241**	21,813
Income tax paid	**(1,188)**	(1,035)
Interest income received	**30**	20
Net cash generated from operating activities	**27,083**	20,798
Cash flows from investing activities		
Purchase of property and equipment	**(14,286)**	(13,764)
Purchase of land use right and other non-current assets	**(61)**	(67)
Proceeds from disposal of property and equipment	**51**	26
Net cash used in investing activities	**(14,296)**	(13,805)
Cash flows from financing activities		
Payments for listing expenses	**–**	(83)
Dividends paid to the owners of Company	**(2,561)**	(396)
Proceeds from borrowings (excluding short-term commercial papers)	**39,300**	14,170
Proceeds from short-term commercial papers	**16,000**	–
Net proceeds from employees for restricted share incentive scheme	**93**	1,142
Acquisition of shares for restricted share incentive scheme	**(59)**	(1,142)
Repayments of borrowings (excluding short-term commercial papers)	**(44,106)**	(17,606)
Repayments of short-term commercial papers	**(17,000)**	–
Payments of deferred consideration (including value-added tax) for acquisition of Tower Assets	**–**	(382)
Interest paid for borrowings	**(1,535)**	(2,035)
Payments of lease liabilities (including principal and interest)	**(4,762)**	(2,731)
Net cash used in financing activities	**(14,630)**	(9,063)
Net decrease in cash and cash equivalents	**(1,843)**	(2,070)
Cash and cash equivalents at beginning of period	**6,223**	4,836
Effect of changes in foreign exchange rates on cash and cash equivalents	**–**	–
Cash and cash equivalents at end of period	**4,380**	2,766

Significant non-cash transactions:

For the additions of construction in progress, the Group recorded accounts payables of approximately RMB17,812 million to equipment and construction suppliers as at 30 June 2020 (31 December 2019: approximately RMB19,856 million).

The Group recorded an addition of right-of-use assets with the corresponding of lease liabilities amounting to approximately RMB3,810 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB5,056 million).

The notes on pages 17 to 40 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**"), with a total registered capital of RMB10,000 million.

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**"). 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.

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**"), other trans-sector site application and information services ("**TSSAI business**") and energy operation 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 11 August 2020.

The Group's interim condensed financial information for the six months ended 30 June 2020 has been reviewed, not audited.

2 BASIS OF PREPARATION

This unaudited interim condensed financial information for the six months ended 30 June 2020 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 2019. Other than those newly applied policies as disclosed in Note 3, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. 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 2019 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2020.

Certain comparative figures have been reclassified to conform to current period's presentation.

Going concern

At 30 June 2020, the Group's current liabilities exceeded its current assets by RMB77,271 million (31 December 2019: RMB87,369 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 RMB159,973 million as at 30 June 2020; 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 were 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 2020. Accordingly, the unaudited interim condensed financial information has been prepared on the basis that the Group will continue as a going concern.

(Expressed in RMB unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES

The Group has early adopted Amendment to IFRS16 – COVID-19 Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. For the six months ended 30 June 2020, there were no significant rent concessions being received by the Group. There was no impact on the opening balance of equity at 1 January 2020.

The Group adopted new or amendments to IFRSs effective for the financial year beginning 1 January 2020 for the current reporting period. Except for the Amendment to IFRS16 set out above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

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 2022 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 2023
Amendments to IAS 1	Classification of liabilities as current and non-current	January 2020	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16	Annual Improvements	May 2020	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 3 and IAS 16	Narrow-scope amendments	May 2020	Annual periods beginning on or after 1 January 2022
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Undetermined

None of these new or amendments to IFRSs is expected to have a significant effect on the financial information of the Group.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

4 SEGMENT REPORTING

The executive directors and senior management, as a decision-making group has been identified as the Group's chief operating decision-maker ("**CODM**"). The Group has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The CODM review the performance from revenue stream prospective and has identified Tower business, DAS business, TSSAI business and energy operation business as its operating segments. More than 90% of the total revenue are generated from Tower business. Due to the similarity of the economic characteristics, CODM conclude that all these operating segments are aggregated and treated as a single reportable segment.

