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

Innovation and Sharing Driving High-quality Development

Annual Report 2023

About China Tower

China Tower is the world's largest telecommunications tower infrastructure service provider, and the Company always adheres to the philosophy of shared development and implements the "One Core and Two Wings" strategy. The Company is principally engaged in the construction, maintenance and operation of base station ancillary facilities such as telecommunications towers, public network coverage in high-speed railways and subways, and large-scale indoor Distributed Antenna Systems (DAS). Meanwhile, relying on unique resources to provide information application services and energy application services such as intelligent battery exchange and power backup to the society, the Company strives to build itself into a world-class information and communications infrastructure service provider, and a highly competitive information and new energy applications provider. As of the end of December 2023, the Company's total assets amounted to RMB326,007 million. China Tower operated and managed 2.046 million tower sites across 31 provinces, municipalities and autonomous regions in the PRC, and served over 3.658 million tenants with the tenancy ratio of 1.79.

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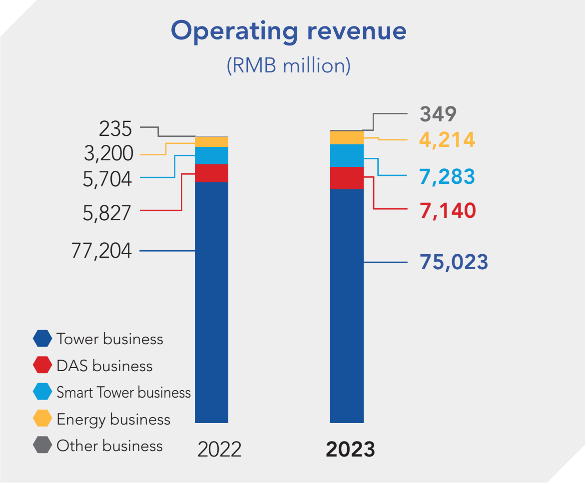
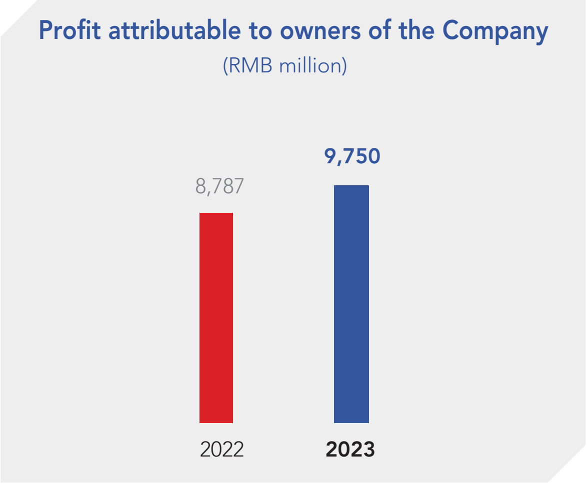
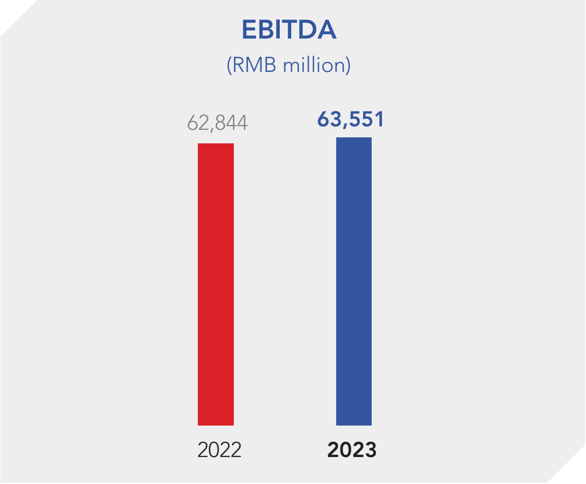
Performance Highlights

RMB million	2023	2022	Change
Operating revenue	**94,009**	92,170	2.0%
of which			
Tower business	**75,023**	77,204	-2.8%
DAS business	**7,140**	5,827	22.5%
Smart Tower business	**7,283**	5,704	27.7%
Energy business	**4,214**	3,200	31.7%
Operating profit	**14,502**	13,312	8.9%
EBITDA[1]	**63,551**	62,844	1.1%
Profit attributable to owners of the Company	**9,750**	8,787	11.0%
Capital expenditures	**31,715**	26,207	21.0%
Earnings per share (RMB Yuan)	**0.0558**	0.0503	10.9%

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







2,046 thousand

No. of tower sites

Revenue contribution from non-tower businesses

20.2%

3,658 thousand

No. of tower tenants

1.79

Tower tenancy ratio

Key operational data

Indicator	Unit	As of the end of 2023	As of the end of 2022	Change (YoY)
Number of tower sites	'000	**2,046**	2,055	-0.4%
Number of tower tenants	'000	**3,658**	3,583	2.1%
Tenancy ratio Note 2	Tenants/site	**1.79**	1.74	2.9%
Number of TSP tenants	'000	**3,424**	3,362	1.8%
TSP tenancy ratio	Tenants/site	**1.68**	1.65	1.8%
Average annual revenue per site Note 3	RMB Yuan/year	**40,139**	40,512	-0.9%
DAS business coverage				
Area of buildings	Million square meters	**10,150**	7,390	37.3%
Length of subways	Kilometers	**11,625**	9,611	21.0%
Length of high-speed railway tunnels	Kilometers	**12,447**	10,429	19.3%

Note 2: Tenancy ratio = (number of TSP tenants + number of Smart Tower tenants)/number of tower sites

Note 3: Average annual revenue per site = (revenue from Tower business + revenue from Smart Tower business)/[(number of tower sites at the beginning of the period + number of tower sites at the end of the period)/2)]

Corporate Recognition

China Securities Golden Bauhinia Awards "Best Investment Value Award for Listed Company" and "Excellent and High-quality Development Award for Listed Company"

Bloomberg Businessweek "Listed Enterprises of the Year 2023"

ARC and Galaxy Award for China Tower's 2022 annual report on cover design and production

FinanceAsia
Asia's Best Companies
Best Telecommunications Company "Silver" Award

Corporate Culture

Core Values

Our Vision

To become a world-class information and communications infrastructure service provider and a highly competitive information and new energy applications provider

Our Mission

Sharing and joint-success, building an effective and efficient enterprise

- Entrepreneurship and Innovation
- Pragmatism and Efficiency
- Customer Benefits
- Employee Enablement

Shareholding Structure

China Mobile	China Unicom	China Telecom	China Reform	Public Shareholders
27.93%	20.65%	20.50%	4.41%	26.51%

CHINA TOWER

- Domestic share
- H Share

Revenue of DAS business increased by

22.5%

5G+

DAS

Chairman's Statement

Zhang Zhiyong
Chairman of the Board

Dear Shareholders,

In 2023, China Tower Corporation Limited (the "**Company**" or "**we**") firmly focused on its strategic positioning of "One Core and Two Wings" and continued to center its business around sharing, service, innovation, technology, and value creation, establishing an operating system that is professional, intensive, delicate, efficient, and digitalized. We focused on enhancing our core operational capabilities and competitiveness. Our business developments are in line with expectations, resulting in steady growth in our overall performance, reinforced company strengths, and solid progress towards high-quality development.

Financial Performance

The Company's operating revenue maintained stable growth. During the year, our operating revenue grew by 2.0% to RMB94,009 million. EBITDA reached RMB63,551 million, an increase of 1.1% year-on-year, with an EBITDA margin[1] of 67.6%. Profit attributable to owners of the Company was RMB9,750 million, representing 11.0% year-on-year growth with a net profit margin of 10.4%, demonstrating further enhanced profitability.

Our net cash generated from operating activities for 2023 was RMB32,840 million. Capital expenditures stood at RMB31,715 million, with free cash flow[2] reaching RMB1,125 million. As of 31 December 2023, our total assets reached RMB326,007 million, with interest-bearing liabilities of RMB94,626 million and a gearing ratio[3] of 31.4%. Our capital structure remained healthy.

We remain committed to providing consistent and stable returns to shareholders. After considering our profitability and cash flow during the period under review, and future needs for development and capital, the Board of the Company has recommended a final dividend of RMB0.03739 per share (pre-tax) for the year ended 31 December 2023, equivalent to a payout ratio of 75% of our annual distributable net profit for the year under review.

Business Performance

In 2023, we continued to seize the development opportunities resulting from the state strategies of "Cyberpower", "Digital China" and "Dual Carbon" goals. By positioning ourselves as a world-class information and communications infrastructure service provider and a highly competitive information and new energy applications provider, we continued to deepen our "One Core and Two Wings" strategy. As a result, our TSP business maintained steady development, while our Smart Tower and Energy businesses sustained the growth momentum.

Further strengthened market leadership in TSP business on a solid foundation

5G network penetration and coverage in China continued to expand in 2023 and we were able to capture the opportunities this presented. By strengthening resource coordination and sharing, and enhancing operational efficiencies, we were able to meet customer network construction needs in an intensive and effective manner. By doing so, we have further strengthened the foundation for high-quality development. In 2023, our TSP business recorded revenue of RMB82,163 million, a decrease of 1.0% year-on-year.

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

Note 2: Free cash flow is the net cash generated from operating activities minus the capital expenditures.

Note 3: 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.

Tower business. Focusing on 5G network construction, we harnessed public policy support to unleash and share public and cross-sector resources. These initiatives helped reduce entry barriers and costs, therefore reinforced our competitiveness in resource coordination. Through increased sharing of existing site resources, wider use of social resources and greater effort in promoting the adoption of our integrated wireless communications coverage solutions, we have been able to effectively support the accelerated 5G network extension. We completed approximately 586,000 5G construction demand in 2023, of which more than 95% were achieved by sharing existing resources. We proactively captured the new construction demand for low-frequency network and network optimization, as well as stepping up our efforts in tackling difficult sites. This has effectively supported the stable growth of our Tower business. Leveraging our knowledge of construction features for comprehensive 5G coverage, we continued to launch innovative solutions for low-cost construction, products and services to satisfy customer demand economically and effectively.

