CHINA TOWER
中国铁塔

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Highlights

❖ Operating revenue maintained steady growth, reaching RMB81,099 million, up by 6.1%, of which:

- Revenue from tower business was RMB73,371 million, up by 2.8%
- Revenue from indoor distributed antenna system ("**DAS**") business was RMB3,528 million, up by 32.7%
- Revenue from trans-sector site application and information ("**TSSAI**") and energy operation businesses was RMB3,939 million, up by 89.4%

❖ Operating efficiency enhanced steadily; EBITDA[2] was RMB59,527 million.

❖ Profitability increased rapidly; profit attributable to owners of the Company was RMB6,428 million, up by 23.1%.

❖ Cash flow remained sound and healthy; net cash generated from operating activities was RMB57,548 million; free cash flow[3] was RMB20,426 million.

Note 1: The financial information mentioned in this announcement is prepared based on the consolidated financial information. The Company and its subsidiaries are collectively referred to as the Group.
Note 2: EBITDA is calculated by operating profit plus depreciation and amortization.
Note 3: Free cash flow is the net cash generated from operating activities minus the capital expenditures.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2020, China Tower Corporation Limited (the "**Company**") coordinated COVID-19 pandemic prevention and control activities, as well as promoted our operational development. We deepened development of resource sharing and seized the opportunities arising from accelerated 5G network construction by promoting our "One Core and Two Wings"（一體兩翼） strategy to further strengthen our core competencies. As a result, our operations gained fresh vitality and our overall performance maintained stable.

FINANCIAL PERFORMANCE

Our revenue maintained stable and healthy growth in 2020 while profitability continued to improve. Our operating revenue for 2020 recorded a 6.1% year-on-year increase to reach RMB81,099 million; our EBITDA amounted to RMB59,527 million, with a 73.4% EBITDA margin[4]. Profit attributable to owners of the Company totaled RMB6,428 million, up by 23.1% over the previous year, with a net profit margin of 7.9%.

Our cash flow remained strong while the debt leveraging level was stable and healthy. Net cash generated from operating activities amounted to RMB57,548 million in 2020. Capital expenditures amounted to RMB37,122 million, while our free cash flow reached RMB20,426 million. As of 31 December 2020, our total assets reached RMB337,380 million and interest-bearing liabilities amounted to RMB112,871 million, with a gearing ratio[5] of 36.7%.

Aligned with our commitment to providing good returns to our shareholders, the Board of Directors recommends to pay a final dividend of RMB0.02235 (pre-tax) per share for the year ended 31 December 2020, equivalent to a payout ratio of 68% of our annual distributable net profit.

BUSINESS PERFORMANCE

In 2020, we fully focused on implementing the "One Core and Two Wings" strategy to enhance our advantage on resource sharing and strengthen our core competitiveness. Our TSP business experienced stable and healthy growth, while the TSSAI and energy operation businesses expanded rapidly.

Supporting 5G network construction efficiently and maintaining stable growth in TSP business

In 2020, in view of the accelerated 5G network deployment and the scaling of 5G construction, we strengthened the market-oriented approach with customer demands and 5G new features in mind. We continued to drive resource sharing by making full use of both existing resources and social resources and stepping up technological and product innovation to drive construction and service model transformation. By accelerating the implementation of our integrated wireless communications coverage solutions, we were able to meet customer demands with cost-effective, intensive and high-performing network coverage solutions. Our competitive advantages in low cost, high efficiency and quality services were further reinforced, supporting the stable growth of our TSP business.

Note 4: EBITDA margin is calculated by dividing EBITDA by operating revenue, and multiplying the resulting value by 100%.

Note 5: 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.

As of the end of 2020, we managed a total of 2.023 million tower sites, representing an increase of 29,000 compared to the end of 2019. The number of TSP tenants reached 3.175 million, representing an increase of 112,000 compared to the end of 2019. Our TSP tenancy ratio reached 1.57. With regard to our DAS business, we had covered buildings with a cumulative area of 4,060 million square meters, while high-speed railway tunnels and subway coverage totaled a cumulative length of 12,702 kilometers.

In 2020, our TSP business revenue reached RMB76,899 million, or a 3.8% increase year-on-year, among which tower business revenue increased by 2.8% to RMB73,371 million, while DAS business revenue increased by 32.7% to RMB3,528 million.

Fostering competitive advantages to accelerate the growth of Two Wings business

Developing through sharing and collaboration is our founding principle, which has enabled us to fully leverage our resources and strengths to promote product innovation and better platform operation in key sectors. The Two Wings business maintained a good development momentum and has become important driver for revenue growth and value enhancement. In 2020, the Two Wings business recorded revenue of RMB3,939 million, or a year-on-year increase of 89.4%.

The TSSAI business sustained rapid growth. Along with the accelerated pace of informatization across society, we captured timely opportunities to develop two types of services around resource sharing and data information. Targeting key clients in important sectors relating to national economy and people's livelihoods, such as environmental protection, forestry, lands, water resources, we enhanced our integrated information service abilities and continued to deliver rapid growth in our TSSAI business. In 2020, revenue generated from our TSSAI business reached RMB3,004 million, or a year-on-year growth of 59.2%.