Substantially, the Group's long-lived assets are mainly located in the mainland China and all the Group's revenue and operating profit 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	
	2020 RMB million	2019 RMB million
Tower business (Note (i))	**36,371**	35,808
DAS business	**1,720**	1,254
TSSAI business	**1,264**	843
Energy operation business	**315**	–
Others	**124**	75
	39,794	37,980

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

5 OPERATING REVENUE (Continued)

Note:

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

	Unaudited Six months ended 30 June	
	2020 **RMB million**	2019 RMB million
Revenue from the provision of Site Space	**30,974**	30,280
Revenue from Services*	**5,397**	5,528
	36,371	35,808

* Revenue from Services primarily comprises Maintenance services revenue and Power services revenue that are accounted for under IFRS 15.

(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	
	2020 **RMB million**	2019 RMB million
China Mobile Company and its subsidiaries	**20,220**	20,101
China Telecom	**9,437**	8,851
China Unicom Corporation	**8,705**	8,243
	38,362	37,195

For the six months ended 30 June 2020, the revenue generated from above Three TSPs accounted for 96.4% of the total revenue (for the six months ended 30 June 2019: 97.9%).

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

6 EMPLOYEE BENEFITS AND EXPENSES

	Unaudited Six months ended 30 June	
	2020 **RMB million**	2019 RMB million
Salaries and welfare	**2,714**	2,324
Retirement benefits (Note)	**223**	337
Share incentive expenses (Note 23)	**185**	72
Contributions to housing fund	**174**	146
Contributions to medical insurance	**173**	179
	3,469	3,058

Note:

In response to COVID-19 pandemic, with effective from February 2020, the Group was waived from paying certain statutory social benefits to the state-sponsored retirement scheme based on a joint announcement issued by the Chinese authorities, including the Ministry of Finance and the State Administration of Taxation.

7 OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 June	
	2020 **RMB million**	2019 RMB million (Note 2)
Site operation and support expenses (Note (i))	**816**	809
Power generation charges (Note (ii))	**809**	1,042
Technical support charges (Note (iii))	**721**	217
Expense relating to short-term leases and low-value leases (Note 12)	**611**	664
Losses on write-off/disposal of property and equipment	**533**	455
Credit loss allowance	**175**	249
Property management expenses and utilities	**104**	104
Other taxes and surcharges	**101**	89
Others (Note (iv))	**354**	383
	4,224	4,012

7 OTHER OPERATING EXPENSES (Continued)

Note:

(i) Site operation and support expenses are expenditures paid to third-party suppliers for site planning and monitoring expenses and the charges of vehicles and transportation incurred during the daily operation of each site.

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

(iii) Technical support charges are expenditures paid to third-party service providers for rendering technical solutions to service problems.

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

8 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2020 RMB million	2019 RMB million
Interest expense on borrowings	**1,501**	1,799
Interest expense on lease liabilities (Note 12)	**647**	623
Less: Amounts capitalised in construction in progress (Note)	**(54)**	(73)
	2,094	2,349

Note:

The interest rate range of amounts capitalised in construction in progress for the six months ended 30 June 2020 were 3.20%-3.42% per annum (for the six months ended 30 June 2019: 3.66%-3.98% per annum).

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

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	
	2020 RMB million	2019 RMB million
Current tax		
Current tax on estimated taxable profits for the period	**1,248**	1,382
Deferred tax		
Origination of temporary differences	**(328)**	(596)
Income tax expenses	**920**	786

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	
	2020 RMB million	2019 RMB million
Profit before taxation	**3,897**	3,334
Tax at PRC statutory tax rate of 25%	**974**	834
Rate differential of certain provincial branches of the Group (Note)	**(61)**	(50)
Tax effect of non-deductible expenses	**7**	2
Income tax expenses	**920**	786

Note:

The Company's PRC statutory income tax rate is 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/branches 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 the end of 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 during the period, while the shares purchased for the restricted share incentive scheme excluded.

	Unaudited Six months ended 30 June	
	2020	2019
Profit attributable to owners of the Company (in RMB million)	**2,978**	2,548
Weighted average number of ordinary shares in issue (million)	**174,910**	175,994
Basic earnings per share (in RMB Yuan)	**0.0170**	0.0145

Note:

On 18 April 2019, the shareholders of the Company approved the adoption of a restricted share incentive scheme. For the six months ended 30 June 2020, 143 million shares were acquired by a trustee (the "**Trustee**") from the secondary market (Note 23) (for the six months ended 30 June 2019: 184 million shares).

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Group only has one category of potential ordinary shares, that is the shares granted to employee under the restricted share incentive scheme.