In 2023, our revenue from our Tower business was RMB75,023 million, a decrease of 2.8% from the previous year. As of 31 December 2023, the Company was managing a total of 2.046 million tower sites, a decrease of 9,000 from the end of the year before. We have gained 62,000 new TSP tenants since the end of 2022, bringing the total number of TSP tenants to 3.424 million. Our TSP tenancy ratio increased from 1.65 at the end of 2022 to 1.68 as a result of further improvements achieved through co-location.

DAS business. The implementation of "co-build and co-share" policies by the Ministry of Industry and Information Technology and 13 other departments has given rise to an enabling business environment for our industry. We furthered the integrated and coordinated development of "resources + demands", with unified site entry and coordinated construction and focused on key business scenarios. Extended 5G coverage also enabled us to provide better service to support the segment for DAS construction demand. We continued to enhance product and solution design and quality control to strengthen our competitive advantages in cost, service quality, and green and low-carbon operations. Through innovation in products and application of integrated solutions, we were able to provide customers with differentiated passive and active DAS sharing solutions, which helped satisfy the demand for 5G upgrading of existing DAS while further exploring shared value and scaling up the business.

In 2023, our revenue from DAS business reached RMB7,140 million, up by 22.5% year-on-year. As of 31 December 2023, we had covered buildings with a cumulative area of 10.15 billion square meters, up by 37.3% year-on-year, while high-speed railway tunnel and subway coverage reached a cumulative length of 24,072 kilometers, up by 20.1% year-on-year.

Strengthened core competencies to sustain rapid growth of Two Wings business

In 2023, we continued to seize the opportunities brought by the development of the digital economy and the "Dual Carbon" goals. By focusing on key sectors and promoting innovation-driven development, we strengthened our core competencies and competitive advantages to sustain rapid growth of the Two Wings business, which recorded revenue of RMB11,497 million in 2023, accounting for 12.2% of our overall operating revenue, an increase of 2.5 percentage points from the previous year.

Smart Tower business. We focused on supporting spatial digital intelligence governance of different industries and continued to expand the mid-to-high point site resources to cover broader areas of the national economy and people's livelihood. As of 31 December 2023, approximately 217,000 "telecommunication towers" had been upgraded into "digital towers", covering more than 40 industry segments concerning state planning and people's livelihood. These included forestry and grassland, environmental protection, water resources, agriculture, transportation, land, and emergency response. We maintained our market leadership in various scenario-based solutions including straw-burning prohibition, farmland protection, fishing law enforcement and bushfire prevention. We forged ahead innovation to further enhance our five major competitive advantages – platform, data, algorithm, application, and operation, establishing a unified nationwide network to achieve distributed deployment on our platform and centralized data operations. As a result, our multi-source data access capability and AI algorithm accuracy have been significantly improved, and our leading capabilities in products developed for different industries and scenarios have been further consolidated. We have built a "companion" service system and completed the building of professional network management platform for our Smart Tower business, equipped with the ability to accurately diagnose incidents occurring in the terminal devices, dispatch for tasks in real time and handle the incidents in a timely manner. We have strengthened our localized technical support capabilities, helping us promptly respond to customer requirements thus consistently enhanced customer experience and customer loyalty.

In 2023, the Smart Tower business generated revenue of RMB7,283 million, up by 27.7% year-on-year. Of which, revenue from Tower Monitoring business reached RMB4,727 million, accounting for 64.9% of our revenue from Smart Tower business.

Energy business. We worked towards achieving the "Dual Carbon" goals through our core business areas such as battery exchange and power backup. We continuously improved the quality of operations and business by consolidating our product, service, and platform advantages. In the **battery exchange business**, we accelerated product iteration and upgrades and strengthened our service system. We reinforced our presence in the consumer battery exchange market while increasing our efforts to expand the battery exchange market of business customers. These initiatives have helped us achieve a rapid increase in user scale. As of 31 December 2023, the number of battery exchange users reached 1.145 million, with an addition of 243,000 since the end of 2022. We have further strengthened our leading position in the battery exchange market for light electric vehicle. In the **power backup business**, we optimized the intelligent monitoring platform for visualized, managed, and controlled operation, and improved the integrated four-in-one solution covering power backup, power generation, monitoring and maintenance while stepping up our efforts in promoting standardized power backup products. We focused on key industries such as communications, healthcare and finance by introducing the "energy butler" service to drive the rapid growth of our power backup business.

In 2023, our Energy business achieved revenue of RMB4,214 million, a year-on-year increase of 31.7%, of which the revenue from battery exchange business accounted for RMB2,067 million, with its contribution to the Energy business reaching 49.1%.

Corporate Governance and Social Responsibility

We maintain a high standard of corporate governance. We strictly adhere to the rules and regulations governing listed companies and other regulatory requirements. We also seek ways to improve governance mechanisms and systems in order to provide a solid foundation for safeguarding the Company's healthy and sustainable development. We see risk management as a critical component of this, and strive to optimize comprehensive risk prevention and response mechanisms to effectively improve compliance and risk control.

We have received wide recognition for our commitment to corporate social responsibility and fulfilled our obligations to serve the community by realizing harmonious coexistence and coordinated development with society and the environment. In 2023, we successfully delivered reliable communications services for more than 20 major international and national events including the "Two Sessions", the Belt and Road Forum for International Cooperation, the Asian Games Hangzhou, the China International Import Expo held in Shanghai, and the Chengdu World University Games. We worked closely with telecommunications operators on emergency response to natural disasters such as ice, snow, earthquakes, and heavy rainfall to ensure the rapid re-connection of communication lifelines. We continued to improve the construction of telecommunication infrastructure in remote areas, helping to provide inclusive services and narrowing the digital divide. We adapted measures to local conditions and formulated long-term planning to effectively promote poverty alleviation and rural revitalization. To support China's carbon peaking and carbon neutrality goals, we actively practiced green operations by building clean energy-powered sites, implementing energy saving and emissions reduction measures at base-stations, and exploring the use of clean energy.

Outlook

In view of the strategic opportunities presented to us, we will deepen our "One Core and Two Wings" strategy to achieve high-quality operations. We will continue to grow our business around sharing, service, innovation, technology, and value creation, built upon an operating system that is professional, intensive, delicate, efficient, and digitalized. We seek to further enhance our core competitiveness, in order to achieve steady growth in our enterprise value, while reaching a new level of high-quality development.

TSP business: Wireless communications is a strategic, crucial and pioneering sector that provides full support to social and economic development. Adopting an appropriate forward-looking approach to the commercial deployment of 5G and 5G-A technology, tackling the Dual-Gigabit network joint-entry and challenging projects, and special projects such as signal strength upgrade and extending of broadband coverage to all border areas will continue to promote the intense development of wireless communications network. Presented with these market opportunities, we will leverage resource coordination to meet customer needs in an intensive and effective manner in order to cement our market leading position. Our deep understanding of customer needs will help us further develop innovative service solutions, enhance service capabilities, and better implement the integrated wireless communications coverage solutions. We will seize the opportunity of 5G indoor intensive coverage needs to increase our market share in providing DAS coverage in new buildings. At the same time, we will actively explore the demand for upgrading existing DAS to accelerate the growth of this business. We will play our role as part of the national team in information and communications infrastructure construction and as the main force in providing 5G new infrastructure.

Smart Tower business: The building of "Digital China" has presented unprecedented opportunities in the development of strategic and emerging industries, transformation and upgrading of traditional sectors and advancement of digital governance, creating huge room for Smart Tower business development. By leveraging the mid-to-high point site resources advantage, we will focus on the digital intelligence transformation of social governance to step up innovation and constantly improve the core capabilities as well as our platform, algorithm, application and other advantages. We will actively empower and accelerate the transformation and upgrade of digital intelligence governance, and contribute to the state strategies of "Digital China" and "Beautiful China" through a comprehensive enhancement of our Smart Tower business across vertical business development, innovation, demand discovery, service integration and precise management.

Energy business: Towards the "Dual Carbon" goals, we are seeing furthered green and low-carbon transition across society and all aspects of the economy. The accelerated development in green mobility, energy saving and emissions reduction, as well as in the circular economy will present opportunities to our Energy business. We will accelerate market expansion, advance the cost-effective growth of our battery exchange network in order to consolidate our market leadership. We will focus on key sectors and scenarios to build core advantages in our integrated four-in-one solution covering power backup, power generation, monitoring and maintenance. We will enhance our standardized product line of "power backup +" to maintain the rapid growth of our power backup business. At the same time, we will explore green energy, energy storage and saving, and other integrated energy services to promote the application of green energy in the information and communication sector, as well as at the social level covering every aspect of people's life. By doing so, we can help to achieve the strategic "Dual Carbon" goals.

Looking ahead in 2024, we will also continue to enhance our capabilities in reinforcing the dual engines of technological innovation and system innovation, investing our efforts in innovation and in the commercialization of research outcomes, turning innovation into the fundamental feature and key focus of our operations and development. We will be generating new growth momentum and shaping new competitive advantages to speed up the formation of new quality production forces to sustain the high-quality development of the Company. We will actively plan and practically implement technological innovation across the strategic and emerging sectors and future sectors by addressing the challenges in edge computing network, AI, new energy, 5G-A/6G, and other fields. We will further innovation for product and service lines including "DAS +", intelligent operation and maintenance, one-code-for-all service and the Tower Monitoring offering. These will help us strengthen our supply and ability to empower digitalization, so as to enhance our core competitiveness. We will further promote innovative management to improve the working mechanisms including the "four lists" of competencies and capabilities, task and project planning, resource allocation, and the commercialization of research outcomes, and the four-in-one technological innovation system integrating the headquarters, provincial branches, industry ecosystem and international organizations. We will also strengthen tech talent development, increase investment in R&D and rewards and incentives, and seek to improve the overall efficiency and effectiveness of technological innovation.

Finally, I would like to take this opportunity to express my gratitude to Mr. Gu Xiaomin, who has resigned as executive director and the general manager of the Company. During his term of service, Mr. Gu was diligent and dedicated in his duties, and made tremendous contribution to the implementation of the Company's "One Core and Two Wings" strategy, helping to enhance our enterprise value and promote high-quality development. On behalf of the Board, I would like to extend my sincere gratitude to Mr. Gu for his contribution to the Company during his term of service. I would also like to express my gratitude to Mr. Zhang Guohou, who has resigned as independent non-executive director of the Company, for his outstanding contributions to the Company's development during his term of service.

