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 2021

Highlights

❖ Operating revenue maintained good growth, reaching RMB86,585 million, up by 6.8%, of which:

- Revenue from TSP business was RMB80,197 million, up by 4.3% over the same period last year, of which, revenue from tower business was RMB75,857 million, up by 3.4%; revenue from indoor distributed antenna system ("**DAS**") business was RMB4,340 million, up by 23.0%

- Revenue from Smart Tower business (previously known as TSSAI business) was RMB4,060 million, up by 35.2%

- Revenue from Energy business was RMB2,071 million, up by 121.5%

❖ Site co-location efficiency improved continuously; tower tenancy ratio increased from 1.66 at the end of 2020 to 1.70.

❖ Operating efficiency enhanced steadily; EBITDA[2] was RMB63,017 million.

❖ Profitability continued to improve; profit attributable to owners of the Company was RMB7,329 million, up by 14.0%.

❖ Cash flow remained stable and abundant; net cash generated from operating activities was RMB60,503 million; free cash flow[3] was RMB35,311 million.

Note 1: The financial information 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 2021, driven by the state strategies of "Cyberpower", "Digital China", and "dual carbon", China Tower Corporation Limited (the "**Company**" or "**we**") actively seized the opportunity to deepen our "sharing" philosophy and fully implement our "One Core and Two Wings"（一體兩翼）strategy. We have seen encouraging development in each of our business segments, alongside steady and continuous growth in our overall performance.

FINANCIAL PERFORMANCE

Our revenue maintained a healthy growth and increased steadily in 2021 and our profitability continued to improve. In 2021, we recorded operating revenue of RMB86,585 million, with a year-on-year increase of 6.8%. Our EBITDA reached RMB63,017 million, up by 5.9% year-on-year, with an EBITDA margin of 72.8%. Profit attributable to owners of the Company amounted to RMB7,329 million, up by 14.0% year-on-year, with a net profit margin of 8.5%.

We maintained a stable and abundant cash flow. In 2021, net cash generated from operating activities amounted to RMB60,503 million, while capital expenditures reduced by 32.1% year-on-year to RMB25,192 million, resulting in our free cash flow increasing 72.9% year-on-year to reach RMB35,311 million. Our debt leverage ratio was stable and manageable, and our financial position remained healthy. As of 31 December 2021, our total assets amounted to RMB323,259 million, and our interest-bearing liabilities stood at RMB101,304 million, representing a gearing ratio of 33.4%.

Aligned with our commitment to providing good returns to our shareholders, the board of directors of the Company (the "**Board**") recommends paying a final dividend of RMB0.02624 per share (pre-tax) for the year ended 31 December 2021, equivalent to a payout ratio of 70% of our annual distributable net profit.

BUSINESS PERFORMANCE

In 2021, we continued to strengthen our core advantage in resource coordination and sharing to drive innovation and enhance efficiency and performance. Under the "One Core and Two Wings" strategy, our TSP business consistently achieved a stable growth, while our Smart Tower and Energy businesses continued their rapid growth.

Supporting the construction of 5G network in an intensive and effective manner, our TSP business continued to grow steadily

Our belief in sharing and creating synergy continued to prevail as the coverage and depth of the 5G networks extended constantly at an even faster rate. Based on the new features of 5G network construction, we fully leveraged our advantages in resource coordination and sharing, as well as expertise in operations, to launch innovative and cost-effective products and solutions. We integrated these products and solutions to speed up the launch of our integrated wireless communications coverage solutions and DAS sharing solutions to meet the network coverage demands of our customers by offering a low-cost, highly efficient and quality service. In 2021, we completed approximately 552,000 5G construction projects, supporting the large-scale construction of 5G networks in an economic and efficient manner. Meanwhile, 5G has become an increasingly key driver for the growth of our TSP business, which in turn propelled our overall business to grow steadily, cementing our position as the market leader in the construction and operation of telecommunications infrastructure.

As of the end of 2021, the total number of our tower sites had reached 2.038 million, representing a net increase of 15,000 compared to the end of 2020. The total number of TSP tenants amounted to 3.260 million, 85,000 more than at the end of 2020. Our TSP tenancy ratio increased from 1.57 at the end of 2020 to 1.60. In terms of our DAS business, we covered buildings with a cumulative area of 4.99 billion square meters, up by 22.9% year-on-year, while the cumulative length of high-speed railway tunnels and subways covered reached 16,906.0 kilometers, an increase of 33.1% year-on-year.

In 2021, our TSP business revenue recorded a year-on-year increase of 4.3% to RMB80,197 million, of which tower business revenue increased by 3.4% year-on-year to RMB75,857 million and DAS business revenue increased by 23.0% year-on-year to RMB4,340 million.

