

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

Resource Sharing for an Intelligent Future

Interim Report 2021





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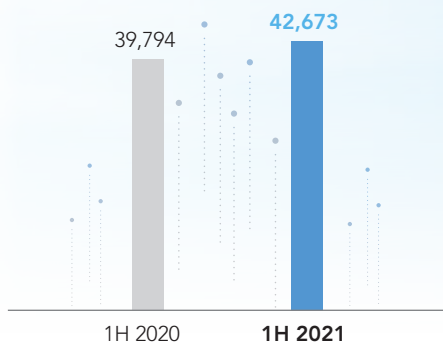
PERFORMANCE HIGHLIGHTS

RMB million	1H 2021	1H 2020	Change
Operating revenue	42,673	39,794	7.2%
of which			
TSP business	39,808	38,091	4.5%
Trans-sector site application and information (“TSSAI”) business	1,853	1,264	46.6%
Energy business	884	315	180.6%
Operating profit	6,354	5,841	8.8%
EBITDA ¹	31,184	29,100	7.2%
Profit attributable to owners of the Company	3,457	2,978	16.1%
Capital expenditure	10,360	14,302	-27.6%
Net cash generated from operating activities	24,238	27,083	-10.5%
Basic earnings per share (RMB Yuan)	0.0198	0.0170	16.5%

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

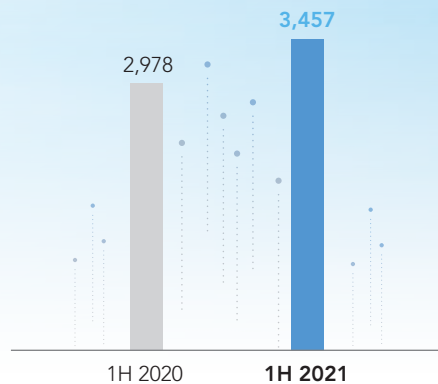
Operating revenue

(RMB million)



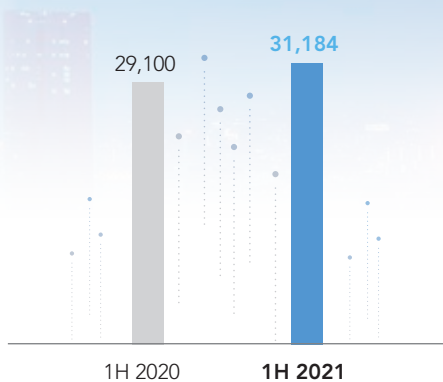
Profit attributable to owners of the Company

(RMB million)



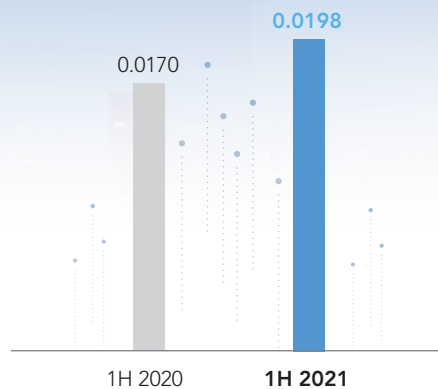
EBITDA

(RMB million)



Basic earnings per share

(RMB Yuan)



CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2021, China implemented its “Cyberpower”, “Digital China” and “New Infrastructure” strategies at full speed. Keeping pace with these national initiatives, China Tower Corporation Limited (the “**Company**”) furthered our “One Core and Two Wings” strategy based on our resource sharing philosophy. During this period, all our businesses saw remarkable development and our overall performance recorded a stable and healthy growth.

FINANCIAL PERFORMANCE

Our total revenue maintained steady growth in the first half of 2021 while profitability continued to improve. Our operating revenue recorded a year-on-year increase of 7.2% to RMB42,673 million; our EBITDA amounted to RMB31,184 million, representing growth of 7.2% year-on-year with an EBITDA margin² of 73.1%. Profit attributable to owners of the Company totaled RMB3,457 million, up by 16.1% year-on-year, with a net profit margin of 8.1%.

Our cash flow remained sound and ample. In the first half of 2021, net cash generated from operating activities amounted to RMB24,238 million. Capital expenditures amounted to RMB10,360 million, a reduction of 27.6% year-on-year, which resulted in our free cash flow³ reaching RMB13,878 million, an increase of 8.6% year-on-year. Our debt leverage ratio was contained at a reasonable and manageable level and our financial position remained healthy. As of 30 June 2021, our total assets were RMB333,195 million and our interest-bearing liabilities stood at RMB114,191 million, representing a gearing ratio⁴ of 37.0%.



Tong Jilu
Chairman of the Board



Chairman's Statement

BUSINESS PERFORMANCE

In the first half of 2021, centered around our "One Core and Two Wings" strategy, we continued to leverage the benefits of effective resource coordination and sharing to achieve higher efficiency in our asset operations, and as a result further reinforced our competitiveness. Building on the stable development of our TSP business, our TSSAI and energy businesses continued to increase in scale and grow rapidly.

Maintaining stable and healthy growth in our TSP business, cementing industry leadership

Given the growth in 5G network deployments during the first half of 2021, we used our market-oriented approach to focus on customer demands as well as the new features of 5G network construction. In this context, we utilized our ability to coordinate and share resources, making full use of our existing and social resources. We have also focused on construction and service model innovation, in view of improving our asset operating efficiency and meeting our customer's network coverage demands in a cost-effective, intensive and high-performing manner. As a result, our TSP business maintained stable growth, further cementing our leadership in the telecommunication infrastructure construction and operation sector.