The energy operation business achieved considerable breakthrough in scale. Leveraging the advantage of our site resources and expertise in securing power supply and operation, we have taken proactive steps to expand socialized energy application and services. In 2020, aligned to our core business segments of battery exchange and power backup, we enhanced our product platform, expanded our customer base and built our brand advantages. While building up our market competitiveness, we achieved initial breakthrough in scale. As of 31 December 2020, we have cumulatively developed 301,000 paid users for our battery exchange services. In 2020, our energy operation business generated revenue of RMB935 million.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

We were committed to developing corporate governance systems and implementing normative and effective governance mechanisms to enhance corporate governance. We placed great emphasis on comprehensive risk management and worked to improve our internal control and legal compliance systems on an ongoing basis to strengthen risk prevention and control, thus building a strong foundation to safeguard the Company's sustainable development.

Our proactive approaches to fulfilling corporate social responsibilities and obligations and to promoting harmonious development of the Company and the society have won us wide recognition. In 2020, we spared no effort in safeguarding the urgent communications network construction during emergency and disaster relief missions, such as throughout the flood season and in the fight against COVID-19 epidemic. We implemented multiple measures to support emergency communications and ensure the smooth running of the network. In addition, we have invested in setting up and maintaining base stations in remote areas to effectively support TSPs in providing inclusive services. This was particularly important during the pandemic outbreak as we helped teaching staff and students in remote mountainous regions to overcome difficulties in having online lessons due to poor network coverage. We also contributed to poverty alleviation and rural revitalization in great efforts by exploring new and more precise poverty alleviation models and promoting IT applications. To put new development philosophy into practice, we drove energy saving and emissions reduction through the use of clean energy, which contributed to the energy optimization and green and low-carbon development of the wider community.

OUTLOOK

Looking forward, we will seize the opportunities to achieve the goal of building an enterprise with the best potential for growth and value creation. We will continue to uphold our resource sharing to promote stable revenue growth and enhance the value of our Company, and to achieve high-quality development featured "One Core and Two Wings" strategy.

Reinforcing core advantages to maintain stable growth of TSP business

Surrounding the scaling construction of 5G network, we will adapt to the changing internal and external operating conditions and leverage the positive policies to further enhance our competency on resource coordinating and sharing, in order to create value for the industry and our customers to achieve success for all. Sharing will remain the guiding principle of our development, which will include the wide use of our existing resources and social resources to deepen sharing within the industry and expand scope of sharing. We aim to turn our resource advantage into an edge to deliver high-quality growth. We will focus on customer demand and promote market-oriented development to innovate construction and service model and deploy resources precisely to improve integrated wireless communications coverage solutions. Through supporting TSPs with intensive and cost-effective wireless network construction, we are committed to becoming a first-class integrated communications infrastructure service provider in the world.

Capturing strategic development opportunities to accelerate the growth of Two Wings business

In view of the accelerated development of the digital economy and new energy sectors, we will unleash the synergies of resource sharing to play an active role in servicing the informatization of society and promoting new energy application. In terms of our TSSAI business, we will build on the overall trend of accelerated transformation of digitalization and intelligence in social governance and make use of our core resources and capabilities to step up research and development investment and collaboration within the ecosystem. We will make efforts to provide an information applications and products portfolio, supported by our video surveillance, data collection and field supervision platform. We will develop mid- and high-point monitoring into a competitive core business to support national economy and people's livelihoods, as well as advance the informatization of society. We are committed to becoming an information application service provider, building on our strong "Digital Tower". With regard to our energy operation business, we will again adhere to the principle of resource sharing and coordinating and focus on key segments, while collaborating with partners along the industry chain and accelerating product upgrade and innovation. We will further improve our platform support capability and enhance our customer experience. These approaches will help foster a low-cost and differentiated competitive advantage to promote the scale of the business, and support us in becoming a service provider of new energy with core competitiveness.

Furthering innovation and transformation to fuel the Company's further development

We further adhere to technological innovation in leading the growth of our Company with strategies. Going forward, with the implementation of "One Core and Two Wings" strategy, we will continue to optimize our innovation system and mechanism through research and development of new technologies, new products and new applications in areas such as DAS sharing, 5G power access solutions, tower models and masts application, tower monitoring, edge computing, intelligent battery monitoring, to drive innovation and empower our business. Meanwhile, we will continue to develop an intensive and efficient operation and management mechanism, optimize business processes and strengthen IT support, all with an aim to achieve a more digitalized and intelligent operation and management model as well as to future-proof the operation of our platform and enhance the efficiency and benefits of our asset management. In terms of talent development, we will continue to introduce incentive schemes that are competitive in the market, to nurture a culture of efficiency and value creation and optimize resource deployment. We will channel resources to key roles and positions as well as to highly skilled talent, to motivate our staff, encourage an innovation mindset and boost growth across the Company.