Focused on boosting new growth momentum, the development of Two Wings business started to show remarkable results

We seized the opportunities brought by the development of the digital economy and actively responded to the national "dual carbon" goals. Leveraging our unique advantages in resources and capabilities, we maintained a clear focus on product innovation and platform optimization to fortify our core competencies and expand our market. As a result, the Two Wings business continued to scale rapidly, helping to strengthen the multi-pillar development structure and create new growth momentum for the Company. In 2021, our Two Wings business recorded revenue of RMB6,131 million, or an increase of 55.6% year-on-year. It accounted for 7.1% of overall operating revenue and contributed 40.0% to the incremental revenue in the year.

Focused on key sectors, the Smart Tower business sustained a rapid growth

We seized the opportunity of digital transformation across the society, drawing on our abundant site resources and our largest domestic tower sharing and practical Internet of Things platforms to focus on key sectors centered around our Tower Monitoring service to drive the transformation of telecommunications towers into digital towers. With a coordinated approach, we continued to delve into key sectors including forestry, water conservation, agriculture and environmental protection, which are connected to major national projects such as the conservation of the Yangtze River, and forest and grassland fire prevention. As a result, we achieved a rapid growth and established our brand as a company that serves people's livelihoods and makes contribution to social governance. We developed our innovative national "Tower Monitoring" platform and deepened strategic cooperation with industry partners in the areas of algorithms, cloud resources, transmission and terminals, in order to grow together with our partners. In 2021, our Smart Tower business achieved revenue of RMB4,060 million, a year-on-year increase of 35.2%, of which 51.6% was contributed by our Tower Monitoring business. Our Tower Monitoring business achieved revenue of RMB2,096 million. This reflects a continued shift of our business from resource leasing towards digital applications with higher value.

Further strategic planning helped our Energy business grow in scale

Drawing on our expertise in energy operations and securing power supply, we continued to expand the scale of operations of our Energy business, centering around core areas such as battery exchange and power backup. We accelerated the economical and efficient establishment of internet-connected, environmentally friendly and smart battery exchange facilities, with a focus on key sectors such as finance, healthcare and transportation. We also introduced four-in-one power security solutions that cover power backup, power generation, monitoring and maintenance, which drove rapid growth in the number of users and revenue. As of the end of 2021, we had developed a cumulative 612,000 users for our tower battery exchange services, an increase of 311,000 from the end of 2020, making us the largest operator of battery exchange services for light electric vehicles in China. Our Energy business recorded revenue of RMB2,071 million in 2021 with a year-on-year increase of 121.5%, of which the tower battery exchange business accounted for revenue of RMB1,243 million, representing a growth of 239.6% year-on-year.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

We have always placed great importance on corporate governance, proactively putting in place sound governance systems and mechanisms, and constantly strengthening our risk management and internal control systems and compliance management. In doing so, we aim to enhance our ability to prevent and control risk. As a result, we can maintain a high standard of corporate governance, which helps to safeguard the Company's healthy and sustainable growth.

We have received wide recognition for our commitment to corporate social responsibility and our efforts to ensure that enterprises and society can develop in harmony. In 2021, we helped to build wireless communications infrastructure in remote areas to build the "information highway", bridging the digital divide caused by the different pace of development in urban and rural areas. By doing so, we laid the foundation for the development of digital villages. We also tailored measures to local conditions and devised long-term strategies to support rural industries, enabling the digitalization of agriculture and village development. Building on efforts to consolidating the achievement of overall poverty alleviation, we helped channel the outcomes to further drive rural revitalization. Responding to natural disasters, such as extreme rainstorms in Henan, and major public security incidents, we participated in rescue and disaster relief, successfully completing various missions to construct and maintain contingency communications facilities to secure emergency communications, as well as safeguarding national development and ensuring people's health and safety. In addition, we implemented green development policies and promoted energy saving across our operations in innovative ways. We actively explored the use of clean energy, as part of our commitment to green and low-carbon development and our support for China's "Carbon Peak, Carbon Neutrality" goals.

OUTLOOK

Looking ahead, we will further our "One Core and Two Wings" strategy to seize opportunities arising from the development of 5G new infrastructure and the digital economy, as well as the "dual carbon" goals. Our position as a "world-class integrated information and communications infrastructure service provider and a highly competitive information and new energy applications provider" will see us developing an operating system that is professional, intensive, delicate, efficient and digitalized. We will use this to build an enterprise centered around sharing, service, innovation, technology and value creation. We will sustain the stable growth of our operating results and strive for value growth and the sustainable and high-quality development of the Company.

Dual growth engines of "5G + DAS" continue to cement industry leadership

Our TSP business will remain as the fundamental and cornerstone of our development. In view of the ample opportunities arising from the construction of 5G networks to improve their scale, 5G will continue to drive the growth of our TSP business. Adhering to the philosophy of sharing, we will continue to consolidate and enhance our resource coordination and sharing capabilities, in order to uncover and satisfy customer demand. Strengthening our market-oriented approach will lead to further innovation in products, solutions and services, aligning with the 5G construction features and customer demand. By precisely allocating resources, we can better support the increasing depth and breadth of TSPs' 5G network in an intensive and effective manner with our qualified services. As the 5G network extends to indoor areas, we will seize the opportunity and focus on key scenarios such as new construction demand, as well as site alternation demand. Our advantages in coordinating resources and site entries will help us deliver scenario-specific and integrated active and passive DAS solutions to scale up our business and gain market share, which will accelerate the development of our DAS business.