The Company's achievements and progress in the past year would not have been possible without the hard work of all employees, the strong support of our customers, the trust of all shareholders, and the care and support from the wider community. On behalf of the Board, I would like to express my heartfelt gratitude to everyone!

Zhang Zhiyong
Chairman

Beijing, China, 18 March 2024

Revenue of Smart Tower business increased by

27.7%

217,000 Digital Towers

Management Discussion and Analysis
– Business Overview

Overview

In 2023, the Company continued to seize the development opportunities arising from the state strategies of "Cyberpower", "Digital China" and "Dual Carbon" goals. In implementing the "One Core and Two Wings" strategy, we continued to center our business around sharing, service, innovation, technology, and value creation, building upon an operating system that is professional, intensive, delicate, efficient, and digitalized. We achieved good business development momentum, resulting in steady growth in our overall performance.

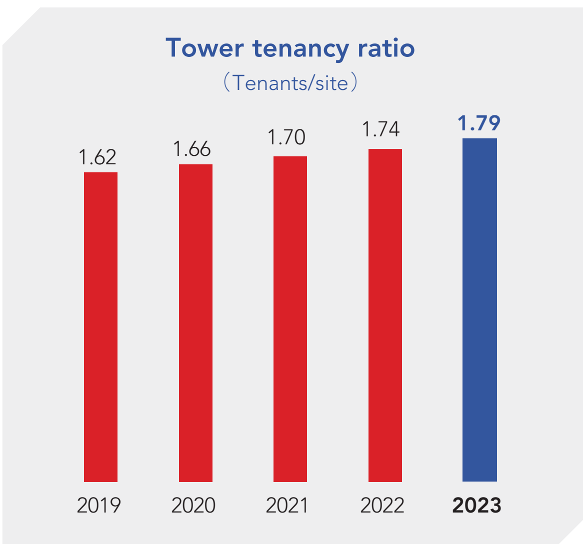
Key operational data

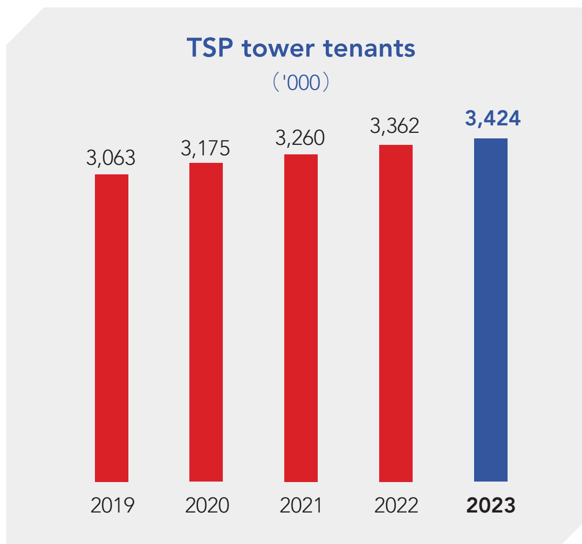
Indicator	Unit	As of the end of 2023	As of the end of 2022	Change (YoY)
Number of tower sites	'000	**2,046**	2,055	-0.4%
Number of tower tenants	'000	**3,658**	3,583	2.1%
Tenancy ratio Note 2	Tenants/site	**1.79**	1.74	2.9%
Number of TSP tenants	'000	**3,424**	3,362	1.8%
TSP tenancy ratio	Tenants/site	**1.68**	1.65	1.8%
Average annual revenue per site Note 3	RMB Yuan/year	**40,139**	40,512	-0.9%
DAS business coverage				
Area of buildings	Million square meters	**10,150**	7,390	37.3%
Length of subways	Kilometers	**11,625**	9,611	21.0%
Length of high-speed railway tunnels	Kilometers	**12,447**	10,429	19.3%

Note 2: Tenancy ratio = (number of TSP tenants + number of Smart Tower tenants)/number of tower sites

Note 3: Average annual revenue per site = (revenue from Tower business + revenue from Smart Tower business)/[(number of tower sites at the beginning of the period + number of tower sites at the end of the period)/2)]

Management Discussion and Analysis
– Business Overview





TSP Business

As a key player and the major force in the construction of wireless communications infrastructure, we seized opportunities arising from the 5G network extension to key towns and counties, and higher indoor penetration to advocate the introduction of supportive government policies, focus on construction and service innovation, fully satisfy tower construction demand while rapidly scaling up our DAS business. These initiatives have effectively helped China become a global leader in 5G network coverage and further consolidated our leading position in the TSP business. In 2023, our TSP business recorded revenue of RMB82,163 million, down by 1.0% year-on-year. Of this, our Tower business accounted for RMB75,023 million, down by 2.8%. Our DAS business recorded revenue of RMB7,140 million, up by 22.5% year-on-year.

Tower business: We continued to enhance our resource coordination and sharing capabilities while proactively taking part in the compilation of international practices for wireless coverage in buildings and advocating for initiatives to drive the inclusion of 5G base-stations as part of development planning and wireless communications infrastructure during the building approval process. Our effort has resulted in the effective implementation of supporting policies. We continued to foster our capabilities in delivering integrated wireless communications coverage solutions while enhancing project quality and delivery efficiency to satisfy customers' needs swiftly and effectively. We continued to drive product and solution innovation, as well as promoting the application of low-cost tower masts, simplified power supply and other new products. By further strengthening our service expertise with customers' priorities in mind, we helped them address their pain points on key project planning and tackling difficult sites. As a result, we have enhanced customer satisfaction and recognition of the value we offer. As of 31 December 2023, the total number of TSP tenants reached 3.424 million, representing an increase of 1.8% or an addition of 62,000 tenants from the end of 2022. During the year, we completed approximately 586,000 5G construction demand, with more than 95% of construction demand fulfilled by using existing site resources, and our TSP tenancy ratio reached 1.68.

DAS business: We optimized the "resource + demand" integrated and coordinated development model, capturing the demand for better indoor coverage and promoting the effective implementation of key projects arising from key sectors such as transportation, cultural tourism, healthcare, and education. By leveraging policy advantages, we tapped into the government administrative approval process for new buildings in order to reserve resources for construction and planning for 5G sharing. Based on the features of various DAS scenarios, we continued to launch innovative sharable DAS products and solutions, with a focus on mid- and low-traffic passive sharing. We developed innovative multi-mode shared repeaters to explore market demand from existing shared coverage. We developed and launched a shared 5G dual-channel frequency shift system to tap into the market demand for elevators, underground parking and other scenarios. As of 31 December 2023, our DAS business covered buildings with a total area of 10.15 billion square meters, an increase of 37.3% year-on-year. We also covered 11,625 kilometers of subways and 12,447 kilometers of high-speed railway tunnels, up by 21.0% and 19.3%, respectively, from the end of 2022. Our share for the newly-built DAS market reached 45%, an increase of 5.8 percentage points from the year before.

Looking ahead, we will continue to be a key player and a major force in building the national 5G new infrastructure and other information and communications infrastructure. We will relentlessly seize opportunities presented to us, drive innovation and strengthen our core capabilities. We will fully support the implementation of the Dual-Gigabit Networks project, and the state-led projects including signal strength upgrade and extending of broadband coverage to all border areas. We will focus on building the China Tower brand reputation for unrivalled advantages in integrated costs, project delivery and maintenance service, as well as low management risk. We will cement our leading position in the Tower business market while

establishing our leadership in the new-built DAS segment. In terms of our **Tower business**, we will coordinate closely with operator network planning to meet their needs and pace of construction, and continue to leverage our advantage in resource sharing. The ability to economically and efficiently meet customer needs will help us cement our market leadership. We will continue to strengthen our customer service awareness, strive to increase the promotion and application of regional products, and win customer recognition through innovative products and solutions. As for our **DAS business**, we will step up our business development efforts in the new-built market segment by thoroughly addressing construction demands for key business scenarios, leveraging our advantage in resource sharing. We will establish our leadership in new-built DAS while maintaining rapid growth in the overall DAS market. This will help us better support the "Cyberpower" national strategy and deliver better services to our customers, while sustaining the steady development of our TSP business.

Smart Tower Business

In view of opportunities brought about by the digital economy and digital intelligence social governance, we drew on our advantages in plentiful site resources, platform, algorithm, and other aspects and strengthened Tower Monitoring product R&D to deep dive into key sectors by thoroughly uncovering the demand. As a result, our Smart Tower business continued to grow in both quantity and quality. In 2023, the Smart Tower business generated revenue of RMB7,283 million, up by 27.7% year-on-year. The contribution of Tower Monitoring revenue to our Smart Tower revenue reached 64.9%, thanks to the significant progress in transforming the telecommunication towers to digital towers.

In 2023, we improved our strengths in innovation and R&D and made every effort to consolidate our advantages of platform, algorithm, application and other capabilities. These initiatives have yielded notable outcomes. We strengthened the base architecture of our nationwide Tower Monitoring platform that features distributed deployment and centralized data management, forming a unified network nationwide. The shift from "single-source video data" to "multi-source data access" has enhanced our data processing capability. We continued to build an AI algorithm database to put in place a system of self-developed and ecosystem algorithms, covering key scenarios across sectors such as forestry and grassland, environmental protection, water resources, land and fishery administration. Drawing on the comprehensive and advanced training tools for spatial governance algorithms, coupled with mid- to high-point core data resources and diverse training scenarios from across the country, we launched the training for algorithm iteration and optimization, transforming mid- and high-point data advantages into product competitive advantages. We have invested efforts in improving the products for industry application with customers' need in mind. Through better product planning, at the same time as speeding up development and iteration, we enhanced the sector-specific functions of our products and enriched the product portfolio for different sectors in order sharpen our competitiveness in the market. We aligned our Smart Tower business to effectively support the "digital government" initiative and social digital intelligence transformation. Our market impact continued to growth with a leading market share in some segments. We are the country's largest information service provider in sectors such as fire prevention in forestry and grassland sector, straw burning in environmental protection sector, farmland supervision in national land sector, earthquake early warning in emergency response, and fishery restrictions in agriculture sector.