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

Tong Jilu
Chairman

Beijing, China, 8 March 2021

GROUP RESULTS

China Tower Corporation Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 extracted from the audited consolidated financial statements of the Group as set out in its 2020 Annual Report to be published in due course.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020
(Expressed in RMB)

	Note	**Year ended 31 December 2020** *RMB million*	2019 *RMB million*
Operating revenue	*4*	**81,099**	76,428
Operating expenses			
Depreciation and amortisation		**(47,515)**	(45,415)
Repairs and maintenance		**(5,805)**	(5,993)
Employee benefits and expenses		**(6,115)**	(5,863)
Other operating expenses	*5*	**(9,652)**	(7,876)
		(69,087)	(65,147)
Operating profit		**12,012**	11,281
Other gains, net		**318**	154
Interest income		**36**	63
Finance costs		**(3,959)**	(4,661)
Profit before income tax		**8,407**	6,837
Income tax expense	*6*	**(1,980)**	(1,616)
Profit for the year		**6,427**	5,221
Profit attributable to:			
Owners of the Company		**6,428**	5,222
Non-controlling interests		**(1)**	(1)
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**6,427**	5,221
Total comprehensive income for the year attributable to:			
Owners of the Company		**6,428**	5,222
Non-controlling interests		**(1)**	(1)
		6,427	5,221
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	*7*	**0.0368**	0.0297

Consolidated Balance Sheet
As at 31 December 2020
(Expressed in RMB)

	Note	**As at 31 December** **2020** ***RMB million***	2019 *RMB million*
Assets			
Non-current assets			
Property, plant and equipment		**231,684**	239,925
Right-of-use assets	*8*	**34,553**	36,140
Construction in progress		**20,185**	12,263
Deferred income tax assets		**1,457**	1,199
Other non-current assets		**6,297**	7,545
		294,176	297,072
Current assets			
Trade and other receivables	*9*	**30,658**	26,258
Prepayments and other current assets		**7,504**	8,514
Cash and cash equivalents		**5,042**	6,223
		43,204	40,995
Total assets		**337,380**	338,067
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**176,008**	176,008
Reserves		**10,237**	6,551
Total equity attributable to owners of the Company		**186,245**	182,559
Non-controlling interests		**1**	2
Total equity		**186,246**	182,561

Consolidated Balance Sheet (Continued)
As at 31 December 2020
(Expressed in RMB)

		As at 31 December	
	Note	**2020**	2019
		RMB million	*RMB million*
Liabilities			
Non-current liabilities			
Borrowings		**27,121**	8,480
Lease liabilities	*8*	**16,745**	17,862
Deferred government grants		**602**	800
Employee benefit obligations		**31**	–
		44,499	27,142
Current liabilities			
Borrowings		**61,999**	87,019
Lease liabilities	*8*	**7,006**	6,992
Accounts payable	*11*	**31,460**	29,313
Accrued expenses and other payables		**5,752**	4,641
Current income tax payable		**418**	399
		106,635	128,364
Total liabilities		**151,134**	155,506
Total equity and liabilities		**337,380**	338,067

Notes to the Consolidated Financial Statements
(Expressed in RMB unless otherwise indicated)

1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements of the Group have been prepared under the historical cost convention, except certain financial assets or liabilities measured at fair value. For the Tower Assets acquired from the Three TSPs and their parent companies in 2015, the Company uses the purchase considerations, which were negotiated and agreed with these parties as the historical costs of these Tower Assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of Notes to the Consolidated Financial Statements of the Group's 2020 Annual Report.

1.1 Going concern

At 31 December 2020, the Group's current liabilities exceeded its current assets by RMB63,431 million (2019: RMB87,369 million).

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

- The Group's continuous net cash inflows from operating activities;
- The committed, unrestricted and unutilized revolving bank credit facilities of RMB153,836 million as at 31 December 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 31 December 2020. Accordingly, the consolidated financial statements have been prepared on the basis that the Group will continue as a going concern.

2 Summary of significant accounting policies

2.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020, The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

	New standards, amendments and interpretations
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to the Conceptual framework for financial reporting	Conceptual framework

The Group also elected to early adopt the following amendments from 1 January 2020.

	New standards, amendments and interpretations
Amendments to IFRS 16	Covid-19-Related Rent Concessions

The Group has early adopted Amendment to IFRS 16 – COVID-19 Related Rent Concessions 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.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. For the year ended 31 December 2020, there were no significant rent concessions being received by the Group.

All amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3 Segment information

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 reviewed 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 all the Group's long-lived assets are located in the mainland China and substantially all the Group's revenue and operating profit are derived from the mainland China during the year.

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

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
China Mobile Company and its subsidiaries	**40,826**	39,915
China Unicom Corporation	**17,542**	16,703
China Telecom	**19,002**	17,767
	77,370	74,385

For the year ended 31 December 2020, the revenue generated from the Three TSPs accounted for 95.40% (2019: 97.33%) of the total revenue.

4 Operating revenue

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

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Tower business *(Note (i))*		
– Macro cell business	**72,586**	70,748
– Small cell business	**785**	658
	73,371	71,406
DAS business	**3,528**	2,658
TSSAI business	**3,004**	1,887
Energy operation business	**935**	193
Others	**261**	284
	81,099	76,428

Note:

(i) Disaggregation of operating revenue

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Operating revenue		
Rental income under IFRS 16	**62,483**	60,458
Revenue from contract with customer under IFRS 15	**18,616**	15,970
Including: revenue recognised over time	**18,415**	15,899
revenue recognised at a point in time	**201**	71
	81,099	76,428

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

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Revenue from the provision of Site Space	**62,417**	60,380
Revenue from Services*	**10,954**	11,026
	73,371	71,406

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

(iii) Liabilities related to contracts with customers – contract liabilities

	As at 31 December 2020	As at 31 December 2019
	RMB million	*RMB million*
Contract liabilities – TSSAI business	**741**	707
Contract liabilities – Energy operation business	**93**	13
	834	720

The Group classified these contract liabilities as current because the Group expects to realise them in its normal operating cycle.