We completed the infrastructure of approximately 256,000 5G projects in the first half of 2021, of which 97% were completed by utilizing existing resources. This underscored our strength in sharing resources to support the large-scale construction of 5G networks in a cost-effective manner. At the same time, the impact of 5G on improving our revenue has begun to show its effects, with 5G becoming the key growth driver of our TSP business. As of the end of June 2021, we were managing a total of 2.035 million tower sites, a net cumulative addition of 12,000 sites from the end of 2020. During the same period, we gained 53,000 new TSP tenants, bringing the total number to 3.228 million. Our TSP tenancy ratio also increased from 1.57 at the end of 2020 to 1.59. Our DAS business cumulatively covered buildings with a total area of 4.41 billion square meters, up by 41.3% year-on-year. We also covered a total of 14,431 kilometers of high-speed railway tunnels and subways, an increase of 31.8% year-on-year.

In the first half of 2021, our TSP business revenue amounted to RMB39,808 million, an increase of 4.5% year-on-year, of which our tower business revenue accounted for RMB37,722 million while our DAS business revenue accounted for RMB2,086 million, representing a year-on-year growth of 3.7% and 21.3% respectively.

Rapidly scaling our Two Wings business, gaining new momentum for further development

Leveraging our unique advantages in resources and capabilities, we focused on product innovation and the optimization of our platform operations, to maximize the benefits of our sharing model. As a result, our Two Wings business continued to expand rapidly while gaining new momentum for sustainable development. The Two Wings business has shown potential in supporting and reinforcing the Company's multi-pillar development plan. In the first half of 2021, Two Wings business recorded revenue of RMB2,737 million, an increase of 73.3% year-on-year.



Chairman's Statement

TSSAI business: The Company seized opportunities arising from the further digitalization and informatization in China, fully leveraged our competitive advantages in mid- and high-point monitoring and proactively promoted the transformation of "Telecommunication Towers" into "Digital Towers". Focusing on our video surveillance services, we enhanced our innovative business model and implemented unified technology and service standards, platform support and operations management. We integrated algorithms, terminals, transmission and data management as well as extended our collaboration with industry partners to expand our ecosystem. We have officially launched our "Tower Monitoring" business to serve a wide range of customers across sectors relating to the national economy and people's livelihoods, including environmental remediation, disaster relief, eco-conservation and village governance. Our integrated information service capabilities were further enhanced, providing a strong basis for the rapid expansion of our TSSAI business. As of 30 June 2021, we had 195,000 TSSAI tenants and TSSAI revenue for the first half of 2021 was RMB1,853 million, an increase of 46.6% year-on-year.

Energy business: We captured opportunities related to the push toward a low-carbon economy and the thriving new energy industry. Focusing on our core business segments of battery exchange and power backup, we expanded the scale of our operations and improved our delicate management approach. By standardizing our product platform and putting in place operating and management systems, we strove to enhance our core competitive advantages as the "largest industry player with best-in-class services", creating smart energy applications with "China Tower characteristics". As of 30 June 2021, we had cumulatively provided around 460,000 users with battery exchange services, a net increase of 160,000 compared with the end of 2020, making us the largest supplier of battery exchange services for light electric vehicles in China. We also cumulatively built 17,000 power backup sites, a net increase of 5,000 compared with the end of last year. In the first half of 2021, our energy business recorded revenue of RMB884 million, an increase of 180.6% year-on-year.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

We have proactively developed and enhanced corporate governance systems and mechanisms to improve our governance ability. We put emphasis on comprehensive risk management and strove to optimize our internal control system, with a focus on strengthening risk prevention and mitigation to maintain a high standard of corporate governance that safeguards the healthy and sustainable development of our Company.

Our efforts in actively fulfilling corporate social responsibilities and promoting the harmonious development of the Company and the society have won us recognition from the wider community. In the first half of 2021, we actively promoted the construction of wireless communications infrastructure in remote areas, providing continuous support to the national rural revitalization strategy. To put our green development aspirations into practice, we instituted measures to save energy and reduce emissions. We also began using more clean energy in our operations to achieve green and low-carbon development throughout the Company, in order to support China's "peak carbon emissions" and "carbon neutrality" targets. During the flood season, we safeguarded the urgent construction and maintenance of communication networks and dedicated time and energy toward disaster relief missions.



Chairman's Statement

OUTLOOK

In the second half of 2021, we will continue to capture opportunities brought about by the development of 5G new infrastructure, the digital economy and the new energy industry. Adhering to our goal of building an enterprise with the best potential for growth and value creation, we will continue to leverage our advantages in resource sharing and further implement our "One Core and Two Wings" strategy. In doing so, we will be in the best position to maintain stable revenue growth, enhance the value of our Company and provide better returns to our shareholders.

Reinforcing our core advantages to maintain the stable and healthy development of our TSP business

With 5G as the core driver promoting the stable development of our TSP business, we are positioned to continue capturing strategic opportunities brought about by the widespread construction of 5G networks. Against this backdrop, we will adhere to resource sharing and reinforce our advantage in resource coordination by fully unleashing the potential of existing and social resources. We will continue innovating upon our product solutions and service models, with a clear focus on the characteristics of 5G technology. Furthermore, we will allocate resources with precision and expand the breadth and depth of high-quality 5G network coverage in a centralized, efficient and high-quality manner. To strengthen asset management, we will focus on increasing the cost-effectiveness of our business. By implementing a variety of informatized, digitalized and intelligent measures, we aim to increase the efficiency and productivity of our resources, further establishing our competitive advantage in delivering high-quality services with low costs and high efficiency. In doing so, we will lay a solid foundation for our aspiration to become a world-class integrated telecommunications infrastructure service provider.