Conditions for unlocking of restricted shares granted are subject to achievement of certain performance conditions and treated as contingently issuable shares. As the conditions of contingency are deemed to have not been met, based on the information available, at the end of the reporting period, as if the end of the reporting period was the end of the contingency period, thus the restricted shares granted to employees were not included in the calculation of diluted earnings per share for the six months ended 30 June 2020 and 2019, respectively.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

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 2020, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB14,021 million (for the six months ended 30 June 2019: RMB8,332 million).

(b) Write-off/disposal of property, plant and equipment

Property, plant and equipment with a net book value of approximately RMB584 million were written off/disposed off during the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB481 million).

12 LEASE

(i) The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Right-of-use assets		
– Sites and premises	**33,969**	35,146
– Land use rights	**1,035**	994
	35,004	36,140
Lease Liabilities		
– Current	**6,930**	6,992
– Non-current	**17,270**	17,862
	24,200	24,854

(ii) The interim condensed consolidated statement of comprehensive income shows the following amounts relating to leases:

	Unaudited Six months ended 30 June	
	2020 RMB million	2019 RMB million
Depreciation charge of right-of-use assets	**5,590**	5,323
Interest expense	**647**	623
Expense relating to short-term leases and low-value leases:	**611**	664
– Site operating lease charges	**464**	578
– Others	**147**	86

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

13 OTHER NON-CURRENT ASSETS

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Input VAT recoverable – non-current portion (Note (i))	**6,149**	7,170
Others (Note (ii))	**336**	375
	6,485	7,545

Note:

(i) The Group obtained input VAT from its purchase of assets (i.e. towers, equipment and property) and services that were subject to VAT in the PRC. Input VAT recoverable mainly represents the input VAT carried forward from the acquisition of Tower Assets from Three TSPs in 2015 (see Note 1). 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.

(ii) Others include: i) purchased software, which are recognised at their initial costs and amortised over their estimated useful lives (generally 5-10 years), and ii) 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) with a carrying amount of RMB0.59 million as at 30 June 2020. The Group held 40% equity interests of Hangzhou IOT. This associate of the Group mainly engages in the development and operation of internet of things technology, device and platform in the PRC.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

14 TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Trade receivables (Note (a))	**26,069**	21,289
Less: Credit loss allowance	**(567)**	(395)
Trade receivables, net	**25,502**	20,894
Payments on behalf of customers (Note (b)(i))	**4,711**	4,605
Deposits (Note (b)(ii))	**879**	758
Others	**4**	1
Other receivables	**5,594**	5,364
Trade and other receivables	**31,096**	26,258

As at 30 June 2020 and 31 December 2019, trade and other receivables were primarily denominated in RMB and their carrying amounts approximated their fair values.

For the six months ended 30 June 2020, the Group wrote off trade receivables in amount of approximately RMB3 million (for the six months ended 30 June 2019: nil).

Note:

(a) **Trade receivables**

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

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Up to 3 months	**18,818**	16,168
3 to 6 months	**4,791**	3,449
Over 6 months	**2,460**	1,672
	26,069	21,289

14 TRADE AND OTHER RECEIVABLES (Continued)

Note: (Continued)

(a) Trade receivables (Continued)

(ii) Trade receivables are analysed by customers:

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
China Mobile Company and its subsidiaries	**11,477**	10,818
China Telecom	**6,933**	5,099
China Unicom Corporation	**5,390**	3,696
Others	**2,269**	1,676
	26,069	21,289

Trade receivables primarily comprise receivables from the Three TSPs. Other third-party customers include local government authorities and public institutions, state-owned companies and other customer groups. Trade receivables from customers are mainly due for payment within 1-3 months from the date of billing. Customers with balances that are overdue or exceed credit limits are required to settle all outstanding balances before any further services can be provided.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit loss of certain customers or relevant groups are based on current conditions as well as reasonable forecasts of future economic conditions from time to time. Additional credit loss allowance would be immediately recognised in the profit and loss when there has been a significant increase of the expected credit losses of corresponding receivables from initial recognition.