All of the contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 Other operating expenses

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Site operation and support expenses *(Note)*	**4,902**	4,255
Technical support charges *(Note)*	**1,215**	468
Losses on write-off/disposal of property and equipment	**1,100**	919
Property management expenses and utilities	**542**	396
Credit loss allowance	**389**	395
Marketing expenses	**339**	193
Other taxes and surcharges	**206**	187
Auditors' remuneration	**9**	9
Others	**950**	1,054
	9,652	7,876

Note:

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.

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 this services.

6 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 consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Current tax		
Current tax on estimated taxable profits for the year	**2,239**	1,724
Deferred tax		
Origination of temporary differences	**(259)**	(108)
Income tax expenses	**1,980**	1,616

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:

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Profit before taxation	**8,407**	6,837
Tax at PRC statutory tax rate of 25%	**2,102**	1,709
Rate differential of certain provincial branches of the Group *(Note)*	**(133)**	(111)
Tax effect of non-deductible expenses	**11**	18
Income tax expenses	**1,980**	1,616

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.

7 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 years, while the shares purchased for the restricted share incentive scheme excluded.

	Year ended 31 December	
	2020 *(Note)*	2019
Profit attributable to owners of the Company (RMB million)	**6,428**	5,222
Weighted average number of ordinary shares in issue (million)	**174,861**	175,643
Basic earnings per share (in RMB Yuan)	**0.0368**	0.0297

Note:

On 18 April 2019, the shareholders of the Company approved the adoption of a restricted share incentive scheme. During the year ended 31 December 2020, 143 million shares were purchased by the trustee authorised by the Group from the secondary market (2019: 1,053 million).

(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 restricted shares granted to employee under the restricted share incentive scheme. The restricted shares were not included in the calculation of diluted earnings per share for the year ended 31 December 2020 because the unlocking conditions of achieving certain performance conditions are not met and they are anti-dilutive. Therefore, the diluted earnings per share was the same as basic earnings per share.

8 Lease

(a) The consolidated balance sheet shows the following amounts relating to leases where the Group is a lessee:

	Sites and premises *RMB million*	Land use rights *RMB million*	Total *RMB million*
Year ended 31 December 2019			
Right-of-use assets:			
As at 1 January 2019	55,326	957	56,283
Additions	11,497	156	11,653
Termination and modification of lease contracts	(3,292)	–	(3,292)
As at 31 December 2019	63,531	1,113	64,644
Accumulated depreciation:			
As at 1 January 2019	(20,090)	(81)	(20,171)
Charge for the year	(11,355)	(38)	(11,393)
Termination and modification of lease contracts	3,060	–	3,060
As at 31 December 2019	(28,385)	(119)	(28,504)
Closing net book amount:			
As at 31 December 2019	35,146	994	36,140
Year ended 31 December 2020			
Right-of-use assets:			
As at 1 January 2020	63,531	1,113	64,644
Additions	9,986	198	10,184
Termination of lease contracts	(1,986)	–	(1,986)
As at 31 December 2020	**71,531**	**1,311**	**72,842**
Accumulated depreciation:			
As at 1 January 2020	(28,385)	(119)	(28,504)
Charge for the year	(11,292)	(42)	(11,334)
Write-off upon termination of lease contracts	1,549	–	1,549
As at 31 December 2020	(38,128)	(161)	(38,289)
Closing net book amount:			
As at 31 December 2020	**33,403**	**1,150**	**34,553**

	As at 31 December 2020	As at 31 December 2019
	RMB million	*RMB million*
Lease Liabilities		
– Current	**7,006**	6,992
– Non-current	**16,745**	17,862
	23,751	24,854

(b) The consolidated statement of comprehensive income shows the following amounts relating to leases where the Group is a lessee:

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Depreciation charge of right-of-use assets	**11,334**	11,393
Interest expense	**1,322**	1,329
Expense relating to short-term leases and low-value leases	**1,152**	795

(c) The total cash payment of principal and interest of lease liabilities for the year ended 31 December 2020 was RMB9,031 million (2019: RMB11,219 million).

(d) The Group's leasing activities:

The Group mainly leases premises and site properties for its telecommunication towers (as lessee). Rental contracts of premises and site properties are typically made for periods of 3 to 10 years, and do not generally have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Substantially all of the rental contracts held by the Group are with fixed lease payment.

The remaining useful life of land use rights is generally 10 to 30 years.

9 Trade and other receivables

	As at 31 December 2020 RMB million	As at 31 December 2019 RMB million
Trade receivables *(Note (a))*	**25,409**	21,289
Loss allowance	**(774)**	(395)
Trade receivables- net	**24,635**	20,894
Deposits *(Note (b)(i))*	**998**	758
Payments on behalf of customers *(Note (b)(ii))*	**5,023**	4,605
Others	**2**	1
Other receivables	**6,023**	5,364
Trade and other receivables	**30,658**	26,258

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

For the year ended 31 December 2020, the Group wrote off trade receivables in amount of approximately RMB10 million (2019: nil).