Focusing on scale and efficiency to drive better and faster development of our Two Wings business

The thriving digital economy and progress towards the "dual carbon" goals have brought forth valuable opportunities for the development of our Two Wings business. Centered around our resource sharing and coordination capabilities, we will continue to strengthen our product innovation and support for platform operations, to boost the scale and efficiency of our Two Wings business.

Focusing on key sectors to enhance our Smart Tower business

Leveraging our rich tower resources across China, we will speed up the transformation of telecommunications towers to digital towers and continue to deepen our penetration into industry customers, with a focus on key sectors including environmental protection, forestry, agriculture, land, water resources, transportation, emergency response, and township governance. We will also strengthen our control and innovation across areas such as business integration, applications, platforms, algorithms, storage and terminals. By doing so, we will speed up the research, development, iteration and optimization of our application products with a clear focus on responding to market demand. We will develop and optimize our unified marketing and sales system across the country, with the aim of further enhancing the impact of our brand as an information applications provider building on Digital Towers.

Focusing on key products to develop specialized Energy business

China's "dual carbon" goals have presented ample opportunities for the development of our specialized Energy business, with a focus on key offerings such as battery exchange and power backup. We will increase our investment in the research and development of core hardware/terminals and critical software/platform to enhance our platform capabilities. We will also strengthen our smart customer service by building up service supervision and evaluation systems to deliver premium services. Finally, we will exercise more delicate operations over our assets. This will see our operating approach shift from focusing on rapid network construction and the swift uptake of customers to a dual focus on scale and efficiency enhancement. By doing so, we will further establish the advantages that differentiate us and become a highly competitive energy applications provider.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my heartfelt gratitude to Mr. Tong Jilu, who recently retired from the role of Chairman. During his term of service, Mr. Tong oversaw the formation and incorporation of the Company and led it to achieve its rapid growth, laying a solid foundation for our future development. On behalf of the Board, I sincerely thank Mr. Tong for his remarkable achievements and contributions to the Company. I would also like to express our sincere gratitude to Mr. Fan Cheng and Mr. Tse Yung Hoi, who have resigned as directors, for their outstanding contribution to the development of the Company. In addition, on behalf of the Board, I would like to extend my warmest welcome to Mr. Liu Guiqing, Mr. Zhang Guohou and Mr. Hu Zhanghong, who have joined the Board as new directors.

We would not have achieved the results we have today without the dedication of our employees, the support of our customers, the confidence of our shareholders and the encouragement of the general public. On behalf of the Board, we are most grateful and look forward to continuing our journey together.

Zhang Zhiyong
Chairman

Beijing, China, 9 March 2022

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.

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 2021 extracted from the audited consolidated financial statements of the Group as set out in its 2021 Annual Report to be published in due course.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021
(Expressed in RMB)

		Year ended 31 December	
	Note	**2021**	2020
		RMB million	*RMB million*
Operating revenue	*4*	**86,585**	81,099
Operating expenses			
Depreciation and amortisation		**(49,982)**	(47,515)
Repairs and maintenance		**(5,796)**	(5,805)
Employee benefits and expenses		**(6,875)**	(6,115)
Site operation and support expenses	*5*	**(5,161)**	(4,627)
Other operating expenses	*6*	**(5,736)**	(5,025)
		(73,550)	(69,087)
Operating profit		**13,035**	12,012
Other gains, net		**303**	318
Interest income		**22**	36
Finance costs		**(3,745)**	(3,959)
Profit before income tax		**9,615**	8,407
Income tax expense	*7*	**(2,287)**	(1,980)
Profit for the year		**7,328**	6,427
Profit attributable to:			
Owners of the Company		**7,329**	6,428
Non-controlling interests		**(1)**	(1)

Consolidated Statement of Comprehensive Income (Continued)
For the year ended 31 December 2021
(Expressed in RMB)

	Note	Year ended 31 December **2021** ***RMB million***	 2020 *RMB million*
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**–**	–
Income tax relating to these items		**–**	–
Items that will not be reclassified to profit or loss			
Remeasurements of post-retirement benefit obligations		**(1)**	–
Income tax relating to this item		**–**	–
Other comprehensive income for the year, net of tax		**(1)**	–
Total comprehensive income for the year		**7,327**	6,427
Total comprehensive income for the year attributable to:			
Owners of the Company		**7,328**	6,428
Non-controlling interests		**(1)**	(1)
		7,327	6,427
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	*8*	**0.0419**	0.0368

Consolidated Balance Sheet
As at 31 December 2021
(Expressed in RMB)