(b) Other receivables

(i) Payments on behalf of customers mainly represent the payments made by the Group to their suppliers for certain sites electric power supply charges when the Group provides the services of power access to its customers and acting as an agent. Such customers usually make payment to the Group within 1-3 months. They are considered to be of low credit risk and thus the impairment loss allowance to be recognized are deemed not material. Therefore, no credit loss allowance was made for those other receivables for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

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

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

15 PREPAYMENTS AND OTHER CURRENT ASSETS

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Input VAT recoverable – Current portion (Note 13(i))	**5,425**	5,394
Advance prepayments (Note(a))	**3,499**	3,112
Others (Note(b))	**4**	8
	8,928	8,514

Note:

(a) As at 30 June 2020, advance payments mainly represented prepaid rentals to the lessor for short-term leases and low-value leases under IFRS 16, and prepayment of electric powers charges of certain tower sites.

(b) Others mainly include inventory such as battery.

16 CASH AND CASH EQUIVALENTS

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Cash at bank and on hand		
–RMB	**4,293**	6,132
–HKD	**85**	91
–USD	**2**	–
	4,380	6,223

17 SHARE CAPITAL

Registered, issued and fully paid:

	Unaudited As at 30 June 2020		Audited As at 31 December 2019	
	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**	176,008	176,008
At end of period/year (RMB1.00, par value)	**176,008**	**176,008**	176,008	176,008

18 DIVIDENDS

At the AGM on 21 May 2020, the shareholders of the Company approved the payment of a final dividend of RMB0.01455 per share (equivalent to HK$0.015894 per share) (pre-tax) for the year ended 31 December 2019 approximately RMB2,561 million in total, which has been reflected as a reduction of retained earnings and fully paid by the Company for the six months ended 30 June 2020.

19 BORROWINGS

(a) Borrowings

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Borrowings:		
Long-term borrowings (Note (i))		
– General Borrowings	**7,202**	3,788
– Preferential Borrowings	**7,324**	8,020
	14,526	11,808
Less: Current portion	**(1,670)**	(3,328)
Balance presented in non-current liabilities:	**12,856**	8,480
Short-term borrowings:		
Short-term loans (Note (ii))	**59,150**	66,550
Short-term commercial papers (Note (iii))	**16,073**	17,141
Long-term borrowings – Current portion	**1,670**	3,328
Balance presented in current liabilities:	**76,893**	87,019

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. The Preferential Borrowings mature in 10 years and are mainly used for telecommunications network and broadband infrastructure improvements in certain rural areas of the PRC.

As at 30 June 2020, the carrying amount of the Preferential Borrowings amounted to RMB7,324 million (31 December 2019: RMB8,020 million). The Group initially recognised the Preferential Borrowings at fair value based on the then prevailing borrowing interest rates in the PRC. The interest subsidy was recognised as a government grant and recorded in deferred revenue, which was amortised to the consolidated statement of comprehensive income to match with the related interest expenses.

As at 30 June 2020, the unsecured general long-term bank borrowings (the "**General Borrowings**") obtained by the Group has a maturity of 3 years (31 December 2019: 3 to 5 years).

For the six months ended 30 June 2020, the effective interest rates of all long-term borrowings were 2.75% to 4.35% per annum (for the six months ended 30 June 2019: 2.75% to 4.41% per annum).

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

19 BORROWINGS (Continued)

(a) Borrowings (Continued)

Note: (Continued)

(ii) For the six months ended 30 June 2020, all short-term loans were unsecured, which bear interest rates ranging from 3.00% to 3.92% per annum (for the six months ended 30 June 2019: from 2.35% to 4.13% per annum).

(iii) During the six months ended 30 June 2020, the Company publicly issued short-term commercial papers in the amount of RMB16,000 million in the China's Interbank Bond Market. The details of which are shown below:

Issue Date	Principle Amount (RMB million)	Paper titles	Period	Annual interest rate
9 March 2020	4,000	Tranche one of 2020 super short-term commercial paper	178 days	2.05%
12 March 2020	2,000	Tranche two of 2020 super short-term commercial paper	180 days	2.05%
13 March 2020	2,000	Tranche three of 2020 super short-term commercial paper	179 days	2.00%
22 April 2020	2,000	Tranche four of 2020 super short-term commercial paper	267 days	1.50%
23 April 2020	4,000	Tranche five of 2020 super short-term commercial paper	270 days	1.60%
27 April 2020	2,000	Tranche six of 2020 super short-term commercial paper	269 days	1.65%

The short-term commercial papers are unsecured.

The balance of short-term commercial papers as at 30 June 2020 included principle and related interest payable, amounted to RMB16,000 million and RMB73 million, respectively.