Strengthening our innovation-driven approach to promote the better and faster development of our Two Wings business

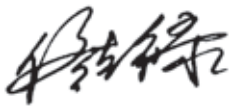
The accelerated digital transformation of the economy and society, coupled with the continuous upgrading of the new energy industry, has provided a vast array of development opportunities for our Two Wings business. Focusing on the principle of resource sharing and creating business synergies, we will increase our efforts in implementing platform strategy and continue innovating to drive the scaled development of our Two Wings business. In doing so, we will further increase revenue and improve the efficiency of our Company.



Chairman's Statement

Regarding our TSSAI business, we will continue to optimize our products with a focus on "Tower Monitoring" to develop our unique competitive advantages, and enhance our marketing and service capabilities to increase our brand impact. In doing so, we are committed to growing the "Tower Monitoring" business and becoming an information application service provider through the leveraging of our digital tower capabilities. **Regarding our energy business**, we will continue to focus on battery exchange and power backup services by furthering our shift toward standardized and delicate platform operations. We will also conduct research and development on new energy technologies as well as develop new operational and management mechanisms to give the energy business more momentum and vitality, all with the overarching aim of developing our core competencies as a service provider in new energy application sector.

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



Tong Jilu
Chairman

Beijing, China, 9 August 2021

- Note 1: The financial information mentioned in this statement 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 debts 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 maintained a positive growth in operating revenue in the first half of 2021. Operating revenue reached RMB42,673 million, up by 7.2% over the same period last year, of which revenue from TSP business reached RMB39,808 million, up by 4.5% over the same period last year; revenue from TSSAI and energy businesses reached RMB2,737 million, up by 73.3% over the same period last year, accounting for 6.4% of the total operating revenue, which increased from 4.0% for the same period last year.

OPERATING EXPENSES

The Company continuously strengthened digitalized asset management and cost management of individual sites by referencing to benchmark. The cost efficiency continued to improve. In the first half of 2021, the operating expenses of the Company were RMB36,319 million, up by 7.0% over the same period last year. The breakdown is as follows:

- **Depreciation and amortisation**

With the large-scale construction of 5G networks and the rapid expansion of the Two Wings business, the depreciation and amortisation in the first half of 2021 was RMB24,830 million, up by 6.8% over the same period last year.

- **Repairs and maintenance expenses**

To accommodate the differentiated service demands from customers, the Company consistently improved its hierarchical and delicate maintenance system to allocate maintenance resources precisely. In the first half of 2021, repairs and maintenance expenses were RMB2,894 million, down by 3.6% over the same period last year.

- **Employee benefits and expenses**

In the first half of 2021, employee benefits and expenses amounted to RMB3,574 million, up by 3.0% over the same period last year. Excluding the impact of the amortized cost of restricted shares, employee benefits and expenses for the first half of 2021 increased by 6.2% over the same period last year.

- **Other operating expenses**

In the first half of 2021, other operating expenses amounted to RMB5,021 million, up by RMB797 million over the same period last year. Due to rapid growth in business, the operating and development expenses for TSSAI and energy businesses increased by RMB331 million over the same period last year. Operation and supporting expenses including short-term site lease charges recognized in accordance with the accounting standard on leases, IT service, planning and design, increased by RMB253 million over the same period last year.

Financial Overview

(Expressed in RMB unless otherwise indicated)

FINANCE COSTS

The Company actively carried out multi-channel financing at low costs and consistently enhanced centralized fund management. The overall finance costs maintained at a relatively low level. Average balance of interest-bearing liabilities decreased as compared to the same period last year. The Company recorded net finance costs of RMB1,865 million in the first half of 2021, down by 9.6% over the same period last year.

PROFITABILITY

In the first half of 2021, the Company recorded an operating profit of RMB6,354 million. Profit attributable to owners of the Company amounted to RMB3,457 million, up by 16.1% over the same period last year; EBITDA reached RMB31,184 million, up by 7.2% over the same period last year, representing 73.1% of operating revenue.

CAPITAL EXPENDITURES AND CASH FLOW

The Company persisted on aligning its investment with its development. By deepening the transformation of construction models with 5G construction features, the Company enhanced the coordination of existing resources and social resources, so as to meet customer's needs with more economical and flexible differentiated products. In the first half of 2021, capital expenditures reached RMB10,360 million. Net cash generated from operating activities was RMB24,238 million while free cash flow was RMB13,878 million.