Looking ahead, we will make full use of the opportunities brought by the development of the digital economy and focus on key areas. Based on rich application scenarios and data, we will also study the large model of digital governance industry and build an edge computing network, continue to build our "digital towers" to form a strong foundation for the development of digital economy and foster the critical infrastructure for servicing spatial digital intelligence governance. This will enable us to provide quality information services for key customers. We will strengthen our platform, algorithm and data capabilities to accelerate product iteration for customers and enhance the specialized functionality of our Tower Monitoring products, as well as enriching the scenarios to further improve the core competitiveness these products. We will continue our strategy of maintaining our leading position in different industries, fortifying our market leadership and further increase our market share in key scenarios including straw-burning prohibition, farmland protection, fishery restrictions, river and lake monitoring, bushfire prevention, emergency law enforcement, transport monitoring, and railway track protection. We will continue to enhance our "companion" service system by tapping into customer business process, developing products and applications to meet customer needs, and ensuring that we continue to deliver outstanding services. We will optimize the end-to-end network information security system of our digital governance products, build security advantages to provide quality and safe services for our customers.

Energy Business

We fully responded to the national energy saving and carbon reduction policy and remained committed to extending our site resources and power supply and security capabilities to benefit the wider community. By providing diversified intelligent energy services and solutions such as battery exchange and power backup, we helped achieve China's goals of "carbon peaking and carbon neutrality". In 2023, our Energy business maintained rapid growth in scale, with revenue reaching RMB4,214 million, or a year-on-year increase of 31.7%. Of which, battery exchange and power backup businesses generated revenues of RMB2,067 million and RMB1,735 million respectively, representing respective growth of 14.8% and 48.4% compared to the previous year.

In 2023, our Energy business undertook shared and synergistic development. We continued to make efforts in market expansion, product innovation, delicate operation, and service enhancements to promote rapid and quality business growth. **Business development.** We accelerated the cost-effective and efficient establishment of our battery exchange network, further consolidating our leading position in the light electric vehicle power exchange market. As of the end of 2023, we had launched our battery exchange service in more than 300 cities across China, with total number of users reaching 1.145 million.

Product innovation. We accelerated the applications of R&D results and had applied for 25 patents and adopted some of the R&D results in our new generation battery exchange product procurement. Productivity has been rapidly taking shape. In response to market demands, we actively provided customized services including green battery exchange stations, customized low-power backup products for the communications industry, as well as introducing "energy butler" product packages. **Delicate operation.** We have strengthened asset operation, improved the battery full life cycle management process, refined battery operations, established a closed-loop management system, and improved the overall resource utilization. **Service enhancement.** For the consumer market, we have enhanced intelligent service triaging, accelerating service transformation, strengthening closed-loop complaint handling, and improving user perception. We have built a "companion" service system for corporate customers and formulated a categorization mechanism for more effective customer management to ensure high efficiency in customer response.

Going forward, our Energy business will continue to focus on battery exchange and power backup businesses to achieve stable growth, improve quality, strengthen capabilities, increase efficiency, and sustain high-quality development. We will strengthen our presence in the consumer battery exchange market with a focus on the prioritized cities. We will further increase our market share and consolidate our competitive advantages and leading positions by improving the battery exchange network, leveraging service advantages, and sharpening product competitiveness. In the corporate market, we will increase business development efforts by deepening cooperation with leading logistics companies to promote the rapid increase in user scale, and maintain our leading position in the battery exchange market. We will focus on major industries such as communications, finance, public security, healthcare, petrochemical, government, and education, as well as on key customers, digging deeper into their needs. We will optimize our four-in-one integrated solutions that cover power backup, power generation, monitoring, and maintenance. We will strengthen core competencies, create a standardized product system, provide "power backup +" services, and achieve rapid expansion in the scale of power backup business.

Management Discussion and Analysis
– Financial Overview

(Expressed in RMB unless otherwise indicated)

1. Summary

In 2023, the Company continuously deepened the "One Core and Two Wings" strategy and focused on strengthening core functions and enhancing core competitiveness to accelerate the application of innovative products, fully tap its potential in cost reduction and efficiency improvement, enhance its long-term competency on asset utilization, and promote high-quality development of the Company. We have maintained stable and healthy growth in full-year performance.

In 2023, the operating revenue of the Company amounted to RMB94,009 million, up by 2.0% over last year; the operating profit amounted to RMB14,502 million, up by 8.9% over last year; profit attributable to owners of the Company amounted to RMB9,750 million, up by 11.0% over last year; the EBITDA was RMB63,551 million, up by 1.1% over last year; the operating cash flow amounted to RMB32,840 million; and the capital expenditures were RMB31,715 million.

At the end of 2022, the Company entered into a new phase of commercial pricing agreements with the three major TSPs for a term of five years, so as to continuously provide customers with quality services at more attractive prices and further strengthen the Company's market competitiveness.

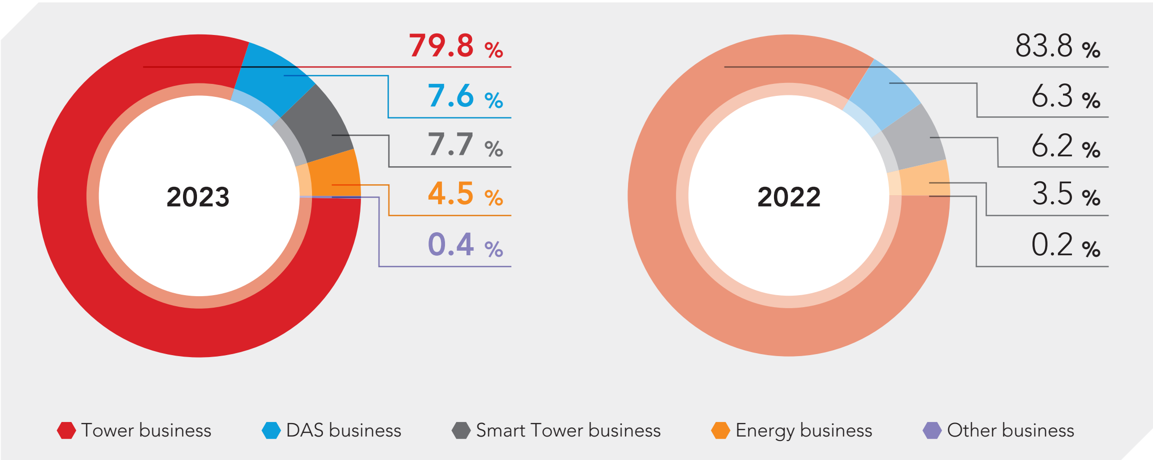
2. Operating Revenue

In 2023, taking the opportunity of the national Dual-Gigabit network joint-entry and challenging project, the Company reinforced the dual growth engines of "5G+DAS" and maintained a steady growth in the revenue of our TSP business. The Company actively committed to serving "Digital China" and "dual carbon" strategies, leveraged its resource endowment and capacity sharing, and tapped on key sectors to constantly increase market share, achieving rapid growth in the revenue of Two Wings business. Our operating revenue for the year reached RMB94,009 million, up by 2.0% over last year. Our revenue structure continued to improve, revenue from non-tower businesses, including the DAS business and the Two Wings business, maintained a double-digit growth with the proportion in operating revenue increasing from 16.2% last year to 20.2%.

The table below summarises the changes in the composition of the Company's operating revenue for the years of 2023 and 2022:

(RMB million)	2023 Total amount	2023 Proportion in operating revenue	2022 Total amount	2022 Proportion in operating revenue
Operating revenue	**94,009**	**100.0%**	92,170	100.0%
Of which: Tower business	**75,023**	**79.8%**	77,204	83.8%
DAS business	**7,140**	**7.6%**	5,827	6.3%
Smart Tower business	**7,283**	**7.7%**	5,704	6.2%
Energy business	**4,214**	**4.5%**	3,200	3.5%
Other business	**349**	**0.4%**	235	0.2%

Operating revenue structure



Revenue from Tower business

In 2023, the Company actively kept pace with TSPs' network development plans, focused on satisfying customer network construction needs in an intensive and effective manner, and strengthened our leading position in the Tower business. The Company specially followed up the orders of newly added tenants and improved the service efficiency of order delivery and on-lease. Revenue from our Tower business for the year amounted to RMB75,023 million, down by 2.8% over last year.

Revenue from DAS business

In 2023, the Company further deepened the integrated and coordinated "resource and demand" approach, focused on acquiring high-value demands such as high-speed railway, subway and commercial buildings, promoted the optimization of the mixed use of DAS construction solutions and the application of innovative products, and improved the competitiveness in the newly acquired DAS market, further highlighting the role of the second engine for our TSP business growth. Revenue from DAS business for the year amounted to RMB7,140 million, up by 22.5% over last year. The proportion in operating revenue of revenue from DAS business increased from 6.3% last year to 7.6%.

Revenue from Smart Tower business

In 2023, the Company continuously strengthened its capability based on platform, promoted the key product iteration and development, and tapped on key sectors to accelerate breakthrough, with further increase in the market share of a number of key scenarios and premises, and sped up the transformation of "telecommunication towers" to "digital towers". Revenue from Smart Tower business for the year amounted to RMB7,283 million, up by 27.7% over last year. The proportion in operating revenue of revenue from Smart Tower business increased from 6.2% last year to 7.7%.

Revenue from Energy business

In 2023, leveraging its resource endowment, the Company took a deep dive into the battery exchange market in the delivery and courier markets, energetically expanded the corporate customer base of the battery exchange business, and consolidated its leading position in the battery exchange market. In addition, the Company comprehensively promoted an integrated four-in-one solution that includes power backup, power generation, monitoring, and maintenance, and enriched the standardized power backup product system. Revenue from Energy business for the year amounted to RMB4,214 million, up by 31.7% over last year. The proportion in operating revenue of revenue from Energy business increased from 3.5% last year to 4.5%.

Revenue from other business

In 2023, the Company provided other services such as agent construction for transmission facilities, achieving an operating revenue of RMB349 million.