	Note	**As at 31 December** **2021** ***RMB million***	2020 *RMB million*
Assets			
Non-current assets			
Property, plant and equipment		**221,419**	231,684
Right-of-use assets	*9*	**32,877**	34,553
Construction in progress		**14,709**	20,185
Deferred income tax assets		**1,892**	1,457
Other non-current assets		**4,018**	6,297
		274,915	294,176
Current assets			
Trade and other receivables	*10*	**34,194**	30,658
Prepayments and other current assets		**7,679**	7,504
Cash and cash equivalents		**6,471**	5,042
		48,344	43,204
Total assets		**323,259**	337,380
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**176,008**	176,008
Reserves		**13,346**	10,237
Total equity attributable to owners of the Company		**189,354**	186,245
Non-controlling interests		**–**	1
Total equity		**189,354**	186,246

Consolidated Balance Sheet (Continued)
As at 31 December 2021
(Expressed in RMB)

		As at 31 December	
	Note	**2021**	2020
		RMB million	*RMB million*
Liabilities			
Non-current liabilities			
Borrowings		**41,572**	27,121
Lease liabilities	*9*	**15,677**	16,745
Deferred government grants		**436**	602
Employee benefit obligations		**38**	31
		57,723	44,499
Current liabilities			
Borrowings		**37,142**	61,999
Lease liabilities		**6,913**	7,006
Accounts payable	*12*	**25,264**	31,460
Accrued expenses and other payables		**6,342**	5,752
Current income tax payable		**521**	418
		76,182	106,635
Total liabilities		**133,905**	151,134
Total equity and liabilities		**323,259**	337,380

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 2021 Annual Report.

1.1 Going concern

At 31 December 2021, the Group's current liabilities exceeded its current assets by RMB27,838 million (2020: RMB63,431 million).

Given the current economic conditions and based on the Group's future operating plans and the expected levels of capital expenditures, the Group 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 RMB210,910 million as at 31 December 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 31 December 2021. 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 elected to early adopt the following amendments from 1 January 2021.

New standards, amendments and interpretations

Annual Improvements to IFRS Standards 2018-2020
Covid-19-Related Rent Concessions beyond 30 June 2021

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 review the revenue from revenue stream perspective including Tower business, DAS business, Smart Tower business and Energy business. However, the CODM does not make the decision related to resource allocation or performance evaluation solely based on the revenue generated from the different business. Rather, the CODM review the Group's performance and budget as a whole. Therefore, the CODM conclude that the Group has one operating 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 mainly derived from the mainland China during the year.

The Group's revenue are primarily generated from the Three TSPs and their respective parent companies, named as China Mobile Communications Group Co., Ltd. ("**CMCC**"), China United Network Communications Group Company Limited ("**CUC**") and China Telecommunications Corporation ("**CTC**"), respectively. CMCC together with China Mobile Company and all their subsidiaries are hereinafter referred to as "CMCC Group"; CUC together with China Unicom Corporation and all their subsidiaries are hereinafter referred to as "CUC Group"; and CTC together with China Telecom and all their subsidiaries are hereinafter referred to as "CTC Group".

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

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
CMCC Group	**42,301**	40,826
CUC Group	**18,466**	17,542
CTC Group	**20,074**	19,002
	80,841	77,370

For the year ended 31 December 2021, the revenue generated from CMCC Group, CUC Group and CTC Group accounted for 93.37% (2020: 95.40%) of the total revenue.

4 Operating revenue

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

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Tower business *(Note (ii))*		
– Macro cell business	**74,836**	72,586
– Small cell business	**1,021**	785
	75,857	73,371
DAS business	**4,340**	3,528
Smart Tower business	**4,060**	3,004
Energy business	**2,071**	935
Others	**257**	261
	86,585	81,099

Note:

(i) Disaggregation of operating revenue

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Operating revenue		
Rental income under IFRS 16	**64,543**	62,483
Revenue from contract with customer under IFRS 15	**22,042**	18,616
Including: revenue recognised over time	**21,724**	18,415
revenue recognised at a point in time	**318**	201
	86,585	81,099

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

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Revenue from the provision of Site Space	**64,477**	62,417
Revenue from Services*	**11,380**	10,954
	75,857	73,371

* 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 2021	As at 31 December 2020
	RMB million	*RMB million*
Contract liabilities – Smart Tower business	**943**	741
Contract liabilities – Energy business	**445**	93
	1,388	834

The Group classified these contract liabilities as current because the Group expects to realise them in one year.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Smart Tower business	**539**	514
Energy business	**86**	48
	625	562

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 Site operation and support expenses

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Costs of site power supply using diesel oil generation	**1,635**	1,699
Site usage expenses	**1,438**	1,212
IT service charge	**1,234**	1,063
Others	**854**	653
	5,161	4,627

6 Other operating expenses

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Technical support charges *(Note)*	**1,779**	1,344
Losses on write-off/disposal of property and equipment	**868**	1,100
Property management expenses and utilities	**553**	542
Credit loss allowance	**455**	389
Marketing expenses	**459**	339
Other taxes and surcharges	**220**	206
Auditors' remuneration	**9**	9
Others	**1,393**	1,096
	5,736	5,025

Note:

Technical support charges incurred are mainly for building platforms for customers in Smart Tower business and Energy business, and are paid to third-party service providers while the Group is the primary obligator for providing this services.