(b) The repayment schedule of the borrowings

As at 30 June 2020 and 31 December 2019, borrowings were repayable as follows:

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Within 1 year	**76,893**	87,019
Between 1 and 2 years	**3,740**	2,127
Between 2 and 5 years	**8,842**	5,957
Over 5 years	**274**	396
	89,749	95,499

(c) The carrying amounts and fair values 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 2020 and 31 December 2019. 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 primarily denominated in RMB. Their carrying amounts approximate their fair values due to their short-term maturities.

The aging analysis of accounts payable is based on the invoice date as follows:

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Less than 6 months	**22,544**	20,250
6 months to 1 year	**4,815**	4,548
More than 1 year	**4,166**	4,515
	31,525	29,313

22 ACCRUED EXPENSES AND OTHER PAYABLES

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Deposits from vendors	**1,534**	1,344
Salary and welfare payables	**1,451**	564
Cash received from Scheme Participants under restricted share incentive scheme (Note 23)	**1,232**	1,139
Accrued expenses	**785**	583
Interest payable	**142**	161
Other tax payables	**70**	96
Deferred revenue	**34**	34
Others	**622**	720
	5,870	4,641

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

At the Company's 2018 Annual General Meeting held 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. Pursuant to the Scheme, the Company may grant restricted shares to qualified participants ("**Scheme Participants**"), and subject to the fulfilment of certain performance conditions and service conditions.

All shares granted are subject to a lock up period of 24 months commencing from the grant date, followed by an unlocking period of up 1 to 3 years (three tranches in proportion of 40%, 30% and 30% for each 12 months). After unlocking, Scheme Participants will entitle to the related shares (including the dividends declared on the underlying shares granted and vested) provided all of the required performance conditions are meet and the Scheme Participants are still in employment with the Company.

Pursuant to the Scheme, the Board approved the initial grant proposal (the "**Initial Grant Proposal**") on 18 April 2019. The first tranche of 1,112 million restricted shares were granted on the same date by the Board (the "**First Grant Date**") at the grant price of RMB1.03 per share. The fair value of the shares granted on First Grant Date was determined as RMB0.85 per share.

During the six months ended 30 June 2020 and 2019, 3 million restricted shares were forfeited, respectively.

Movements in number of restricted shares granted and related fair value are as follows:

	Unaudited Six months ended 30 June			
	2020		2019	
	Weighted Average Fair Value (per share) (RMB Yuan)	**Number of Restricted Shares Granted (Million)**	Weighted Average Fair Value (per share) (RMB Yuan)	Number of Restricted Shares Granted (Million)
At the beginning of the period	**0.83**	**1,199**	–	–
Granted during the period	**–**	**–**	0.85	1,112
Forfeited during the period	**0.82**	**(3)**	0.85	(3)
At the end of the period	**0.82**	**1,196**	0.85	1,109

During the six months ended 30 June 2020 and 2019, share-based compensation of RMB185 million and RMB72 million were recognised in the consolidated statement of comprehensive income, with a corresponding credit to the equity, respectively.

As instructed by the Board, a Trustee is appointed to acquire certain number of H shares from the secondary market for the Scheme, and the purchased shares will be held by the Trustee until such shares are vested in accordance with the provisions of the Scheme. Upon vesting, the Trustee will transfer the shares to the employees. If the performance conditions or service conditions are not fulfilled and the corresponding tranche of shares granted to be vested during the year cannot be unlocked, the grant price paid by the Scheme Participants will be repaid to the Scheme Participants in accordance with relevant laws and regulations.

23 RESTRICTED SHARE INCENTIVES SCHEME (Continued)

During the six months ended 30 June 2020, the Trustee had acquired 143 million H shares at a total cash consideration of RMB219 million, which was debited to the equity of the Company (during the six months ended 30 June 2019: 184 million H shares, RMB314 million).

Shares held by the Trustee under restricted share incentive scheme are shown below:

	Unaudited As at 30 June 2020		Audited As at 31 December 2019	
	Number of shares (million)	**Shares held under restricted share incentive scheme (RMB million)**	Number of shares (million)	Shares held under restricted share incentive scheme (RMB million)
Shares held under restricted share incentive scheme	**1,196**	**1,954**	1,053	1,735

During the six months ended 30 June 2020, amount of RMB93 million were received from the Scheme Participants (during the six months ended 30 June 2019: RMB1,142 million).