3. Operating Expenses

In 2023, the Company carried out special campaigns in enhancing quality and efficiency in a deep-going way, implemented lean allocation of cost resources, gave priority to guaranteeing production expenditures directly related to the expansion of One Core and Two Wings business, and strengthened the life extension and reusing of assets and the individual site management of site operation support, so as to reasonably reduce the operating costs. In 2023, the operating expenses were RMB79,507 million, up by 0.8% over last year. The operating expenses accounted for 84.6% of operating revenue, representing a decrease of 1.0 percentage point compared to that of last year.

The table below summarises the changes in the composition of the Company's operating expenses for the years of 2023 and 2022:

(RMB million)	2023 Total amount	2023 Proportion in operating revenue	2022 Total amount	2022 Proportion in operating revenue
Operating expenses	**79,507**	**84.6%**	78,858	85.6%
Of which: Depreciation and amortisation	**49,049**	**52.2%**	49,532	53.7%
Repairs and maintenance expenses	**7,408**	**7.9%**	7,593	8.2%
Employee benefits and expenses	**8,844**	**9.4%**	7,940	8.6%
Site operation and support expenses	**5,393**	**5.7%**	5,857	6.4%
Other operating expenses	**8,813**	**9.4%**	7,936	8.7%

Depreciation and amortisation

The Company is committed to improving the long-term service capability of assets, strengthening the life extension and reusing of assets, and reasonably guaranteeing the continued operation of aged assets. The depreciation and amortisation were RMB49,049 million in 2023, down by 1.0% over last year. The proportion in operating revenue of depreciation and amortisation decreased from 53.7% last year to 52.2%.

Repairs and maintenance expenses

The Company continued to carry out special campaigns of potential safety hazard inspection for assets. The Company's maintenance efficiency was further improved with the gradual rectification of existing safety hazard and the upgrading and scaled application of intelligent operation and maintenance functions. In 2023, the repairs and maintenance expenses were RMB7,408 million, down by 2.4% over last year.

Employee benefits and expenses

In 2023, the Company appropriately introduced middle and high-end scientific and technological talents and regional managerial personnel for business development, promoted the strategy of strengthening enterprise through talents (人才強企) and established strong front-line business units, strengthened the performance-linked incentives at the same time, improved the four-in-one management mechanism of "planning, budget, resource allocation, assessment incentive", and stimulated internal momentum and vitality. Employee benefits and expenses for the year amounted to RMB8,844 million, up by 11.4% over last year.

Site operation and support expenses

In 2023, the site operation and support expenses were RMB5,393 million, representing a year-on-year decrease of 7.9%, down by RMB464 million over last year, which was primarily because of the improvement in the autonomy of the site selection and maintenance capabilities, the Company signed long-term site lease agreements with owners and reasonably controlled the increase in site lease renewals and site operation expenses such as short-term site lease charges and electricity fee decreased by RMB355 million compared to that of last year. Other site operation expenses such as planning and design fees and environmental impact assessment fee decreased by RMB323 million compared to that of last year.

Other operating expenses

In 2023, the other operating expenses were RMB8,813 million, representing an increase of 11.1% over last year, up by RMB877 million over last year, which was mainly because that the relevant technical supporting service expenses increased by RMB976 million over last year as a result of strengthening the support of products and technical solutions of the Two Wings business and promoting the construction of service system and the collaboration within the ecosystem.

4. Finance Costs

Adhering to a prudent financing strategy, the Company actively expanded low-cost financing channels, optimized the structure of interest-bearing liabilities and reduced comprehensive finance costs while enhancing centralized fund management. The Company's net finance costs were RMB2,784 million in 2023, down by 3.3% over last year.

5. Profitability

Operating profit and EBITDA

Adhering to the efficiency-oriented principle, the Company put more efforts in cost benchmarking as well as cost reduction and efficiency improvement in 2023 in order to maintain the stable growth of profit. The Company's operating profit amounted to RMB14,502 million, up by 8.9% over last year. The EBITDA was RMB63,551 million, up by 1.1% over last year, and accounted for 67.6% of the operating revenue, maintaining a relatively high level.

Net profit

In 2023, profit attributable to owners of the Company amounted to RMB9,750 million, up by 11.0% over last year. The Company's basic earnings per share for 2023 was RMB0.0558.

6. Capital Expenditures and Cash Flow

Capital expenditures

In 2023, the Company proactively aligned with the requirements of business development and capability building, fully catered to the needs of TSPs' network construction, continued to address potential safety hazard and strengthened the efforts into the infrastructure and platform building of Two Wings business. The capital expenditures for the year were RMB31,715 million, up by 21.0% over last year, of which:

The capital expenditures for new site construction and augmentation were RMB17,049 million, up by 16.3% over last year, which was mainly due to that the demands for new tower construction increased under the impact of structural change in TSPs' demands, and at the same time, the Company further strengthened the management in project initiation and the progress requirements for construction implementation and capital transfer to accelerate the progress on project construction and delivery.

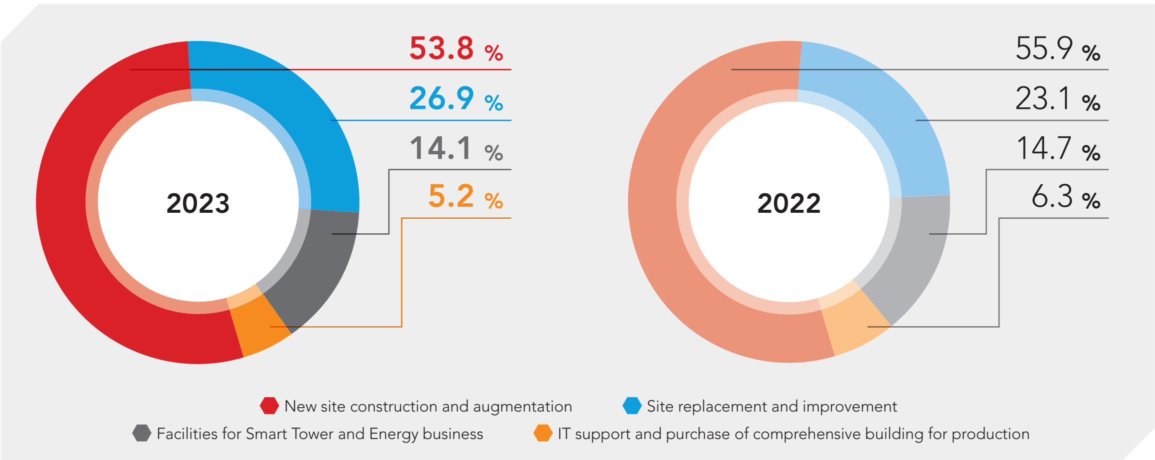
The capital expenditures for site replacement and improvement were RMB8,534 million, up by 41.1% over last year, which was mainly because that the Company focused on the service condition on the extended useful life of assets and the needs for safety rectification and reasonably allocated effective investments in the addressing of potential safety hazard and the supply of battery backup capacity for key scenarios, etc., to continuously boost the health and long-term service capacity of assets as the useful life of the assets increased.

The capital expenditures for Smart Tower and Energy business facilities were RMB4,476 million, up by 16.0% over last year, which was mainly because that greater investments had been made in the research and development of industry products, iteration and upgrading of platform and other key areas in line with the requirements for the development for Two Wings business.

The table below summarises the major items of the Company's capital expenditures in 2023 and 2022.

(RMB million)	**2023** Total amount	**2023** Proportion	2022 Total amount	2022 Proportion
Capital expenditures	**31,715**	**100.0%**	26,207	100.0%
Of which: New site construction and augmentation	**17,049**	**53.8%**	14,661	55.9%
Site replacement and improvement	**8,534**	**26.9%**	6,049	23.1%
Facilities for Smart Tower and Energy business	**4,476**	**14.1%**	3,859	14.7%
IT support and purchase of comprehensive building for production	**1,656**	**5.2%**	1,638	6.3%

Capital expenditures structure



Cash flow generated from operating activities and free cash flow

In 2023, the Company's net cash generated from operating activities amounted to RMB32,840 million and free cash flow amounted to RMB1,125 million. Since the execution of the new phase of the commercial pricing agreements involves specific matters such as the upgrade and adjustment of the charging system, the data verification for all orders, the negotiation of service standards, the Company's return of receivables was temporarily under pressure in the first half of the year, and the return and cash flow improved with the full execution of the agreements in the second half of the year. The Company's net cash generated from operating activities amounted to RMB21,285 million for the second half of the year, up by RMB9,730 million or 84.2% over the first half of the year. The free cash flow amounted to RMB2,392 million for the second half of the year, turning from negative to positive as compared to the first half of the year.

7. Balance Sheet Status

As of the end of 2023, the Company's total assets were RMB326,007 million while the total liabilities were RMB128,313 million, of which the net debts were RMB90,671 million. The liabilities to assets ratio was 39.4%, and the gearing ratio was 31.4%.


中国铁塔

1.1 million+
battery
exchange
users

Revenue of
Energy business
increased by

31.7%

Profiles of Directors, Supervisors and Senior Management

Mr. Zhang Zhiyong 張志勇 | Director

Aged 58, has been an executive Director and chairman of the Board since September 2021. Mr. Zhang served as a non-executive Director from May 2018 to September 2021. He served as director of Qinhuangdao Telecommunications Bureau from November 1999 to July 2000, general manager of Qinhuangdao Branch of Hebei Telecom Company Limited from July 2000 to June 2002, deputy general manager of Beijing Telecom Company Limited from June 2002 to December 2002, and manager of the industry management department of CTC from December 2002 to June 2010. Mr. Zhang successively served in several positions with CCS, including deputy general manager from October 2006 to January 2008, executive director from August 2007 to June 2010, general manager from January 2008 to June 2010, and chairman of the board and executive director from March 2018 to September 2021. He successively served in several positions with China Telecom, including general manager of Xinjiang Branch from June 2010 to March 2014, general manager of Beijing Branch from March 2014 to November 2017, and executive vice president from July 2018 to September 2021. He was the vice president of CTC from November 2017 to September 2021 and the general counsel of CTC from April 2021 to September 2021.