7 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	
	2021	2020
	RMB million	*RMB million*
Current tax		
Current tax on estimated taxable profits for the year	**2,722**	2,239
Deferred tax		
Origination of temporary differences	**(435)**	(259)
Income tax expenses	**2,287**	1,980

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	
	2021	2020
	RMB million	*RMB million*
Profit before taxation	**9,615**	8,407
Tax at PRC statutory tax rate of 25%	**2,404**	2,102
Rate differential of certain provincial branches of the Group *(Note)*	**(151)**	(133)
Tax effect of non-deductible expenses	**34**	11
Income tax expenses	**2,287**	1,980

Note:

The Company's PRC statutory income tax rate is 25%. According to the circular of "Continuing to Implement preferential Corporate Income Tax Policies for Western Development" (Ministry of Finance announcement [2020] No. 23) issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission and relevant PRC enterprise income tax regulations, 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 were entitled to this preferential income tax rate of 15% until the end of 2030.

According to the notice of "Concerning Preferential Enterprise Income Tax Policies of Hainan Free Trade Port" (Caishui [2020] No. 31) issued by the Ministry of Finance and the State Administration of Taxation, Hainan Province branch is entitled to a preferential income tax rate of 15% after obtaining the approval until the end of 2024.

8 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	
	2021	2020
	(Note)	*(Note)*
Profit attributable to owners of the Company (RMB million)	**7,329**	6,428
Weighted average number of ordinary shares in issue (million)	**174,812**	174,861
Basic earnings per share (in RMB Yuan)	**0.0419**	0.0368

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 2021, no share was purchased by the trustee authorised by the Group from the secondary market (2020: 143 million shares were purchased from the secondary market).

(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 2021 and 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.

9 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 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
Year ended 31 December 2021			
Right-of-use assets:			
As at 1 January 2021	71,531	1,311	72,842
Additions	9,990	68	10,058
Termination of lease contracts	(2,592)	(2)	(2,594)
As at 31 December 2021	78,929	1,377	80,306
Accumulated depreciation:			
As at 1 January 2021	(38,128)	(161)	(38,289)
Charge for the year	(11,334)	(45)	(11,379)
Write-off upon termination of lease contracts	2,239	–	2,239
As at 31 December 2021	(47,223)	(206)	(47,429)
Closing net book amount:			
As at 31 December 2021	**31,706**	**1,171**	**32,877**

	As at 31 December 2021	As at 31 December 2020
	RMB million	*RMB million*
Lease Liabilities		
– Current	**6,913**	7,006
– Non-current	**15,677**	16,745
	22,590	23,751

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

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Depreciation charge of right-of-use assets	**11,379**	11,334
Interest expense	**1,244**	1,322
Expense relating to short-term leases and low-value leases	**1,371**	1,152

(c) The total cash payment of principal and interest of lease liabilities for the year ended 31 December 2021 was RMB9,902 million (2020: RMB9,031 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.

10 Trade and other receivables

	As at 31 December 2021 RMB million	As at 31 December 2020 RMB million
Trade receivables *(Note (a))*	**30,211**	25,409
Loss allowance	**(1,223)**	(774)
Trade receivables – net	**28,988**	24,635
Deposits *(Note (b)(i))*	**1,378**	998
Payments on behalf of customers *(Note (b)(ii))*	**3,827**	5,023
Others	**2**	2
Loss allowance	**(1)**	–
Other receivables – net	**5,206**	6,023
Trade and other receivables	**34,194**	30,658

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

For the year ended 31 December 2021, the Group wrote off trade receivables in amount of approximately RMB5 million (for the year ended 31 December 2020: RMB10 million).

(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 2021 RMB million	As at 31 December 2020 RMB million
Up to 3 months	**14,218**	19,268
3 to 6 months	**7,127**	3,749
6 months to 1 year	**6,368**	1,770
1 year to 2 years	**1,903**	386
Over 2 years	**595**	236
	30,211	25,409

Trade receivables are analysed by customers:

	As at 31 December 2021	As at 31 December 2020
	RMB million	*RMB million*
China Mobile Company and its subsidiaries	**15,090**	11,630
China Unicom Corporation	**6,823**	6,292
China Telecom	**4,952**	5,108
Others	**3,346**	2,379
	30,211	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.

As at 31 December 2021, acceptance notes issued by banks and commercial acceptance bill included in trade receivables is RMB438 million and RMB6,553 million respectively (2020: RMB555 million and RMB4,764 respectively).

(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.

11 Dividends

(i) Dividends declared

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Ordinary shares:		
Final dividend declared for the year ended 31 December 2020 of RMB0.02235 (2019: RMB0.01455) per ordinary share	**3,934**	2,561

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

On 9 March 2022, the Board of the Company proposed a dividend of RMB0.02624 per ordinary share to the shareholders for the year ended 31 December 2021, approximately RMB4,618 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 2021.