BALANCE SHEET STATUS

As of 30 June 2021, the Company's total assets were RMB333,195 million and total liabilities were RMB147,341 million, of which the net debts amounted to RMB109,233 million. The liabilities to assets ratio decreased from 44.8% at the beginning of the year to 44.2% 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 39, 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 2021 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, 9 August 2021

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021
(Expressed in Renminbi ("RMB"))

	Note	Unaudited Six months ended 30 June	
		2021 RMB million	2020 RMB million
Operating revenue	5	42,673	39,794
Operating expenses			
Depreciation and amortisation	12	(24,830)	(23,259)
Repairs and maintenance		(2,894)	(3,001)
Employee benefits and expenses	6	(3,574)	(3,469)
Other operating expenses	7	(5,021)	(4,224)
		(36,319)	(33,953)
Operating profit		6,354	5,841
Other income/gains, net		69	120
Interest income		10	30
Finance costs	8	(1,875)	(2,094)
Profit before taxation		4,558	3,897
Income tax expenses	9	(1,101)	(920)
Profit for the period		3,457	2,977
Profit attributable to:			
– Owners of the Company		3,457	2,978
– Non-controlling interests		–	(1)
Other comprehensive income, net of tax		–	–
Total comprehensive income for the period		3,457	2,977
Total comprehensive income attributable to:			
– Owners of the Company		3,457	2,978
– Non-controlling interests		–	(1)
		3,457	2,977
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	10	0.0198	0.0170

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021
(Expressed in RMB)

	Note	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Assets			
Non-current assets			
Property, plant and equipment	11	227,945	231,684
Right-of-use assets	12	33,785	34,553
Construction in progress	11	13,768	20,185
Deferred income tax assets		1,002	1,457
Other non-current assets	13	4,745	6,297
		281,245	294,176
Current assets			
Trade and other receivables	14	37,769	30,658
Prepayments and other current assets	15	9,223	7,504
Cash and cash equivalents	16	4,958	5,042
		51,950	43,204
Total assets		333,195	337,380
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	17	176,008	176,008
Reserves		9,845	10,237
Total equity attributable to owners of the Company		185,853	186,245
Non-controlling interests		1	1
Total equity		185,854	186,246

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

Unaudited Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2021
(Expressed in RMB)

	Note	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Liabilities			
Non-current liabilities			
Borrowings	19(a)	35,157	27,121
Lease liabilities	12	16,228	16,745
Deferred government grants	20	582	602
Employee benefit obligations		35	31
		52,002	44,499
Current liabilities			
Borrowings	19(a)	55,856	61,999
Lease liabilities	12	6,950	7,006
Accounts payable	21	26,402	31,460
Accrued expenses and other payables	22	6,122	5,752
Current income tax payable		9	418
		95,339	106,635
Total liabilities		147,341	151,134
Total equity and liabilities		333,195	337,380

The notes on pages 17 to 39 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 2021
(Expressed in RMB)

	Note	Unaudited Attributable to owners of the Company								Total Equity RMB million
		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	
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 39 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 2021
(Expressed in RMB)

	Note	Unaudited Attributable to owners of the Company								Total Equity RMB million
		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	
Balance at 31 December 2020		176,008	3,694	(1,954)	285	1,118	7,094	186,245	1	186,246
Profit for the period		-	-	-	-	-	3,457	3,457	-	3,457
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	3,457	3,457	-	3,457
Dividends paid	18	-	-	-	-	-	(3,934)	(3,934)	-	(3,934)
Employee share scheme-value of employee services	23	-	-	-	85	-	-	85	-	85
Balance at 30 June 2021		176,008	3,694	(1,954)	370	1,118	6,617	185,853	1	185,854

The notes on pages 17 to 39 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 2021
(Expressed in RMB)

	Unaudited Six months ended 30 June	
	2021 RMB million	2020 RMB million
Cash flows from operating activities		
Cash generated from operations	25,771	28,241
Income tax paid	(1,543)	(1,188)
Interest income received	10	30
Net cash generated from operating activities	24,238	27,083
Cash flows from investing activities		
Purchase of property and equipment	(18,803)	(14,286)
Purchase of land use right and other non-current assets	(16)	(61)
Proceeds from disposal of property and equipment	134	51
Net cash used in investing activities	(18,685)	(14,296)
Cash flows from financing activities		
Dividends paid to the owners of Company	(3,934)	(2,561)
Proceeds from borrowings (excluding short-term commercial papers)	34,578	39,300
Proceeds from short-term commercial papers	–	16,000
Net (Repayments to employees)/proceeds from employees for restricted share incentive scheme	(3)	93
Acquisition of shares for restricted share incentive scheme	–	(59)
Repayments of borrowings (excluding short-term commercial papers)	(21,568)	(44,106)
Repayments of short-term commercial papers	(11,000)	(17,000)
Interest paid for borrowings	(1,350)	(1,535)
Payments of lease liabilities (including principal and interest)	(2,361)	(4,762)
Net cash used in financing activities	(5,638)	(14,630)
Net decrease in cash and cash equivalents	(85)	(1,843)
Cash and cash equivalents at beginning of period	5,042	6,223
Effect of changes in foreign exchange rates on cash and cash equivalents	1	–
Cash and cash equivalents at end of period	4,958	4,380

Significant non-cash transactions:

The Group recorded accounts payables of approximately RMB13,456 million to equipment and construction suppliers as at 30 June 2021 (31 December 2020: approximately RMB21,759 million).

The Group recorded an addition of right-of-use assets with the corresponding of lease liabilities amounting to approximately RMB4,851 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB3,810 million).

The notes on pages 17 to 39 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 9 August 2021.

The Group’s interim condensed financial information for the six months ended 30 June 2021 has been reviewed, not audited.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION

This unaudited interim condensed financial information for the six months ended 30 June 2021 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 2020. 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 2020 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2021.