24 CONTINGENCIES

As at 30 June 2020 and 31 December 2019, the Group had no material contingencies.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

25 COMMITMENTS

(a) Capital commitments

As at 30 June 2020 and 31 December 2019, the Group had capital commitments for construction expenditures and acquisition of properties as follows:

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Authorised but not contracted for:		
No later than 1 year	–	–
Later than 1 year and no later than 5 years	–	–
	–	–
Authorised and contracted for:		
No later than 1 year	2,399	3,036
Later than 1 year and no later than 5 years	–	–
	2,399	3,036

(b) Non-cancellable operating leases

As at 30 June 2020, the Group had future aggregate minimum lease receipts under non-cancellable operating leases (as lessor) during the leasing period (5 years) amounting to approximately RMB197,352 million (31 December 2019: RMB200,214 million).

From 1 January 2019, the Group has recognised right-of-use assets for leases, except for short-term leases and low-value leases. Minimum lease payments under non-cancellable operating leases related to short-term and low-value leases not recognised in the financial statements are as follows:

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
No later than 1 year	615	622
	615	622

26 RELATED PARTY TRANSACTIONS

The Company is a joint stock company with limited liability established in the PRC. As at 30 June 2020, 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	
	2020 RMB million	2019 RMB million
Provision of Tower business, DAS and other services (i)	**38,362**	37,195
Purchases of various goods and services (ii)	**2,969**	2,455
Rental charges for property and site ground lease (iii)	**141**	242
Payments on behalf of related parties (iv)	**10,774**	10,062
Short-term borrowings and interests (v)		
– Principals	**–**	–
– Interests	**145**	216

Note:

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

The provisions of the Tower business, DAS and other services are mainly based on the agreed terms in the Commercial Pricing Agreements and supplemental 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.

For the six months ended 30 June 2020, based on the mutual agreement reached with each of the Three TSPs, for the Tower business, the co-location discount policy that had been applied prior to the year of 2020 for the existing sharing parties under the Commercial Pricing Agreements and related supplemental agreements continued to be applied.

(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.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

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. On the adoption of IFRS 16, the Group recognises right-of-use assets and lease liabilities for leases in the balance sheet, except for short-term leases and low-value leases.

For the six months ended 30 June 2020, rental charges for property and site ground lease include short-term leases and low-value leases charges for use of property and site ground, the depreciation of the right-of-use assets, and the finance cost associated with the lease liabilities in relation to the aforementioned leasing arrangements with CMCC Group, CUC Group and CTC Group.

(iv) Payments on behalf of related parties

As mentioned in Note 14 (b) (i), 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 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 of 12 months.

(b) Balances with related parties

(i) Amount due from related parties

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Trade and other receivables	**28,511**	24,447
Prepayments and other current assets	**207**	216
Right-of-use assets	**471**	517

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

(ii) Amount due to related parties

	Unaudited As at 30 June 2020 RMB million	Audited As at 31 December 2019 RMB million
Accounts payable	**4,815**	4,064
Accrued expenses and other payables	**364**	326
Lease liabilities	**583**	453

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

(iii) Short-term borrowings from related parties

The balances of short-term borrowings from related parties (non-trade) was RMB7,450 million at 30 June 2020 (31 December 2019: RMB7,450 million), arising from the short-term borrowings from 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 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:

- provisioning of TSSAI services
- rendering or receiving other services, such as construction services, logistics, transportation and maintenance services, etc.
- purchasing of goods and services, 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.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

27 FAIR VALUE ESTIMATION

As at 30 June 2020, the Group had 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 and borrowings. The Group measures these financial assets and financial liabilities at amortised cost. As at 30 June 2020, the Group considered 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 THE IMPACT OF THE COVID-19

After the outbreak of Coronavirus Disease 2019 ("**COVID-19**") in early 2020, a series of precautionary and control measures were and continue to be implemented across the country. The Group has not experienced significant delay on the construction projects or the collections of debts as a result of the pandemic. Given the uncertainty in the rapidly changing market and economic conditions related to the COVID-19 pandemic, the Group will continue to monitor the development of the COVID-19 and evaluate the nature and extend of the impact to our financial position and liquidity.

29 SUBSEQUENT EVENTS

On 21 July 2020, the Company issued super short-term commercial papers in the amount of RMB3,000 million with a maturity of 268 days in China's interbank bond market.

On 11 August 2020, the Board resolved that no interim dividends are declared for the six months ended 30 June 2020.