Mr. Zhang graduated from Changchun Institute of Posts and Telecommunications (which was merged into Jilin University in 2000) in July 1986 with a bachelor's degree of wireless communications. He graduated from Yanshan University in Qinhuangdao, PRC in July 2002 with a master's degree of engineering. He also graduated from BI Norwegian Business School in August 2005 with a master's degree in management.

Mr. Gao Chunlei 高春雷 | Director

Aged 57, has been an executive Director since May 2022, the chairman of the labor union of the Company since January 2020 and served as a chief accountant of the Company from August 2014 to April 2022. Mr. Gao served as deputy director of Posts and Telecommunications Bureau of Jingsha (renamed as Jingzhou afterwards), Hubei from February 1996 to January 1997, deputy director of Posts and Telecommunications Bureau of Jingzhou, Hubei from January 1997 to December 1998, deputy director of Telecommunications Bureau of Jingzhou, Hubei from December 1998 to June 2000. He served as vice director of the planning and finance department of Hubei Telecommunications Corporation from June 2000 to April 2003, deputy general manager of Hubei Telecommunications Corporation from April 2003 to November 2005 (during which he served as director and deputy general manager of Hubei Telecom Company Limited from April 2003 to March 2004), deputy general manager and chief accountant of Hubei Telecommunications Corporation and director, deputy general manager and chief accountant of Hubei Telecom Company Limited from November 2005 to April 2008, deputy general manager and chief financial officer of Hubei Branch of China Telecom and deputy general manager and chief accountant of China Telecom Group Hubei Corporation from April 2008 to February 2012, and general manager of China Telecom Heilongjiang Branch, general manager of Heilongjiang Branch of CTC and general manager of Heilongjiang network assets branch of CTC from February 2012 to August 2014.

Mr. Gao graduated from Beijing Institute of Posts and Telecommunications (renamed as Beijing University of Posts and Telecommunications in 1993) in July 1988 and majored in management engineering, from Australian National University in December 2005 with an MBA degree, and from Rennes School of Business, France with a doctor's degree of business administration in May 2012. Mr. Gao was recognized as a senior economist in November 1997 by Hubei Posts and Telecommunications Administration and a chief accountant in August 2009 by China Associate of Chief Financial Officers.

Mr. Gao Tongqing 高同慶 | Director

Aged 60, has been a non-executive Director since October 2020. Mr. Gao previously served as a deputy director general of Xinjiang Uygur Autonomous Region Posts and Telecommunications Administration, a deputy general manager and general manager of Xinjiang Uygur Autonomous Region Telecom Company, the general manager of China Telecom Jiangsu Branch, a vice president of CTC, and an executive director and executive vice president of China Telecom. Mr. Gao also serves as a vice president, chief legal officer and chief compliance officer of CMCC, a vice president of China Mobile, a director and vice general manager of China Mobile Company, a non-executive director of CCS, and a non-executive director and vice chairman of True Corporation Public Company Limited.

Mr. Gao graduated from the Changchun Institute of Posts and Telecommunications with a major in telecommunications engineering and received a doctorate degree in business administration from the Hong Kong Polytechnic University. Mr. Gao has extensive experience in management and the telecommunications industry.

Mr. Tang Yongbo 唐永博 | Director

Aged 50, has been a non-executive Director since June 2023. Mr. Tang previously served as a deputy general manager and a general manager of Hunan Branch of China Unicom, a general manager of marketing department of CUC. Mr. Tang currently serves as a vice general manager of CUC, a senior vice president of China Unicom A Share Company, a senior vice president of China Unicom, a director and a senior vice president of China Unicom Corporation, a non-executive director of CCS, a non-executive director of HKT Management Limited and HKT Limited (listed on the Hong Kong Stock Exchange with the stock code: 6823) a non-executive director and the deputy chairman of the board of PCCW Limited (listed on the Hong Kong Stock Exchange with the stock code: 0008).

Mr. Tang received a master's degree in Business Administration from Central South University. Mr. Tang has extensive experience in management and the telecommunications industry.

Mr. Liu Guiqing 劉桂清 | Director

Aged 57, has been a non-executive Director since January 2022. Mr. Liu previously served as a deputy general manager and the general manager of China Unicom Hunan Branch and the general manager of China Unicom Jiangsu provincial Branch, a vice president and the general counsel of CTC and an executive director and chairman of the board of CCS. He currently serves as an executive director and executive vice president of China Telecom.

Mr. Liu received a doctorate degree in engineering science from National University of Defense Technology and is a professor level senior engineer. Mr. Liu has extensive experience in management and the telecommunications industry.

Mr. Fang Xiaobing 房小兵 | Director

Aged 53, has been a non-executive Director since October 2022. Mr. Fang successively served in the finance department and the UAE Office of China Harbour Construction (Group) Company from July 1993 to October 2005. He served as the deputy general manager of the accounting department of China Communications Construction Group (Limited) from October 2005 to November 2006, the deputy general manager of the finance department of China Communications Construction Company Limited ("**CCCC**") from November 2006 to April 2011, and the general manager of the finance and funds department of China Communications Construction Group (Limited) from April 2011 to December 2011. Mr. Fang successively served in several positions with the overseas business department and the international projects branch of CCCC from December 2011 to August 2014, including the chief accountant, the executive general manager, and the chief financial officer. He served as the general manager of the financial management department of CCCC from August 2014 to November 2019, and the chairman of the board of directors of China Reform Group Finance Co. Ltd from April 2020 to November 2022. Mr. Fang currently serves in several positions, including a member of party committee and deputy general manager of China Reform Holdings Corporation Ltd., a supervisor of CNIC Corporation Limited and the deputy secretary of the party committee for full-time external director for central enterprises.

Mr. Fang graduated from the department of transportation management engineering of Changsha Institute of Transportation (which was merged into Changsha University of Science and Technology in 2003) with a major in finance (financial and accounting engineering) and obtained a bachelor's degree in engineering in July 1993. He graduated from Fordham University in the United States, majoring in international business administration and obtained a master's degree in January 2006. He also graduated from the school of economics and management of Beijing Jiaotong University with a major in accounting and obtained a doctorate degree in management. Mr. Fang is qualified as a senior accountant.

Mr. Dong Chunbo 董春波 | Director

Aged 60, has been an independent non-executive Director since October 2022. Mr. Dong successively served in several positions with Changchun Automobile Research Institute from June 1988 to March 2001, including a technician, the deputy head, the head of the engine design (Division II), the deputy head of the light vehicle department, the first-level chief inspector, the head of the general planning and management department, deputy director and director of the institute, etc. He successively served in several positions with China FAW Group Co., Ltd. (formerly known as China FAW Group Corporation) from March 2001 to February 2018, including the director of Changchun Automobile Research Institute, the head of technology center, the assistant to general manager, the deputy general manager, etc. Mr. Dong served as the deputy general manager of China South Industries Group Corporation Limited from February 2018 to March 2022. He has been a full-time external director for central enterprises since March 2022 and an external director of China Academy of Machinery Science and Technology since July 2022. Mr. Dong also serves as an external director of Aero Engine Corporation of China.

Mr. Dong graduated from the department of thermal power engineering of Jilin University of Technology and majored in internal combustion engines in July 1985. He graduated from the school of automotive engineering of Jilin University of Technology, majoring in internal combustion engines and obtained a master's degree in engineering in June 1988. Mr. Dong is a researcher-level senior engineer.

Mr. Hu Zhanghong 胡章宏 | Director

JP, aged 55, has been an independent non-executive Director since January 2022. Mr. Hu obtained his doctorate degree in economics from Zhongnan University of Economics and Law and is a Senior Economist in PRC. Mr. Hu has many years of experience serving at the senior level in financial institutions. Mr. Hu also holds various social positions, which include the co-chairman of the VC/PE Committee of the Investment Association of China, the honorary life chairman of Chinese Financial Association of Hong Kong, the chairman of China Mergers and Acquisitions Association (Hong Kong), a member of the Hong Kong Financial Services Development Council, a member of the Resolvability Review Tribunal of the Government of Hong Kong, a member of Hong Kong Academy of Finance, and a member of the Belt and Road & Greater Bay Area Committee of Hong Kong Trade Development Council. Mr. Hu currently serves as an external director of China Baowu Steel Group Corporation Limited. Mr. Hu had also held positions including the chairman and president of CCB International (Holdings) Limited, the chairman of CCBI Metdist Global Commodities (UK) Limited, the chairman-in-office of China Mergers & Acquisitions Association, a director of China Construction Bank (Asia) Corporation Limited, a member of the Process Review Panel for the Securities and Futures Commission of Hong Kong, a member of the Securities and Futures Appeals Tribunal of Hong Kong and a director of the Hong Kong Financial Services Development Council. Mr. Hu served as an independent non-executive director of Towngas Smart Energy Company Limited (listed on the Hong Kong Stock Exchange with the stock code: 1083, previously known as Towngas China Company Limited) from November 2021 to March 2022.

Mr. Sin Hendrick 冼漢廸 | Director

M.H., aged 49, has been an independent non-executive Director since October 2022. Mr. Sin is a co-founder, executive director and vice chairman of the board of directors of CMGE Technology Group Limited (listed on the Hong Kong Stock Exchange with the stock code: 0302), and has been a director and vice chairman of the board of directors of CMGE Group Limited since January 2011. Mr. Sin is also the founding and managing partner of China Prosperity Capital Fund, a leading venture capital firm with a primary focus on technology investment. Mr. Sin has over 26 years of experience in corporate management, finance and investment banking. Mr. Sin has been serving as an independent non-executive director of Evergreen Products Group Limited, a hair product manufacturing company whose shares are listed on the Hong Kong Stock Exchange (stock code: 1962) since June 2017, and has been serving as an independent director of 36 Kr Holdings Inc., a publishing and data company whose shares are listed on the NASDAQ (stock symbol: KRKR) since November 2019. Mr. Sin has been serving as an independent non-executive director, chairman and member of nomination committee of Hong Kong Economic Times Holdings Limited (listed on the Hong Kong Stock Exchange with the stock code: 0423) since January 2022, and has been serving as an independent non-executive director, member of each of the audit committee, the nomination committee and the investment committee of Tianjin Development Holdings Limited (listed on the Hong Kong Stock Exchange with the stock code: 0882) since March 2023. Mr. Sin served as a non-independent director of Suning.com Group Co., Limited (listed on Shenzhen Stock Exchange with the stock code: 002024) from July 2021 to April 2023.