Going concern

At 30 June 2021, the Group’s current liabilities exceeded its current assets by RMB43,389 million (31 December 2020: RMB63,431 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 RMB147,903 million as at 30 June 2021; 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 2021. Accordingly, the unaudited interim condensed financial information has been prepared on the basis that the Group will continue as a going concern.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES

New or amendments to IFRSs effective for the financial year beginning on 1 January 2021 do not have a material impact on the Group's unaudited interim condensed financial information.

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
Amendments to IAS 1	Classification of liabilities as current or non current	January 2020	Annual periods beginning on or after 1 January 2023
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, IAS 16 and IAS 37	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 including Tower business, DAS business, TSSAI business and energy operation business and conclude that the Group has one operating segment.

Substantially, the Group's long-lived assets are mainly located in the mainland China and substantially 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	
	2021 RMB million	2020 RMB million
Tower business (Note (i))	37,722	36,371
DAS business	2,086	1,720
TSSAI business	1,853	1,264
Energy operation business	884	315
Others	128	124
	42,673	39,794

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	
	2021 RMB million	2020 RMB million
Revenue from the provision of Site Space	32,074	30,974
Revenue from Services*	5,648	5,397
	37,722	36,371

* 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	
	2021 RMB million	2020 RMB million
China Mobile Company and its subsidiaries	20,988	20,220
China Telecom	9,931	9,437
China Unicom Corporation	9,170	8,705
	40,089	38,362

For the six months ended 30 June 2021, the revenue generated from above Three TSPs accounted for 93.9% of the total revenue (for the six months ended 30 June 2020: 96.4%).

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

6 EMPLOYEE BENEFITS AND EXPENSES

	Unaudited Six months ended 30 June	
	2021 RMB million	2020 RMB million
Salaries and welfare	2,628	2,714
Post-employment benefits (Note (i))	410	223
Contributions to medical insurance	253	173
Contributions to housing fund	198	174
Share incentive expenses (Note 23)	85	185
	3,574	3,469

Note:

(i) Post-employment benefits

	Unaudited Six months ended 30 June	
	2021 RMB million	2020 RMB million
Post-employment benefits		
– Defined benefit obligations	3	–
– Defined contribution obligations	407	223
	410	223

Defined benefit obligations

As stipulated under a new governmental requirement, starting in 2020, the Group has implemented a new post-employment benefit scheme, covering medical and other benefits, for its employee based in mainland China that retired and to be retired before 2023. An employee benefit obligation amounting to RMB35 million was recognised in the consolidated balance sheet. This obligation is calculated using the projected unit credit method. There is no significant change in key assumptions compared with 2020.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

7 OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 June	
	2021 RMB million	2020 RMB million
Site operation and support expenses (Note (i))	2,502	2,249
Losses on write-off/disposal of property and equipment	672	533
Technical support charges (Note (ii))	575	516
Credit loss allowance	258	175
Property management expenses and utilities	214	251
Marketing expenses	177	87
Other taxes and surcharges	101	101
Auditors' remuneration	2	2
Others	520	310
	5,021	4,224

Note:

- (i) Site operation and support expenses include costs incurred by third-party suppliers for site planning, IT service charge, data traffic monitoring expenses, costs of site power supply using diesel oil generation, charges of vehicles and transportation incurred during daily site operation, as well as short-term site lease charges.
- (ii) Technical support charges incurred are mainly for building platforms in TSSAI business and energy operation business, and are paid to third-party service providers while the Group is the primary obligator for providing these services.

8 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2021 RMB million	2020 RMB million
Interest expense on borrowings	1,308	1,501
Interest expense on lease liabilities (Note 12)	637	647
Less: Amounts capitalised in construction in progress (Note)	(70)	(54)
	1,875	2,094

Note:

The interest rate range for amounts capitalised in construction in progress for the six months ended 30 June 2021 were 2.93%-3.09% per annum (for the six months ended 30 June 2020: 3.20%-3.42% 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	
	2021 RMB million	2020 RMB million
Current tax		
Current tax on estimated taxable profits for the period	646	1,248
Deferred tax		
Origination of temporary differences	455	(328)
Income tax expenses	1,101	920

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	
	2021 RMB million	2020 RMB million
Profit before taxation	4,558	3,897
Tax at PRC statutory tax rate of 25%	1,140	974
Rate differential of certain provincial branches of the Group (Note)	(67)	(61)
Tax effect of non-deductible expenses	28	7
Income tax expenses	1,101	920

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 and Hainan Province are entitled to a preferential income tax rate of 15%, certain branches of the Group obtained the approval were entitled to this preferential income tax rate of 15% until the end of 2030 and 2024.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

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	
	2021	2020
Profit attributable to owners of the Company (in RMB million)	3,457	2,978
Weighted average number of ordinary shares in issue (million)	174,812	174,910
Basic earnings per share (in RMB Yuan)	0.0198	0.0170

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 2021, none of shares were acquired by a trustee (the "Trustee") from the secondary market (Note 23) (for the six months ended 30 June 2020: 143 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 2021 and 2020, 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 2021, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB10,026 million (for the six months ended 30 June 2020: RMB14,021 million).

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

Property, plant and equipment with a net book value of approximately RMB691 million were written off/disclosed during the six months ended 30 June 2021 with RMB672 million write-off/disposal losses (Note 7) (for the six months ended 30 June 2020: approximately RMB584 million with RMB533 million write-off/disposal losses).