(a) Trade receivables

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

	As at 31 December 2020 RMB million	As at 31 December 2019 RMB million
Up to 3 months	**19,268**	16,168
3 to 6 months	**3,749**	3,449
6 months to 1 year	**1,770**	1,394
1 year to 2 years	**386**	278
Over 2 years	**236**	–
	25,409	21,289

Trade receivables are analysed by customers:

	As at 31 December 2020 *RMB million*	As at 31 December 2019 *RMB million*
China Mobile Company and its subsidiaries	**11,630**	10,818
China Unicom Corporation	**6,292**	3,696
China Telecom	**5,108**	5,099
Others	**2,379**	1,676
	25,409	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.

As at 31 December 2020, acceptance notes issued by banks included in trade receivables is RMB555 million (2019: RMB386 million).

(b) Other receivables

(i) Deposits primarily include deposits for site ground lease, office premises lease, and equipment purchase. They are primarily within 1 year and considered to be of low credit risk. The expected credit loss is not material.

(ii) Payments on behalf of customers mainly represent the payments made by the Group on behalf of the Three TSPs to their suppliers for certain sites electric power 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. The expected credit loss model for payments on behalf of the Three TSPs are the same with the trade receivables from the Three TSPs.

10 Dividends

(a) Dividends declared

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Ordinary shares:		
Final dividend declared for the year ended 31 December 2019 of RMB0.01455 (2018: RMB0.00225) per ordinary share	**2,561**	396

(b) Dividends proposed and not recognised as liabilities at the end of reporting period

On 8 March 2021, the Board of Directors of the Company proposed a dividend of RMB0.02235 per ordinary share to the shareholders for the year ended 31 December 2020, approximately RMB3,934 million in total. As the ordinary final dividend is declared after the balance sheet date, such dividend is not recognised as liability as at 31 December 2020.

	Year ended 31 December	
	2020	2019
	RMB million	*RMB million*
Dividends not recognised at the end of reporting period:		
Proposed final dividend after the balance sheet date: RMB0.02235 (2019: RMB0.01455) per ordinary share	**3,934**	2,561

11 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:

	As at 31 December 2020 *RMB million*	As at 31 December 2019 *RMB million*
Less than 6 months	**22,747**	20,250
6 months to 1 year	**6,250**	4,548
More than 1 year	**2,463**	4,515
	31,460	29,313

FINANCIAL OVERVIEW

(Expressed in RMB unless otherwise indicated)

1. Summary

In 2020, the Company adhered to its new development philosophy and promoted the "One Core and Two Wings" development strategy to deepen resource sharing within the industry and in the wider society. We have enhanced customer service quality and strengthened operation and management capabilities while promoting high-quality and efficient development. We have maintained stable growth in operating results.

In 2020, the operating revenue of the Company amounted to RMB81,099 million, up by 6.1% over last year; the operating profit amounted to RMB12,012 million, up by 6.5% over last year; profit attributable to owners of the Company amounted to RMB6,428 million, up by 23.1% over last year; the EBITDA was RMB59,527 million, up by 5.0% over last year; the capital expenditures amounted to RMB37,122 million and the free cash flow amounted to RMB20,426 million.

2. Operating Revenue

In 2020, the Company was committed to supporting the Digital China strategy and promoted resource sharing in the TSP business with regard to 5G new infrastructure construction. By fully leveraging advantages of tower resources and expertise on operation, we continued to expand our TSSAI and energy operation businesses, and achieved overall healthy revenue growth. Our operating revenue reached RMB81,099 million in 2020, up by 6.1% over last year. The proportion of revenue from non-tower businesses, including the DAS business and the Two Wings business, increased from 6.6% to 9.5% over last year.

The table below summarises the changes in composition of the Company's operating revenue for the years of 2020 and 2019:

	2020		2019	
(RMB million)	**Total amount**	**Proportion in operating revenue**	Total amount	Proportion in operating revenue
Operating revenue	**81,099**	**100.0%**	76,428	100.0%
Of which: Tower business	**73,371**	**90.5%**	71,406	93.4%
DAS business	**3,528**	**4.3%**	2,658	3.5%
TSSAI and energy operation businesses	**3,939**	**4.9%**	2,080	2.7%
Other business	**261**	**0.3%**	284	0.4%

Revenue from tower business

In 2020, the Company furthered resource sharing by coordinating existing sites and social resources. Through developing an innovative construction and service model and enhancing professional construction and operation capabilities, the Company managed to satisfy the demands for 5G network construction at low cost with high efficiency. Revenue from our tower business for the year amounted to RMB73,371 million, up by 2.8% over last year.

Revenue from DAS business

In 2020, focusing on key scenarios, the Company leveraged its advantages in coordinating site entry, and innovated products and solutions to provide on-demand network coverage to TSPs in a more economical manner. The DAS business has continued to expand, achieving revenue for the year in the amount of RMB3,528 million, up by 32.7% over last year. The revenue from the DAS business accounted for 4.3% of our operating revenue, representing an increase of 0.8 percentage point compared to that of last year.