Mr. Sin received his triple bachelor's degrees in computer science/mathematics, economics and industrial management from Carnegie Mellon University in May 1996. He graduated from Stanford University with a master's degree in engineering-economic systems and operations research in June 1997. Mr. Sin is the president of the Internet Professional Association (香港互聯網專業協會), the executive vice-chairman of the Hong Kong Software Industry Association (香港軟件行業協會), and a member of the Hong Kong Institute of Directors (香港董事學會). Mr. Sin has been appointed as a standing committee member of the fifteen session of Tianjin Municipal's Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議天津市第十五屆委員會常務委員). Mr. Sin has also been appointed by the Hong Kong Government as a director of Hong Kong Cyberport Management Company Limited (香港數碼港管理有限公司). Mr. Sin was elected as a member of Election Committee of the Hong Kong Special Administrative Region (Technology and Innovation Sector) in 2021 and received the Medal of Honour awarded from the Government of Hong Kong in the same year. Mr. Sin currently serves as a deputy of the fourteenth National People's Congress in Hong Kong Special Administrative Region (香港特別行政區第十四屆全國人民代表大會代表).

Supervisors

Ms. Fan Xiaoqing 范曉青 | Supervisor

Aged 55, has been the chairman of the Supervisory Committee since January 2022, and a Supervisor since April 2021. Ms. Fan served as general manager of the Guizhou Branch of the Company from September 2014 to August 2016, party secretary and general manager of the Guizhou Branch of the Company from August 2016 to December 2017, party secretary and general manager of the Beijing Branch of the Company from December 2017 to November 2020, and director of the division of party and masses' affairs and secretary of the directly-affiliated Party Committee of the Company from November 2020 to December 2020. She has been vice chairman of the labor union, director of the division of party and masses' affairs, and secretary of the directly-affiliated Party Committee of the Company since December 2020. She successively served in several positions with Guizhou Mobile Communication Co., Ltd., including director of the planning and construction department from August 1999 to December 2000, and deputy general manager, member of the leading party members' group and director from December 2000 to August 2004. She served as director, deputy general manager, member of the leading party members' group of China Mobile Group Guizhou Co., Ltd. and general manager of Guizhou Communication Service Co., Ltd. from August 2004 to September 2014.

Ms. Fan graduated from Beijing Institute of Posts and Telecommunications (currently known as Beijing University of Posts and Telecommunications) in July 1989 with a bachelor's degree of wireless communications and received a master's degree of information communication management from BI Norwegian Business School-Fudan University in May 2004. Ms. Fan is qualified as a senior engineer.

Mr. Li Zhangting 李張挺 | Supervisor

Aged 53, has been a Supervisor since October 2020. Mr. Li served as a director of the Company from July 2014 to May 2018. Mr. Li served in CUC from January 1999 to July 2020 successively as a deputy manager of operation and finance division, a manager of budget and management division and a deputy general manager of plan and finance department, a deputy general manager of finance department, the general manager of finance department and the general manager of remainder enterprise management department, and the general manager of Hubei Branch. He has been the general manager of auditing department of CUC since July 2020.

Mr. Li graduated from department of management engineering of Beijing Institute of Posts and Telecommunications (currently known as Beijing University of Posts and Telecommunications) and majored in postal communication management in July 1992. He graduated from department of management engineering of Beijing University of Posts and Telecommunications with a master's degree in economics and majored in transportation economics in May 1995 and received a master's degree in business administration from Tsinghua University in January 2006. Mr. Li is a senior accountant.

Ms. Han Fang 韓芳 | Supervisor

Aged 50, has been a Supervisor since January 2022. Ms. Han previously served as a supervisor of China Telecom, the chief financial officer of China Telecom Global Limited, the deputy managing director, the managing director of audit department of both CTC and China Telecom. Ms. Han served as a supervisor and the chairperson of the supervisory committee of CCS from December 2015 to December 2021. Ms. Han currently serves as the managing director of capital operation department of both CTC and China Telecom, a supervisor and the chairlady of the supervisory committee of China Telecom, the chairlady of the board of China Telecom Group Investment Co., Ltd. and the chairlady of the board of Tianyi Capital Holding Co., Ltd.

Ms. Han graduated from Beijing University of Posts and Telecommunications in 1995 with a bachelor's degree in engineering management, and received a master's degree in business administration from the BI Norwegian School of Management in 2007. Ms. Han is an international internal auditor, a member of the Chinese Institute of Certified Public Accountants and a senior accountant. She has extensive experience in operation management and financial management in the telecommunications industry.

Ms. Li Tienan 李鐵南 | Supervisor

aged 54, has been a Supervisor since July 2019. Ms. Li served at the Pre-trial Division of Shenyang Public Security Bureau of Liaoning Province from August 1992 to December 1999. She served as a lawyer of Jinde Law Firm from December 1999 to December 2002, a director of the legal department of China National Coal Group Corp. from December 2002 to August 2003, a general legal counsel and a director of the legal department of China Coal & Coke Holdings Ltd. from August 2003 to April 2011, a deputy general manager of the legal department of China National Coal Group Corp. from April 2011 to June 2011, a deputy general manager of the legal department of China Reform Holdings Corporation Ltd. from June 2011 to July 2014, during which she also served as a deputy general manager of the legal department of CNIC Corporation Limited from January 2013 to September 2014. Ms. Li served as a general manager of the legal department of CNIC Corporation Limited from September 2014 to March 2019, during which she also served as a general manager of the legal department of CNIC Consulting Corporation Limited from February 2017 to March 2019. She successively served in several positions with China Reform Asset Management Co., Ltd., including the deputy general manager from March 2019 to February 2020, the general manager from February 2022 to December 2021 and the general counsel from September 2020 to December 2021, the general manager of asset management of China Reform Holdings Corporation Ltd. from April 2021 to December 2021, the vice supervisor of asset allocation department of China Reform since December 2021. Ms. Li has served as a director of Guoxin Ronghui Equity Investment Fund Management Co., Ltd. since March 2019, a supervisor of China Railway Signal & Communication Corporation Limited since February 2020, the legal representative, executive director and general manager of China Reform Shengkang Private Equity Management (Beijing) Co., Ltd. since December 2020, and a director of Zhongjin Gold Corp., Ltd. since March 2021.

Ms. Li graduated from Northwest University of Political Science and Law with a bachelor's degree in law in 1992 and obtained an MBA degree in Renmin University of China.

Mr. Wang Hongwei 王宏偉 | Supervisor

Aged 57, has been a Supervisor since May 2018. He served as senior director of the human resources department of the Company from November 2014 to April 2017, deputy general manager of the human resources department of the Company from April 2017 to June 2017, deputy general manager of the audit department of the Company from June 2017 to December 2019 and has been general manager of the audit department of the Company since December 2019. Mr. Wang successively served in several positions with China United Telecommunications Corporation (the predecessor of CUC), including deputy manager of the remuneration welfare division of the human resources department from August 2000 to May 2002, manager of the general division of human resources department from May 2002 to August 2003, director of the human resources department of Guangdong Branch from August 2003 to December 2005, manager of the labor capital division of the human resources department from January 2006 to November 2008. He served as manager of the remuneration welfare and long-term incentive division of the human resources department of CUC from December 2008 to November 2014.

Mr. Wang graduated from Renmin University of China in July 1989 and majored in labor economics. He was recognized as an intermediate economist in April 1994 by the Ministry of Personnel.

Other Senior Management

Mr. Hu Shaofeng 胡少峰 | Senior Management

Aged 56, has been the chief accountant of the Company since April 2022. Mr. Hu joined the Company in April 2022. He successively served several positions in the Fourth Survey and Design Institute of the Ministry of Railways from February 2002 to May 2007, including assistant to director, deputy director and director of finance department, as well as deputy chief accountant. He served as the chief accountant of China Railway Track Systems Group Co., Ltd. from May 2007 to November 2011, the deputy general manager, chief accountant and general counsel of China Railway Construction Heavy Industry Co., Ltd. from December 2011 to June 2012. Mr. Hu successively served several positions in China Railway Signal & Communication Corporation Limited, including deputy chief accountant from July 2012 to June 2016, the secretary to the board from May 2013 to October 2019 and from January 2022 to April 2022, and the chief accountant from July 2016 to April 2022. Mr. Hu also served as a member of the senior management of China Railway Signal and Communication (Group) Corporation Limited (previously known as China Railway Signal Communication Corporation) from June 2016 to April 2022.

Mr. Hu graduated from Zhongnan University of Economics and Law in July 1990 majored in industrial economy and obtained a bachelor's degree of economics, and from Wuhan University in June 2007 with a master's degree of software engineering (majored in financial informatization). Mr. Hu is a senior accountant.

Mr. Liu Guofeng 劉國鋒 | Senior Management

Aged 54, has been a deputy general manager of the Company since June 2019. Mr. Liu joined the Company in August 2014 and had served as general manager of Jiangxi Branch of the Company, general manager of maintenance department of the Company, general manager of Henan Branch of the Company and general manager of the operation and maintenance department (formerly known as maintenance department, renamed as operation and maintenance department in December 2018) of the Company. He has been the chairman of the board of Energy Tower Corporation Limited (鐵塔能源有限公司) since June 2019. He served as general manager of market and operation department and general manager of the planning department of China Mobile Group Sichuan Company from December 2003 to February 2010. He served as director and deputy general manager of China Mobile Group Guizhou Company from February 2010 to August 2014.

Mr. Liu obtained a doctorate degree in railway traction electrification and automation from Southwest Jiaotong University and is qualified as a senior engineer.

Mr. Yin Wenkai 尹文凱 | Senior Management

Aged 55, has been a deputy general manager of the Company since November 2022. Mr. Yin joined the Company in November 2022. He served successively as the deputy general manager of Anhui Guoxin Paging Co., Ltd. (安徽國信尋呼有限責任公司) and the director of the supervision office of the Anhui Branch of China United Telecommunications Corporation from January 2000 to September 2002. He served successively as the senior business manager of the personnel department, the director of the general personnel division of the personnel department and the director of the remuneration and welfare division of the human resources department of CTC from September 2002 to June 2006, and served successively as the deputy general manager and general manager of the human resources department of CUC from June 2006 to September 2020. From September 2020 to November 2022, he served as the chairman of the board of directors of China Unicom Leasing Co., Ltd.