OTHER INFORMATION

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 2020.

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 2019 annual report and the announcement of the Company dated 21 May 2020 is set out below:

- Mr. Dong Xin ("**Mr. Dong**"), a non-executive Director, served as deputy general manager of China Mobile Communications Group Co., Ltd. from August 2013 to May 2020, and served as executive director, vice president and chief financial officer of China Mobile Limited (listed on the Hong Kong Stock Exchange with the stock code: 0941) from March 2017 to August 2020. Mr. Dong has been a director and president of China Mobile Communications Group Co., Ltd. since May 2020, and an executive director and the chief executive officer of China Mobile Limited since August 2020.

- Mr. Mai Yanzhou, a non-executive Director, was appointed as a non-executive director of China Communications Services Corporation Limited (listed on the Hong Kong Stock Exchange with the stock code: 0552) on 15 June 2020.

- Mr. Tse Yung Hoi, an independent non-executive Director, was appointed as an independent non-executive director of Jinmao (China) Hotel Investments and Management Limited (listed on the Hong Kong Stock Exchange with the stock code: 6139) and Jinmao (China) Investments Manager Limited (the trustee-manager of Jinmao Hotel) on 9 June 2020, resigned from his position as an independent non-executive director of Guoan International Limited (listed on the Hong Kong Stock Exchange with the stock code: 0143) on 1 June 2020, and retired from his position as an independent non-executive director of HJ Capital (International) Holdings Company Limited (listed on the Hong Kong Stock Exchange with the stock code: 0982) on 20 July 2020.

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**").

On 10 January 2020, Mr. Su Li has resigned from his positions as an independent non-executive Director, the chairman of the Remuneration and Appraisal Committee, a member of the Strategy Committee, the Nomination Committee and the Connected Transaction Committee of the Board as he would like to devote more time and energy to his personal endeavours.

On 6 March 2020, Mr. Shao Guanglu has resigned from his positions as a non-executive Director, a member of the Strategy Committee and the Remuneration and Appraisal Committee of the Board due to change in work arrangement.

Mr. Mai Yanzhou ("**Mr. Mai**") and Mr. Deng Shiji ("**Mr. Deng**") were appointed as a non-executive Director and an independent non-executive Director on 21 May 2020, respectively. On the same day, Mr. Mai was appointed as a member of the Remuneration and Appraisal Committee and the Strategy Committee of the Board; Mr. Deng was appointed as the chairman of the Remuneration and Appraisal Committee, a member of the Nomination Committee, the Strategy Committee and the Connected Transaction Committee of the Board. Please refer to the announcement of the Company dated 21 May 2020 for further information of Mr. Mai and Mr. Deng.

On 10 August 2020, Ms. Guo Xiaolin resigned from her position as a Supervisor by reason of adjustment in work responsibilities.

Besides, Mr. Li Zhangting has been nominated as a Supervisor subject to the approval from the shareholders of the Company at the general meeting to be convened by the Company. Please refer to the Company's announcement dated 10 August 2020 for details.

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 2018 annual general meeting dated 18 April 2019 of the Company (the "**2018 AGM**"), the Company adopted the "China Tower Corporation Limited First Phase Restricted Share Incentive Scheme" (the "**Restricted Share Incentive Scheme**"). 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 18 April 2019, the Board approved the initial grant (the "**Initial Grant**") of restricted shares (the "**Restricted Shares**") under the Restricted Share Incentive Scheme, and approved the first tranche of Initial Grant (the "**First Tranche of Grant**") and the second tranche of Initial Grant (the "**Second Tranche of Grant**") on 18 April 2019 and 19 December 2019, respectively. For details, please refer to the announcement and circular of the Company both dated 4 March 2019, the announcement of the Company on poll results of the 2018 AGM and announcement of the Initial Grant under Restricted Share Incentive Scheme both dated 18 April 2019, and the announcement of the Company on the Second Tranche of Grant dated 19 December 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, including the First Tranche of Grant and the Second Tranche of Grant.

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

Save as described below, as at 30 June 2020, 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 Securities and Futures Ordinance (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	Beneficiary of a trust	H shares	1,800,000 (L)	0.00%	0.00%
Gu Xiaomin	Beneficiary of a trust	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. The trustee of the Restricted Share Incentive Scheme has completed the purchase of shares from the secondary market, but these shares are still in the lock-up period and cannot be traded. 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 2018 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.