Revenue from TSSAI and energy operation businesses

In 2020, drove by innovation, the Company fully leveraged its resources and strengths to promote the transformation of "Telecommunication Tower" to "Digital Tower", and proactively developed trans-sector data and information services based on platform operation. Through overall planning of the battery exchange and power backup businesses, as well as optimizing the product platform, we achieved scale development on our energy operation business. Our TSSAI and energy operation businesses recorded a revenue of RMB3,939 million in 2020, up by 89.4% over last year, of which the revenue from the TSSAI business amounted to RMB3,004 million while the revenue from the energy operation business reached RMB935 million. The revenue from TSSAI and energy operation businesses accounted for 4.9% of our operating revenue, representing an increase of 2.2 percentage points compared to that of last year.

Revenue from other business

In 2020, the Company provided other services such as agent construction for transmission facilities, achieving a revenue of RMB261 million.

3. Operating Expenses

The Company persisted in promoting a centralized and digitalized operation and management model. We have improved the centralized and unified IT support system as well as the delicate management system of individual site. Benefited by the special projects in reducing cost by referencing to benchmarks and enhancing quality and efficiency, the delicate cost management and the resources utilization efficiency continued to improve. In 2020, the operating expenses were RMB69,087 million, up by 6.0% over last year. The operating expenses accounted for 85.2% of the operating revenue, at a similar level as last year.

The table below summarises the composition of the Company's operating expenses for the years of 2020 and 2019:

(RMB million)	**2020 Total amount**	**2020 Proportion in operating revenue**	2019 Total amount	2019 Proportion in operating revenue
Operating Expenses	**69,087**	**85.2%**	65,147	85.2%
Of which: Depreciation and amortisation	**47,515**	**58.6%**	45,415	59.4%
Repairs and maintenance expenses	**5,805**	**7.2%**	5,993	7.8%
Employee benefits and expenses	**6,115**	**7.5%**	5,863	7.7%
Other operating expenses	**9,652**	**11.9%**	7,876	10.3%

Depreciation and amortisation

In 2020, the depreciation and amortisation were RMB47,515 million, up by 4.6% over the last year. Benefiting from the transformation of construction model and the further coordinating and sharing of existing resources and social resources, depreciation and amortisation decreased to 58.6% of the operating revenue from 59.4% in last year.

Repairs and maintenance expenses

In 2020, by leveraging the centralized and unified operation and management platform, the Company actively promoted the digital management in maintenance operation and further enhanced its capability on providing quality service at low cost. Repairs and maintenance expenses were RMB5,805 million, down by 3.1% over last year.

Employee benefits and expenses

In 2020, the Company further reinforced the effective remuneration allocation mechanism, and promoted the market-oriented remuneration incentives for Energy Tower Corporation Limited (鐵塔能源有限公司) and Smart Tower Corporation Limited (鐵塔智聯技術有限公司). While recruiting highly skilled talents, the Company promoted to channel remuneration resources to key roles and positions. Employee benefits and expenses amounted to RMB6,115 million, up by 4.3% over the last year, of which the amortised cost of restricted shares was down by RMB209 million over the last year, mainly due to the reverse of RMB131 million related to the cost of the first phase restricted shares amortized in 2019. The proportion of employee benefits and expenses in the operating revenue decreased to 7.5% from 7.7% in last year.

Other operating expenses

In 2020, other operating expenses were RMB9,652 million, up by RMB1,776 million over last year. Due to rapid business growth, development expenses for TSSAI and energy operation businesses increased by RMB893 million over last year. Site operation and supporting expenses, including IT service charge, site planning expenses, and short-term site lease charges recognized in accordance with the accounting standard on leases, increased by RMB647 million over last year.

4. Finance Costs

The Company insisted on multi-channel fund-raising with low costs while enhancing centralized fund management. The capital usage efficiency continuously improved and the cost of capital remained relatively low. As of the end of 2020, the Company had interest-bearing liabilities of RMB112,871 million, down by RMB7,482 million over last year. Benefiting from the decrease in the average balance of interest-bearing liabilities and decline in comprehensive cost of funding, the Company's net finance costs amounted to RMB3,923 million in 2020, down by 14.7% over last year.

5. Profitability

Operating profit and EBITDA

In 2020, the Company's profit before tax amounted to RMB8,407 million, up by 23.0% over last year; the EBITDA amounted to RMB59,527 million, increased by 5.0% over last year, and EBITDA margin was 73.4%.

Profit attributable to owners of the Company

In 2020, profit attributable to owners of the Company amounted to RMB6,428 million, up by 23.1% over last year. The Company's basic earnings per share for 2020 was RMB0.0368.

6. Capital Expenditures and Cash Flow

Capital expenditures

In 2020, to meet the demands arising from the large-scale deployment of 5G networks, the Company consolidated its advantages in coordinating and sharing resources, and promoted product flexibilities as well as construction cost control to address customers' needs with integrated coverage solutions in a cost-effective and efficient manner. During the year, we built a total of 501,000 5G base-station projects. Meanwhile, we proactively expanded our Two Wings business and enhanced the development of our supporting platform. Capital expenditures for the year amounted to RMB37,122 million, of which, the proportion of new site construction and augmentation increased from 69.5% to 69.8% over last year and the proportion of facilities for TSSAI and energy operation businesses increased from 3.2% to 9.1% over last year.