	Year ended 31 December	
	2021	2020
	RMB million	*RMB million*
Dividends not recognised at the end of reporting period:		
Proposed final dividend after the balance sheet date: RMB0.02624 (2020: RMB0.02235) per ordinary share	**4,618**	3,934

12 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 2021	As at 31 December 2020
	RMB million	*RMB million*
Less than 6 months	**18,204**	22,747
6 months to 1 year	**2,092**	6,250
More than 1 year	**4,968**	2,463
	25,264	31,460

FINANCIAL OVERVIEW

(Expressed in RMB unless otherwise indicated)

1. Summary

In 2021, the Company actively served and integrated into the new development pattern and deepened the implementation of the "One Core and Two Wings" strategy to fuel market development and further enhance our competency on resource coordinating and site operation. We have maintained stable growth in operating results.

In 2021, the operating revenue of the Company amounted to RMB86,585 million, up by 6.8% over last year; the operating profit amounted to RMB13,035 million, up by 8.5% over last year; profit attributable to owners of the Company amounted to RMB7,329 million, up by 14.0% over last year; the EBITDA was RMB63,017 million, up by 5.9% over last year; the capital expenditures amounted to RMB25,192 million and the free cash flow amounted to RMB35,311 million.

2. Operating Revenue

In 2021, the Company efficiently supported the large-scale deployment of 5G networks and our TSP business maintained steady growth. We accelerated the transformation of "Telecommunication Tower" into "Digital Tower" and actively deployed tower energy service infrastructure, with rapid growth achieved in the Two Wings business. Our operating revenue reached RMB86,585 million in 2021, up by 6.8% over last year. The proportion of revenue from non-tower businesses, including the DAS business and the Two Wings business, increased from 9.5% last year to 12.4%.

The table below summarises the changes in composition of the Company's operating revenue for the years of 2021 and 2020:

	2021		2020	
(RMB million)	**Total amount**	**Proportion in operating revenue**	Total amount	Proportion in operating revenue
Operating revenue	**86,585**	**100.0%**	81,099	100.0%
Of which: Tower business	**75,857**	**87.6%**	73,371	90.5%
DAS business	**4,340**	**5.0%**	3,528	4.3%
Smart Tower business	**4,060**	**4.7%**	3,004	3.7%
Energy business	**2,071**	**2.4%**	935	1.2%
Other business	**257**	**0.3%**	261	0.3%

Revenue from Tower business

In 2021, based on sharing resources for synergistic development, the Company gave full play to its advantages in coordinating its own resources and social resources, and innovated its construction service model to provide on-demand network coverage to customers in a more economical manner, so as to satisfy the demands for 5G network construction at low cost with high efficiency. Revenue from our Tower business for the year amounted to RMB75,857 million, up by 3.4% over last year.

Revenue from DAS business

In 2021, capitalizing on the favorable opportunity of extending 5G network coverage indoors, the Company, with a focus on major cities and scenarios, strengthened resource allocation and the promotion and application of innovative product solutions, further enhancing its market expansion capabilities. The DAS business achieved revenue for the year of RMB4,340 million, up by 23.0% over last year. The revenue from the DAS business accounted for 5.0% of our operating revenue, representing an increase of 0.7 percentage point compared to that of last year.

Revenue from Smart Tower business and Energy business

In 2021, taking advantage of site resources, power supply security and platform capabilities, the Company focused on key industries, enriched the connotation of "Digital Tower", established a tower monitoring platform, and cultivated and expanded its Smart Tower business. The Company also actively promoted the professional operation of energy, expedited the iteration and innovation of core business products such as battery exchange and power backup, and cultivated differentiated competitive advantages. Two Wings business recorded a revenue of RMB6,131 million in 2021, up by 55.6% over last year, of which the revenue from Smart Tower business amounted to RMB4,060 million while the revenue from Energy business amounted to RMB2,071 million. The revenue from the Two Wings business accounted for 7.1% of the operating revenue, representing an increase of 2.2 percentage points compared to that of last year.

Revenue from other business

In 2021, the Company provided services such as agent construction for transmission facilities, achieving a revenue from other business of RMB257 million.

3. Operating Expenses

The Company carried out special projects in reducing cost by referencing to benchmarks and enhancing quality and efficiency in a deep-going way, continuously improved the delicate management system of individual site and individual project, and promoted the application of intelligent management tools such as intelligent operation and maintenance. As a result, the cost utilization efficiency continued to improve. In 2021, the operating expenses were RMB73,550 million, up by 6.5% over last year. The operating expenses accounted for 84.9% of the operating revenue, representing a decrease of 0.3 percentage point compared to that of last year.