12 LEASE

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

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Right-of-use assets		
– Sites and premises	32,643	33,403
– Land use rights	1,142	1,150
	33,785	34,553
Lease Liabilities		
– Current	6,950	7,006
– Non-current	16,228	16,745
	23,178	23,751

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

	Unaudited Six months ended 30 June	
	2021 RMB million	2020 RMB million
Depreciation charge of right-of-use assets	5,422	5,590
Interest expense	637	647
Expense relating to short-term leases and low-value leases	712	611

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

13 OTHER NON-CURRENT ASSETS

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Input VAT recoverable – non-current portion (Note (i))	4,340	5,882
Others (Note (ii))	405	415
	4,745	6,297

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 no carrying value as at 30 June 2021. The Group held 34.78% 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 2021 RMB million	Audited As at 31 December 2020 RMB million
Trade receivables (Note (a))	33,591	25,409
Less: Credit loss allowance	(1,030)	(774)
Trade receivables, net	32,561	24,635
Payments on behalf of customers (Note (b)(i))	4,044	5,023
Deposits (Note (b)(ii))	1,161	998
Others	3	2
Other receivables	5,208	6,023
Trade and other receivables	37,769	30,658

As at 30 June 2021 and 31 December 2020, trade and other receivables were primarily denominated in RMB and their carrying amounts approximated their fair values.

For the six months ended 30 June 2021, the Group wrote off trade receivables in amount of approximately RMB2 million (for the six months ended 30 June 2020: approximately RMB3 million).

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 2021 RMB million	Audited As at 31 December 2020 RMB million
Up to 3 months	19,381	19,268
3 to 6 months	9,052	3,749
6 months to 1 year	4,292	1,770
1 year to 2 years	480	386
Over 2 years	386	236
	33,591	25,409

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

14 TRADE AND OTHER RECEIVABLES (Continued)

Note: (Continued)

(a) Trade receivables (Continued)

- (ii) Trade receivables are analysed by customers:

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
China Mobile Company and its subsidiaries	14,614	11,630
China Telecom	8,151	5,108
China Unicom Corporation	7,299	6,292
Others	3,527	2,379
	33,591	25,409

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 2021 (for the six months ended 30 June 2020: nil).
- (ii) Deposits primarily include deposits for site ground lease, office premises lease, and equipment purchase. The carrying amounts 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 2021 RMB million	Audited As at 31 December 2020 RMB million
Input VAT recoverable – Current portion (Note 13(i))	6,738	5,609
Advance prepayments (Note (a))	2,481	1,891
Others (Note (b))	4	4
	9,223	7,504

Note:

(a) As at 30 June 2021, 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 2021 RMB million	Audited As at 31 December 2020 RMB million
Cash at bank and on hand		
– RMB	4,888	4,970
– HKD	58	68
– USD	10	4
– LAK	2	–
	4,958	5,042

17 SHARE CAPITAL

Registered, issued and fully paid:

	Unaudited As at 30 June 2021		Audited As at 31 December 2020	
	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

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

18 DIVIDENDS

At the annual general meeting on 12 May 2021, the shareholders of the Company approved the payment of a final dividend of RMB0.02235 per share (equivalent to HK\$0.02689 per share) (pre-tax) for the year ended 31 December 2020 approximately RMB3,934 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 2021.

As at 9 August 2021, the Board has resolved that no interim dividend is declared for the six months ended 30 June 2021.

19 BORROWINGS

(a) Borrowings

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Borrowings:		
Long-term borrowings (Note (i))		
– General Borrowings	33,776	22,694
– Preferential Borrowings	5,887	6,608
	39,663	29,302
Less: Current portion	(4,506)	(2,181)
Balance presented in non-current liabilities:	35,157	27,121
Short-term borrowings :		
Short-term loans (Note (ii))	51,350	48,700
Long-term borrowings – Current portion	4,506	2,181
Short-term commercial papers (Note (iii))	–	11,118
Balance presented in current liabilities:	55,856	61,999

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 2021, the carrying amount of the Preferential Borrowings amounted to RMB5,887 million (31 December 2020: RMB6,608 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 government grant, which was amortised to the consolidated statement of comprehensive income to match with the related interest expenses.

As at 30 June 2021, the unsecured general long-term bank borrowings (the “**General Borrowings**”) obtained by the Group has a maturity of 2-3 years (31 December 2020: 3 to 5 years).

For the six months ended 30 June 2021, the effective interest rates of all long-term borrowings were 2.35% to 4.41% per annum (for the six months ended 30 June 2020: 2.75% to 4.35% 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 2021, all short-term loans were unsecured, which bear interest rates ranging from 2.80% to 3.70% per annum (for the six months ended 30 June 2020: from 3.00% to 3.92% per annum).
- (iii) From time to time, the Group issued short-term commercial papers in the China's Interbank Bond Market to finance working capital needs. As of 30 June 2021, all outstanding due balance were fully repaid.

(b) The repayment schedule of the borrowings

As at 30 June 2021, borrowings were repayable as follows:

	Unaudited As at 30 June 2021 RMB million
Within 1 year	4,506
Between 1 and 2 years	9,061
Between 2 and 5 years	26,096
	39,663

(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 2021 and 31 December 2020. They are within level 3 of the fair value hierarchy.