The table below summarises the major items of the Company's capital expenditures in 2020.

	2020	
(RMB million)	**Total amount**	**Proportion**
Capital expenditures	**37,122**	**100.0%**
Of which: New site construction and augmentation	**25,924**	**69.8%**
Site replacement and improvement	**3,732**	**10.1%**
Facilities for TSSAI and energy operation businesses	**3,373**	**9.1%**
IT support and purchase of comprehensive building for production	**4,093**	**11.0%**

Operating cash flow and free cash flow

In 2020, the Company had net cash generated from operating activities of RMB57,548 million. Free cash flow, after deducting the capital expenditures, was RMB20,426 million.

7. Balance Sheet Status

As at the end of 2020, the Company's total assets were RMB337,380 million while the total liabilities were RMB151,134 million, of which the net debts amounted to RMB107,829 million. The liabilities to assets ratio was 44.8%, and the gearing ratio was 36.7%.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND THE MATERIALS PROCUREMENT FRAMEWORK AGREEMENT

Certain continuing connected transactions agreements of the Company expired on 31 December 2020. On 19 October 2020, the Company entered into new agreements to renew the following continuing connected transactions, with a service period from 1 January 2021 to 31 December 2023:

1. the Company entered into the 2021-2023 property lease framework agreements with China Mobile Communications Group Co., Ltd. ("**CMCC**"), China United Network Communications Group Company Limited and China Telecommunications Corporation ("**CTC**") (together, the "**Telecom Group Companies**") (the "**2021-2023 Property Lease Framework Agreements**") on substantially the same terms and conditions of the property lease framework agreements dated 15 July 2018 between the Company and each of the Telecom Group Companies, respectively, and pursuant to which the Group may lease certain properties from each of the Telecom Group Companies and their respective associates.

2. the Company entered into the 2021-2023 service supply framework agreements with each of the Telecom Group Companies (the "**2021-2023 Service Supply Framework Agreements**") on substantially the same terms and conditions of the service supply framework agreements dated 15 July 2018 between the Company and each of the Telecom Group Companies, respectively, and pursuant to which each of the Telecom Group Companies and its respective associates will provide construction, design, supervision, outsourcing maintenance, intermediary, supply chain and/or training services to the Group. As the highest applicable percentage ratio under Rule 14.07 of the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the proposed annual caps of the transactions contemplated under the 2021-2023 Service Supply Framework Agreement with CTC exceeds 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules. The 2021-2023 Service Supply Framework Agreement with CTC together with the proposed annual caps for the three years ending 31 December 2021, 2022 and 2023 were approved at the second extraordinary general meeting of the Company of 2020 on 4 December 2020.

3. the Company entered into the 2021-2023 site resource service framework agreement with CMCC (the "**2021-2023 Site Resource Service Framework Agreement**") on substantially the same terms and conditions of the site resource service framework agreement dated 19 December 2019 entered into between the Company and CMCC, and pursuant to which the Group should provide CMCC and its associates with site resources and relevant integrated services. The Company has established decision groups within the industry expansion departments at the headquarters and provincial branches. Such decision groups would review the proposed projects of the Company, including those transactions contemplated under the 2021-2023 Site Resource Service Framework Agreement. In order to ensure the fairness and reasonableness of the service fees, the decision groups shall review, among others, the model of economic benefit assessment. The model includes several indicators such as revenue, cost, investment amount, funds under occupation and expenditure in cash. Where the calculation based on the factors shows that the gross profit margin for the provision of the site resources service could not reach certain levels as prescribed by its internal management measures from time to time, such service could not proceed.

On 19 October 2020, the Company also entered into the materials procurement framework agreement with CTC with a service period from 19 October 2020 to 31 December 2021. Accordingly, the Group will purchase the products from CTC and its associates as listed on the "E-procurement Platform" from time to time, such as equipment hardware, installation materials, supporting cables, spare parts, related software licenses and technical documents and receive related supporting services provided by them.

For details of the above mentioned continuing connected transactions and agreements, please refer to the announcements of the Company dated 19 October 2020 and 4 December 2020 and the circular dated 10 November 2020.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

For the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit Committee

The audit committee, together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including the review of the audited consolidated financial statements for the financial year ended 31 December 2020.

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance. For the year ended 31 December 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 Yanzhou ("**Mr. Mai**") as a non-executive director and Mr. Deng Shiji ("**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 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 year ended 31 December 2020.

Restricted Share Incentive Scheme

The Company adopted China Tower Corporation Limited First Phase Restricted Share Incentive Scheme (the "**Restricted Share Incentive Scheme**") at the 2018 annual general meeting of the Company held on 18 April 2019 (the "**2018 AGM**"). For details, please refer to the announcement and circular of the Company dated 4 March 2019, the announcement of the Company on the poll results of the 2018 AGM and the announcement on the initial grant dated 18 April 2019, and the announcement of the Company on the second tranche of grant dated 19 December 2019.

The restricted shares granted under the first tranche and the second tranche of the initial grant shall enter 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 interest of relevant scheme participants in such restricted shares will be 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. The financial impact of failure to unlock such restricted shares will be further disclosed in the Company's 2020 annual report.

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.

Contingent Liabilities

As at 31 December 2020, the Company had no contingent liabilities.