The table below summarises the change in the composition of the Company's operating expenses for the years of 2021 and 2020 on a comparable basis:

(RMB million)	**2021** Total amount	**2021** Proportion in operating revenue	2020 Total amount	2020 Proportion in operating revenue
Operating Expenses	**73,550**	**84.9%**	69,087	85.2%
Of which: Depreciation and amortisation	**49,982**	**57.7%**	47,515	58.6%
Repairs and maintenance expenses	**5,796**	**6.7%**	5,805	7.2%
Employee benefits and expenses	**6,875**	**7.9%**	6,115	7.5%
Site operation and support expenses	**5,161**	**6.0%**	4,627	5.7%
Other operating expenses	**5,736**	**6.6%**	5,025	6.2%

Depreciation and amortisation

In 2021, the depreciation and amortisation amounted to RMB49,982 million, up by 5.2% over the last year, of which amortisation of right-to-use assets amounted to RMB11,379 million, up by 0.4% over the last year. Benefiting from the transformation of construction model and the efficient use of existing and idle resources, the proportion of depreciation and amortisation decreased to 57.7% of the operating revenue from 58.6% in last year.

Repairs and maintenance expenses

In 2021, the Company worked with clients to carry out special actions to lower costs and improve quality in respect of repairs and maintenance expenses and other costs, strengthened and promoted intelligent construction, the standardized management of precise order and operations, to ensure effective control of repairs and maintenance expenses. Repairs and maintenance expenses were RMB5,796 million for the full-year, down by 0.2% over last year.

Employee benefits and expenses

In 2021, the Company strengthened the performance-oriented remuneration allocation and promoted the distribution of resources to outstanding talents and key frontline positions. Employee benefits and expenses for the year amounted to RMB6,875 million, up by 12.4% over last year, of which the reversal of amortised cost of restricted shares accrued in previous periods totaled RMB285 million. Excluding the impact of amortised cost of restricted shares, corporate social insurance reductions and exemptions during the 2020 pandemic and the Company's increase in headcount and capital to support business development, employee benefits and expenses increased by 7.0% year-on-year.

Site operation and supporting expenses

In 2021, the Company continued to strengthen its site retention and operation capabilities, enhanced site operation monitoring, maintenance management and revitalisation work, and gave full play to the value of site resources. For the year, the Company accumulatively incurred RMB5,161 million of site power generation fees, short-term site lease charges, monitoring traffic fees, IT supporting service fees and site planning and maintenance fees related to site operation, representing an increase of RMB534 million over last year, increased by 11.5% year-on-year.

Other operating expenses

In 2021, other operating expenses were RMB5,736 million, up by RMB711 million or 14.1% over last year. Driven mainly by the rapid growth of the Two Wings business, the business development costs including supporting service expenses and marketing expenses for the Two Wings business increased by RMB556 million over last year.

4. Finance Costs

Adhering to a prudent financing strategy, the Company actively expanded low-cost financing channels and optimized the structure of interest-bearing liabilities while enhancing centralized fund management. As of the end of 2021, the Company had interest-bearing liabilities of RMB101,304 million, down by RMB11,567 million over last year. The Company's net finance costs amounted to RMB3,723 million in 2021, down by 5.1% over last year.

5. Profitability

Operating profit and EBITDA

In 2021, the Company's operating profit amounted to RMB13,035 million, up by 8.5% over last year; the EBITDA amounted to RMB63,017 million, increased by 5.9% over last year, and accounting for 72.8% of the operating revenue.

Net profit

In 2021, profit attributable to owners of the Company amounted to RMB7,329 million, up by 14.0% over last year. The Company's basic earnings per share for 2021 was RMB0.0419.

6. Capital Expenditures and Cash Flow

Capital expenditures

In 2021, the company actively supported the 5G network construction and business expansion of the Two Wings business, and strengthened the control of total investment and the evaluation of project economic benefits. Affected by related factors such as the decreased in the demand of operators' 4G needs and structural changes in company construction, the annual capital expenditures amounted to RMB25,192 million, decreased by 32.1% over last year. Among them, the capital expenditure for new site construction and shared renovation was RMB15,996 million, decreased by 38.3% over last year; the capital expenditure for site renovation was RMB3,679 million, basically the same as last year; the capital expenditure for Smart Tower business and Energy business facilities was RMB3,034 million, decreased by 10.1% over last year.

The table below summarises the major items of the Company's capital expenditures in 2021 and 2020.

	2021		2020	
(RMB million)	**Total amount**	**Proportion**	Total amount	Proportion
Capital expenditures	**25,192**	**100.0%**	37,122	100.0%
Of which: New site construction and augmentation	**15,996**	**63.5%**	25,924	69.8%
Site replacement and improvement	**3,679**	**14.6%**	3,732	10.1%
Facilities for Smart Tower business and Energy business	**3,034**	**12.0%**	3,373	9.1%
IT support and purchase of comprehensive building for production	**2,483**	**9.9%**	4,093	11.0%

Operating cash flow and free cash flow

In 2021, the Company had net cash generated from operating activities of RMB60,503 million. Free cash flow, after deducting the capital expenditures, was RMB35,311 million.