20 DEFERRED GOVERNMENT GRANTS

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

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

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 2021 RMB million	Audited As at 31 December 2020 RMB million
Less than 6 months	20,951	22,747
6 months to 1 year	3,868	6,250
More than 1 year	1,583	2,463
	26,402	31,460

22 ACCRUED EXPENSES AND OTHER PAYABLES

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Deposits from vendors	1,633	1,612
Salary and welfare payables	1,308	890
Cash received from Scheme Participants under restricted share incentive scheme (Note 23)	1,219	1,222
Contract liabilities	949	834
Accrued expenses	757	924
Interest payable	148	146
Other tax payables	108	124
	6,122	5,752

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

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

23 RESTRICTED SHARE INCENTIVES SCHEME

At the Company's 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 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 met 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 18 April 2019 by the Board (the "First Grant Date") at the grant price of RMB1.03 per share. On 19 December 2019 (the "Second Grant Date"), additional 93 million restricted shares were granted at the same grant price of RMB1.03 per share. The fair value of the restricted shares granted on the First Grant Date and the Second Grant Date were determined as RMB0.85 per share and RMB0.53 per share, respectively.

As of 30 June 2021, 497 million restricted shares were forfeited, including 475 million restricted shares being forfeited as a result of not meeting a non-market performance condition during the vesting period occurred in 2020, and 22 million restricted shares being forfeited due to certain Scheme Participants having resigned from the Company. During the six months ended 30 June 2021 and 2020, 5 million and 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			
	2021		2020	
	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	0.82	713	0.83	1,199
Granted during the period	–	–	–	–
Forfeited during the period	0.83	(5)	0.82	(3)
At the end of the period	0.82	708	0.82	1,196

During the six months ended 30 June 2021 and 2020, share-based compensation of RMB85 million and RMB185 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. As of 30 June 2021, RMB488 million related to the aforementioned forfeited restricted shares has yet to be repaid to the Scheme Participants.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

23 RESTRICTED SHARE INCENTIVES SCHEME (Continued)

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

	Unaudited As at 30 June 2021		Audited As at 31 December 2020	
	Number of restricted shares (million)	Shares held under restricted share incentive scheme (RMB million)	Number of restricted shares (million)	Shares held under restricted share incentive scheme (RMB million)
Shares held under restricted share incentive scheme	1,196	1,954	1,196	1,954

24 CONTINGENCIES

As at 30 June 2021 and 31 December 2020, the Group had no material contingencies.

25 COMMITMENTS**(a) Capital commitments**

As at 30 June 2021 and 31 December 2020, the Group had capital commitments for construction expenditures and acquisition of properties as follows:

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 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	1,826	2,399
Later than 1 year and no later than 5 years	–	–
	1,826	2,399

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

25 COMMITMENTS (Continued)

(b) Non-cancellable operating leases

As at 30 June 2021, the Group had future aggregate minimum lease receipts under non-cancellable operating leases (as lessor) during the leasing period (5 years) amounting to approximately RMB125,977 million (31 December 2020: RMB150,904 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 leases related to short-term and low-value leases not recognised in the financial statements are as follows:

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
No later than 1 year	654	625
	654	625

26 RELATED PARTY TRANSACTIONS

The Company is a joint stock company with limited liability established in the PRC. As at 30 June 2021, 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".

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

26 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties

	Unaudited Six months ended 30 June	
	2021 RMB million	2020 RMB million
Provision of Tower business, DAS and other services (i)	40,089	38,362
Purchases of various goods and services (ii)	2,720	2,969
Rental charges for property and site ground lease (iii)	190	141
Payments on behalf of related parties (iv)	13,185	10,774
Short-term borrowings and interests (v)		
– Principals	–	–
– Interests	44	145

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 2021, 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 2021 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.

(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 2021, 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.

Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

(i) Amount due from related parties

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Trade and other receivables	33,935	28,055
Prepayments and other current assets	137	147
Right-of-use assets	407	465

(ii) Amount due to related parties

	Unaudited As at 30 June 2021 RMB million	Audited As at 31 December 2020 RMB million
Accounts payable	2,999	5,414
Accrued expenses and other payables	138	358
Lease liabilities	541	596

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 RMB2,500 million at 30 June 2021 (31 December 2020: RMB2,500 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 2021, 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 2021, 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.

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 2021.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

With effect from 14 April 2021, Mr. Li Wenmin has ceased to hold his positions as an employee representative supervisor of the Company (the "**Employee Representative Supervisor**") and the chairman of the supervisory committee of the Company (the "**Supervisory Committee**") due to the adjustment in work responsibilities.

With effect from 14 April 2021, Ms. Fan Xiaoqing was elected and Mr. Wang Hongwei was re-elected as the Employee Representative Supervisors following the election at the employee representative meeting of the Company. Please refer to the announcement of the Company dated 14 April 2021 for information of Ms. Fan Xiaoqing and Mr. Wang Hongwei.

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 2020 annual report and the announcement of the Company dated 14 April 2021 is set out below:

- Mr. Gu Xiaomin, an executive Director, was appointed as the general counsel of the Company on 21 June 2021.
- Mr. Zhang Zhiyong, a non-executive Director, was appointed as the general counsel of China Telecommunications Corporation on 21 April 2021.
- Mr. Tse Yung Hoi, an independent non-executive Director, was appointed as a member of the Advisory Committee of the Securities and Futures Commission on 1 June 2021.
- Ms. Li Tienan, a Supervisor, has been an executive director and general manager of China Reform Shengkang Private Equity Management (Beijing) Co., Ltd. since January 2021, a director of China Beijing Equity Exchange Co., Ltd. and Zhongjin Gold Corporation Limited (listed on the Shanghai Stock Exchange with the stock code: 600489) since March 2021, a general manager of the asset management division of China Reform Holdings Corporation Ltd. since April 2021, and the chairman of Beijing Hangxin Operations Management Co., Ltd. and a vice chairman of Beijing Yufeng Private Equity Management Co., Ltd. since June 2021. As at 30 June 2021, Ms. Li Tienan no longer held the positions as a director of China Aviation Supplies Co., Ltd. and CRRC Industry Investment Co., Ltd.