Material Legal Proceedings

For the year ended 31 December 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.

Annual General Meeting

The Company will hold the annual general meeting on 12 May 2021 (the "**2020 AGM**"). Notice of the 2020 AGM will be published on the website of the Company (www.china-tower.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk), and will be dispatched to the shareholders of the Company (the "**Shareholder(s)**") in due course.

Final Dividend

The Board proposes a final dividend of RMB0.02235 (pre-tax) per share for the year ended 31 December 2020. The dividend proposal will be proposed to the 2020 AGM for the Shareholders' consideration. The proposed final dividends, if approved, will be denominated and declared in Renminbi, which are expected to be paid on or around 30 June 2021 upon approval at the 2020 AGM.

Dividends will be paid in Renminbi for holders of domestic shares and the Southbound Shareholders, and dividends for H share Shareholders other than the Southbound Shareholders will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the mid-point rates of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of approval of declaration of dividends by the 2020 AGM. The record date for entitlement to the Shareholders' rights and the relevant arrangements of dividend distribution for Southbound Shareholders are the same as those for the Company's H share Shareholders.

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax 《中華人民共和國企業所得稅法》, the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax《中華人民共和國企業所得稅法實施條例》 implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the proposed final dividend for 2020 to its H share Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees and trustees, or other organizations or groups) listed on the H Share register of members on 24 May 2021.

According to the requirement under Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation (國家稅務總局國稅函[2011]348號規定) and the relevant laws and regulations, for individual H share Shareholders who are Hong Kong or Macau residents and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold the individual income tax at the rate of 10%. For individual H share Shareholders whose country of domicile is a country which has entered in to a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, the Company will withhold the individual income tax at a tax rate of 10% of dividend. For individual H share Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 10% but lower than 20%, the Company will withhold the individual income tax at the effective tax rate under the relevant tax treaty. For individual H share Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 20%, or a country which has not entered into any tax treaties with PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H share Shareholders.

The Company will determine the country of domicile of the individual H share Shareholders based on the registered address as recorded in the H share register of members of the Company on 24 May 2021. If the country of domicile of an individual H share Shareholder is not the same as the registered address or if the individual H share Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H share Shareholder shall notify and provide relevant supporting documents to the Company on or before 18 May 2021. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H share Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

For Southbound Investors (including enterprises and individuals), the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the Shareholders of the Southbound Trading, will receive all dividends distributed by the Company and will distribute the dividends to the relevant Shareholders under the Southbound Trading through its depositary and clearing system. According to the relevant provisions under the "Notice on Taxation Policies for Shanghai-Hong Kong Stock Connect Pilot Programme (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》)" and "Notice on Taxation Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》)", the Company shall withhold individual income tax at the rate of 20% with respect to dividends received by the Mainland individual investors for investing in the H shares of the Company listed on the Hong Kong Stock Exchange through the Southbound Trading. In respect of the dividends for the investment of Mainland securities investment funds in the H shares of the Company listed on Hong Kong Stock Exchange through the Southbound Trading, the tax levied on dividends derived from such investment shall be ascertained by reference to the rules applicable to the treatment of individual income tax. The Company is not required to withhold income tax on dividends derived by the Mainland enterprise investors under the Southbound Trading, and such enterprises shall report the income and make tax payment by themselves. The record date for entitlement to the Shareholders' rights and the relevant arrangements of dividend distribution for the Southbound Investors are the same as those for the Company's H share Shareholders.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the H share Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the H share Shareholders or any disputes relating to the tax withholding and payment mechanism or arrangements.

Closure of Register of Members

For the purpose of ascertaining the H share Shareholders' rights to attend and vote at the 2020 AGM (and any adjournment thereof), and entitlement to the 2020 final dividend, the H share's register of members of the Company will be closed. Details of such closures are set out below:

(1) For ascertaining the H share Shareholders' rights to attend and vote at the 2020 AGM (and any adjournment thereof)

Latest time to lodge transfer documents for registration	4:30 p.m. on 5 May 2021
Closure of register of members (both inclusive)	6 May 2021 to 12 May 2021
Record date	12 May 2021

(2) For ascertaining the H share Shareholders' entitlement to the 2020 final dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on 18 May 2021
Closure of register of members (both inclusive)	19 May 2021 to 24 May 2021
Record date	24 May 2021

During the above closure periods, no transfer of H shares will be registered. To be eligible to attend and vote at the 2020 AGM, and to qualify for the 2020 final dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Service Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than the aforementioned latest times.

Publication of Annual Results Announcement and Annual Report

This announcement is published on the website of the Company (www.china-tower.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

The 2020 annual report will be published on the website of the Company (www.china-tower.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk), and will be dispatched to the Shareholders in due course.

Forward Looking Statements

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

By Order of the Board
China Tower Corporation Limited
Tong Jilu
Chairman

Beijing, China, 8 March 2021

As at the date of this announcement, the Board of Directors of the Company comprises:

Executive directors	:	*Tong Jilu (Chairman of the Board) and Gu Xiaomin (General Manager)*
Non-executive directors	:	*Gao Tongqing, Mai Yanzhou and Zhang Zhiyong*
Independent non-executive directors	:	*Fan Cheng, Tse Yung Hoi and Deng Shiji*