7. Balance Sheet Status

As at the end of 2021, the Company's total assets were RMB323,259 million while the total liabilities were RMB133,905 million, of which the net debts amounted to RMB94,833 million. The liabilities to assets ratio was 41.4%, and the gearing ratio was 33.4%.

OTHER INFORMATION

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

For the year ended 31 December 2021, 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 2021.

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance. For the year ended 31 December 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the followings:

On 30 September 2021, Mr. Tong Jilu resigned from his positions as an executive director of the Company, chairman of the Board and chairman of the strategy committee and the nomination committee of the Board by reason of age. Following Mr. Tong's resignation, the Company did not comply with Rule 3.27A of the Listing Rules (previously the provision A.5.1 of the Corporate Governance Code) which provides that the nomination committee should be chaired by the chairman of the board or an independent non-executive director. On the same date, Mr. Zhang Zhiyong stopped to be a member of the audit committee of the Board. Following Mr. Zhang's cessation as a member of the audit committee of the Board, the Company did not comply with Rule 3.21 of the Listing Rules which provides that the audit committee shall comprise a minimum of three members.

On 14 January 2022, (i) Mr. Fan Cheng no longer served as an independent non-executive director, the chairman of audit committee and a member of remuneration and appraisal committee and nomination committee of the Board; and (ii) Mr. Tse Yung Hoi no longer served as an independent non-executive director and a member of nomination committee and audit committee of the Board. Following Mr. Fan's and Mr. Tse's cessation as directors and members of the relevant board committees, the Company did not comply with (a) Rule 3.21 of the Listing Rules; (b) Rule 3.25 of the Listing Rules which provides that the remuneration committee must be chaired by an independent non-executive director and comprising a majority of independent non-executive directors; and (c) Rule 3.27A of the Listing Rules which provides that the nomination committee should be chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors.

On 30 September 2021, Mr. Zhang Zhiyong was re-designated from a non-executive director to an executive director and was appointed as the chairman of the Board. On 18 January 2022, the composition of relevant Board committees has been adjusted as follows: (i) the nomination committee of the Board comprises Mr. Zhang Zhiyong as chairman and Mr. Gao Tongqing, Mr. Zhang Guohou, Mr. Deng Shiji and Mr. Hu Zhanghong as members; (ii) the audit committee of the Board comprises Mr. Zhang Guohou as chairman and Mr. Liu Guqing, Mr. Deng Shiji and Mr. Hu Zhanghong as members; and (iii) the remuneration and appraisal committee of the Board comprises Mr. Deng Shiji as chairman and Mr. Mai Yanzhou, Mr. Zhang Guohou, and Mr. Hu Zhanghong as members. After these adjustments, the Company has re-complied with the relevant requirements under Rules 3.21, 3.25 and 3.27A of the Listing Rules, respectively, since 18 January 2022.

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 2021.

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 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 interest 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. The financial impact of failure to unlock such restricted shares has been disclosed in the Company's 2020 annual report and 2021 interim report, and will be further disclosed in the Company's 2021 annual report.

The restricted shares granted under the first tranche and the second tranche of the initial grant entered the second unlocking period in 2022. As the operating revenue of the Group for the year of 2021 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 2021 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 2021, the Company had no contingent liabilities.

Material Legal Proceedings

For the year ended 31 December 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.

Annual General Meeting

The Company will hold the annual general meeting on 11 May 2022 (the "**2021 AGM**"). Notice of the 2021 AGM will be published on the website of the Company (www.china-tower.com) and the website of The Stock Exchange of Hong Kong Limited (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 RMB0.02624 (pre-tax) per share for the year ended 31 December 2021. The dividend proposal will be proposed to the 2021 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 2022 upon approval at the 2021 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 2021 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 2021 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 23 May 2022.

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 23 May 2022. 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 17 May 2022. 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 2021 AGM (and any adjournment thereof), and entitlement to the 2021 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 2021 AGM (and any adjournment thereof)

Latest time to lodge transfer documents for registration	4:30 p.m. on 3 May 2022
Closure of register of members (both inclusive)	4 May 2022 to 11 May 2022
Record date	11 May 2022

(2) For ascertaining the H share Shareholders' entitlement to the 2021 final dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on 17 May 2022
Closure of register of members (both inclusive)	18 May 2022 to 23 May 2022
Record date	23 May 2022

During the above closure periods, no transfer of H shares will be registered. To be eligible to attend and vote at the 2021 AGM, and to qualify for the 2021 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 last 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 2021 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
Zhang Zhiyong
Chairman

Beijing, China, 9 March 2022

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

Executive directors	:	*Zhang Zhiyong (Chairman of the Board) and Gu Xiaomin (General Manager)*
Non-executive directors	:	*Gao Tongqing, Mai Yanzhou and Liu Guiqing*
Independent non-executive directors	:	*Zhang Guohou, Deng Shiji and Hu Zhanghong*