Other Information

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**”).

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

POSTPONED ELECTION OF NEW SESSION

The original terms of the second session of the Board and the Supervisory Committee of the Company expired on 3 May 2021. As the nomination process of candidates for Directors and Supervisors of the new session of the Board and the Supervisory Committee has not been completed, in order to ensure the continuity of the work of the Board and the Supervisory Committee, the election of the new session of the Board and the Supervisory Committee has been postponed. Meanwhile, the terms of the committees of the second session of the Board have been extended accordingly. All the members of the second session of the Board and the Supervisory Committee continue to fulfill their respective obligations and responsibilities in accordance with the relevant laws and regulations and the articles of association of the Company until the completion of the election of the new session of the Board and the Supervisory Committee. The postponed election of the new session of the Board and the Supervisory Committee does not affect the normal operation of the Company. For details, please refer to the announcement of the Company dated 30 April 2021.

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 the Company’s 2018 annual general meeting held on 18 April 2019 (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.

Other Information

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 Shares granted under the First Tranche of Grant and the Second Tranche of Grant under the Initial Grant entered the first unlocking period in 2021. As the operating revenue of the Group for the year of 2020 did not reach the target set out in the conditions for unlocking the Restricted Shares, such conditions for unlocking were not fulfilled and therefore the relevant Restricted Shares cannot be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interests of relevant Scheme Participants in such Restricted Shares have been bought out by the trustee or other third parties at the grant price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations. Details of the financial impact of the Restricted Shares are set out in note 23 to the unaudited interim condensed consolidated financial statements.

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 2021, 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	1,080,000 (L)	0.00%	0.00%
Gu Xiaomin	Beneficiary of a trust	H shares	930,000 (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.

In May 2019, Mr. Tong Jilu and Mr. Gu Xiaomin accepted 1,800,000 and 1,550,000 Restricted Shares, respectively, granted by the Company in April 2019 under the Initial Grant of the Restricted Share Incentive Scheme. In addition, the spouse of Mr. Li Zhangting, a Supervisor, held 550,000 Restricted Shares granted by the Company under the Initial Grant of the Restricted Share Incentive Scheme. The trustee of the Restricted Share Incentive Scheme completed the purchase of shares from the secondary market in May 2020, but these shares cannot be traded in the lock-up period. 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 announcement of the Initial Grant 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.

As disclosed above, the Restricted Shares granted under the Initial Grant failed to be unlocked for the first unlocking period. The interests of relevant Scheme Participants in such Restricted Shares have been bought out by the trustee or other third parties at the grant price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations, including the interests of 40% of the Restricted Shares granted to each of Mr. Tong Jilu, Mr. Gu Xiaomin and the spouse of Mr. Li Zhangting. As at 30 June 2021, Mr. Tong Jilu, Mr. Gu Xiaomin and the spouse of Mr. Li Zhangting held 1,080,000, 930,000 and 330,000 Restricted Shares, respectively.

Save as described above, as at 30 June 2021, 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.

Other Information

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

As at 30 June 2021, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at 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%

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 United Network Communications Group Company Limited (中國聯合網絡通信集團有限公司) ("CUC") ⁽³⁾	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China United Network Communications Limited (中國聯合網絡通信股份有限公司) ("China Unicom A Share Company") ⁽³⁾	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Unicom Group Corporation (BVI) Limited (中國聯通集團(BVI)有限公司) ⁽³⁾	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
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%

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 Reform Holdings Corporation Ltd. (中國新控股有限責任公司) ("China Reform") ⁽⁵⁾	Legal and beneficial owner/ Interest held by controlled corporations	Domestic shares	7,760,676,901 (L)	6.00%	4.41%
Citigroup Inc.	Interest held by controlled corporations/ approved lending agent	H shares	4,070,388,447 (L)	8.72%	2.31%
			378,617,476 (S)	0.81%	0.22%
			3,761,801,242 (P)	8.06%	2.14%
GIC Private Limited	Investment manager	H shares	3,257,560,000 (L)	6.98%	1.85%
BlackRock, Inc.	Interest held by controlled corporations	H shares	2,779,735,749 (L)	5.96%	1.58%
			162,912,000 (S)	0.35%	0.09%

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) China Reform directly holds 4,000,676,901 domestic shares, and 3,760,000,000 domestic shares are held through its wholly-owned subsidiary, Beijing Davo Qihang Management Consulting Services Co., Ltd. (北京達沃啟航管理諮詢服務有限公司).

Save as disclosed above, as at 30 June 2021, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares 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 2021.

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 2021, 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.

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 for Securities Transactions by Directors of Listed Issuers (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 2021.

CONTINGENT LIABILITIES

As at 30 June 2021, the Company had no contingent liabilities.

MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2021, 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.

Other Information

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 2020 annual report.

FORWARD LOOKING STATEMENTS

The performance and the results of the operations of the Company contained in this 2021 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 2021 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 2021 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.