Save as described above, as at 30 June 2020, 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 2020, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at 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%

Other Information

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 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%
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.	Interest held by controlled corporations/ approved lending agent	H shares	4,548,791,969 (L) 215,695,689 (S) 4,147,141,367 (P)	9.75% 0.46% 8.89%	2.58% 0.12% 2.36%
GIC Private Limited	Investment manager	H shares	3,310,539,876 (L)	7.09%	1.88%
Hillhouse Capital Advisors, Ltd.[(5)]	Investment manager	H shares	3,273,878,000 (L)	7.02%	1.86%
Gaoling Fund, L.P.[(5)]	Legal and beneficial owner	H shares	2,899,776,000 (L)	6.21%	1.65%
BlackRock, Inc.	Interest held by controlled corporations	H shares	2,629,730,831 (L) 39,890,000 (S)	5.64% 0.09%	1.49% 0.02%

Other Information

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. According to the latest Disclosure of Interests filed by Hillhouse Capital Advisors, Ltd. on 28 February 2019, the number of Shares held by Gaoling Fund, L.P. has further slightly increased to 3,074,310,000 Shares (L).

Save as disclosed above, as of 30 June 2020, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares 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 2020.

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 2020, the Company had complied with the code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") as contained in Appendix 14 to the Listing Rules, except for the following:

On 10 January 2020, Mr. Su Li ("**Mr. Su**") resigned from his positions as an independent non-executive director of the Company, the chairman of the Remuneration and Appraisal Committee, a member of the Strategy Committee, the Nomination Committee and the Connected Transaction Committee of the Board as he would like to devote more time and energy to his personal endeavours.

On 6 March 2020, Mr. Shao Guanglu resigned from his positions as a non-executive director of the Company, a member of the Strategy Committee and the Remuneration and Appraisal Committee of the Board due to change in work arrangement.

On 6 March 2020, the Board announced that it had proposed to appoint Mr. Mai as a non-executive director and Mr. Deng as an independent non-executive director of the Company. Their appointments would be subject to the approval from the shareholders of the Company. On 21 May 2020, the annual general meeting of the Company for the year 2019 approved the aforesaid appointments of directors. On the same day, Mr. Mai was appointed as a member of the Remuneration and Appraisal Committee and the Strategy Committee of the Board; Mr. Deng was appointed as the chairman of the Remuneration and Appraisal Committee, a member of the Nomination Committee, the Strategy Committee and the Connected Transaction Committee of the Board.

During the period from 10 January 2020 on which Mr. Su resigned to 21 May 2020 on which Mr. Deng was appointed, the Company failed to comply with the requirements that the number of independent non-executive directors shall be no less than three and shall be no less than one-third of the Board under Rules 3.10(1) and 3.10A of the Listing Rules. In addition, the Remuneration and Appraisal Committee of the Board failed to comply with the requirements of having an independent non-executive director as chairman and comprising a majority of independent non-executive directors under Rule 3.25 of the Listing Rules, and due to the composition and number of members in the committee, the Remuneration and Appraisal Committee of the Board also failed to comply with the requirements on execution of its duties in accordance with provisions B.1.1 and B.1.2 of the Corporate Governance Code; the composition of the Nomination Committee of the Board failed to comply with provision A.5.1 of the Corporate Governance Code which requires the majority of members of the committee to be independent non-executive directors. Upon the appointments of Mr. Mai and Mr. Deng became effective on 21 May 2020, the Company has re-complied with the above-mentioned requirements.

In addition, after Mr. Su's resignation on 10 January 2020, the Board had endeavored to propose as soon as possible and on 6 March 2020 proposed the appointments of directors. Since the appointments need to be approved by the shareholders of the Company and became effective on 21 May 2020, the Company failed to comply with the time requirements on appointing adequate number of directors and committee members within three months under Rules 3.11 and 3.27 of the Listing Rules.

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 2020.

SUBSEQUENT EVENTS

On 21 July 2020, the Company issued super short-term commercial papers in the amount of RMB3,000 million with a maturity of 268 days in China's interbank bond market.

CONTINGENT LIABILITIES

As at 30 June 2020, the Company had no contingent liabilities.

MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2020, 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 2019 annual report.

Other Information

FORWARD LOOKING STATEMENTS

The performance and the results of the operations of the Company contained in this 2020 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 2020 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 2020 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.