Mr. Yin graduated from Beijing Institute of Posts and Telecommunications (currently known as Beijing University of Posts and Telecommunications) and majored in postal communications management with a bachelor's degree in economics. Mr. Yin is qualified as a senior economist.

Mr. Zhao Jingbao 趙敬寶 | Senior Management

Aged 51, has been a deputy general manager of the Company since June 2019. Mr. Zhao joined the Company in September 2014. He served as the deputy general manager of the Anhui Branch and the general manager of the Heilongjiang Branch of the Company. Since July 2021, he has served as the general manager of the Guangdong Branch of the Company. From May 2003 to October 2006, he successively served as the deputy director of the human resources department and the deputy director of the development strategy department of China Mobile Group Anhui Co., Ltd., and the general manager of Huaibei Branch of China Mobile Group Anhui Co., Ltd. from October 2006 to February 2012. From February 2012 to September 2014, he successively served as the general manager of the development strategy department and the general manager of the human resources department of China Mobile Group Anhui Co., Ltd.

Mr. Zhao graduated from Hefei University of Technology and majored in circuits and systems with a master's degree in engineering.

Ms. Wang Xiaobai 王小白 | Senior Management

Aged 47, has been a member of the senior management of the Company since November 2023. Ms. Wang served successively as a director of the first division of the second office, a deputy head of the third office of discipline and supervision bureau under the State-owned Assets Supervision and Administration Commission of the State Council of the PRC ("**SASAC**"); the head of the eighth discipline inspection and supervision office, and the head, the first-level investigator, the second-level inspector and the second-level senior supervision officer of the seventh discipline inspection and supervision office under the Discipline Inspection and Supervision Office of the CPC Central Commission for Discipline Inspection and the State Supervision Commission at SASAC.

Ms. Wang graduated from Renmin University of China with a master's degree in law and is qualified as a certified public accountant in the PRC.

Ms. Liu Qingzhou 劉輕舟 | Senior Management

Aged 45, has been the secretary to the Board of the Company since May 2018 and the general manager of finance department of the Company since December 2019. Ms. Liu served as senior director of general affairs department and general manager of corporate development department since she joined the Company in November 2014. She successively served as a deputy manager of investment analysis division and a manager of general administration division of overseas investment management department of China Mobile Communications Corporation from September 2007 to November 2014.

Ms. Liu graduated from Renmin University of China with a doctorate degree in economics and is qualified as a senior economist.

Report of the Directors

The board of directors of China Tower Corporation Limited is pleased to present the Report of the Directors of the Company, together with the audited consolidated financial statements of the Group prepared in accordance with IFRS Accounting Standards for the year ended 31 December 2023.

Principal Businesses

The principal activities of the Group are the construction, maintenance and operation of telecommunications towers and auxiliary facilities, public network coverage for high-speed rail and subway, and large-scale indoor distributed antenna systems. In addition, relying on its unique resources, the Group also provides information application and energy application services including power exchange and back-up to the public. The Group's headquarters are located in Beijing, China with 31 provincial branches operating across mainland China.

Results

Results of the Group for the year ended 31 December 2023 and the financial position of the Group as at that date are set out in the audited consolidated financial statements on pages 116 to 186 of this annual report.

Annual General Meeting

The Company will hold the 2023 AGM on 20 May 2024. Please refer to the notice of the 2023 AGM published on the website of the Company (www.china-tower.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Dividend

The Company has placed great importance on the returns to Shareholders and has adopted a dividend policy. The Company shall take into account the following factors when forming the proposals for dividend distribution:

(a) dividends declared and paid by global telecommunications tower infrastructure companies;

(b) the Company's results of operations, cash flows and financial condition;

(c) operating and capital expenditures requirements;

(d) the amount of distributable profits determined according to accounting principles generally accepted in the PRC or IFRS Accounting Standards, whichever is lower; and

(e) other factors that the Board may consider relevant.

After taking into account the aforesaid factors, 50% of the Company's annual distributable profit or more shall be used for dividend distribution; the Company shall declare and pay dividends in form of cash or shares, and the payment of dividends shall be made at the Board's discretion and subject to approval by the Shareholders.

Final Dividend

The Board proposes a final dividend of RMB0.03739 (pre-tax) per share for the year ended 31 December 2023. The dividend proposal will be proposed to the 2023 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 28 June 2024 upon approval at the 2023 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 2023 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 2023 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 30 May 2024.

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 into 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 30 May 2024. 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 24 May 2024. 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 Shares Shareholders' rights to attend and vote at the 2023 AGM (and any adjournment thereof), and H Shares Shareholders' entitlement to the 2023 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 Shares Shareholders' rights to attend and vote at the 2023 AGM (and any adjournment thereof)

Latest time to lodge transfer documents for registration	4:30 p.m. on 13 May 2024
Closure of register of members (both inclusive)	14 May 2024 to 20 May 2024
Record date	20 May 2024

(2) For ascertaining the H Shares Shareholders' entitlement to the 2023 final dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on 24 May 2024
Closure of register of members (both inclusive)	27 May 2024 to 30 May 2024
Record date	30 May 2024

During the above closure periods, no transfer of H Shares will be registered. To be eligible to attend and vote at the 2023 AGM, and to qualify for the 2023 final dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services 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.

Directors of the Company

The following table sets out information concerning the Directors as at the date of this report:

Name	Position	Date of the first appointment as a Director
Zhang Zhiyong	Chairman of the Board and executive Director	3 May 2018
Gao Chunlei	Executive Director	11 May 2022
Gao Tongqing	Non-executive Director	13 October 2020
Tang Yongbo	Non-executive Director	16 June 2023
Liu Guiqing	Non-executive Director	14 January 2022
Fang Xiaobing	Non-executive Director	10 October 2022
Dong Chunbo	Independent non-executive Director	10 October 2022
Hu Zhanghong	Independent non-executive Director	14 January 2022
Sin Hendrick	Independent non-executive Director	10 October 2022

On 16 June 2023, Mr. Tang Yongbo was appointed as a non-executive Director at the 2023 First EGM and his term of office took effect from 16 June 2023.

On 6 December 2023, Mr. Gu Xiaomin has resigned from his positions as an executive Director and the general manager, by reason of age.

On 13 March 2024, Mr. Zhang Guohou has resigned from his position as an independent non-executive Director, by reason of age.

The Company has received annual confirmations of independence from each of Mr. Zhang Guohou, Mr. Dong Chunbo, Mr. Hu Zhanghong and Mr. Sin Hendrick, being the independent non-executive Directors for the year ended 31 December 2023, pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Supervisors of the Company

The following table sets out information concerning the Supervisors as at the date of this report:

Name	Position	Date of the first appointment as a Supervisor
Fan Xiaoqing	Chairman of the Supervisory Committee and employee representative Supervisor	14 April 2021
Li Zhangting	Shareholder representative Supervisor	13 October 2020
Han Fang	Shareholder representative Supervisor	14 January 2022
Li Tienan	Shareholder representative Supervisor	31 July 2019
Wang Hongwei	Employee representative Supervisor	3 May 2018

On 12 April 2024, Mr. Liu has resigned from his position as a Supervisor due to the adjustment in work responsibilities.

Profiles of the Directors and the Supervisors as at the date of this report are set out in the "Profiles of Directors, Supervisors and Senior Management" section of this annual report.

Directors' and Supervisors' Service Contracts

Each of the Directors and the Supervisors has entered into a service contract with the Company, for a term of three years from the date of appointment until the end of the term of such session of the Board or the Supervisory Committee, and is eligible for re-election upon expiry of his/her term of office. The service agreements do not contain a term that the Company is required to pay the compensation (other than statutory compensation) if the Company terminates the contract within a year.

Share Capital

The Company was established by three communication service providers in China, i.e. China Mobile Company, China Unicom Corporation and China Telecom (the "Three TSPs") as a joint stock limited liability company under the Company Law of the PRC on 15 July 2014 in the PRC, with a total registered capital of RMB10,000 million. Upon its establishment, China Mobile Company, China Unicom Corporation and China Telecom subscribed for 4,000 million shares, 3,010 million shares and 2,990 million shares of the Company, respectively, in cash at a par value of RMB1.00 per Share, which accounted for 40%, 30.1% and 29.9% of equity interests in the Company respectively on the date of establishment.

In 2015, the Company issued new shares to the Three TSPs and China Reform. The share capital of the Company was increased to RMB129,344,615,024.

On 8 August 2018, the Company completed its H Shares global offering with an issuance and allotment of 43,114,800,000 new H Shares on the Main Board of the Hong Kong Stock Exchange in aggregate, and the offer price was HK$1.26 per Share. The joint representatives of the global offering exercised part of the Over-allotment Option on 30 August 2018, pursuant to which, the Company issued and allotted an addition of 3,549,056,000 new H Shares with an offer price of HK$1.26 per Share on 6 September 2018.

As at 31 December 2023, the registered share capital of the Company was RMB176,008,471,024, divided into 176,008,471,024 Shares of par value RMB1.00 per Share. The share capital of the Company is as follows:

Shares	Number of Shares	Approximate percentage of the issued share capital
Domestic Shares (total number)	**129,344,615,024**	**73.49%**
China Mobile Company	49,150,953,709	27.93%
China Unicom Corporation	36,345,836,822	20.65%
China Telecom	36,087,147,592	20.50%
China Reform and its wholly-owned subsidiaries	7,760,676,901	4.41%
H Shares (total number)	**46,663,856,000**	**26.51%**
Total	**176,008,471,024**	**100.00%**

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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Material Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2023, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings (excluding the Directors and Supervisors) in the shares or underlying shares of equity derivatives of the Company as recorded in the register required to be maintained under Section 336 of the provisions of Division 6 of Part XV of the SFO are as follows:

Name of shareholder	Nature of interest	Class of shares	Number of shares held[1]	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
CMCC[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709(L)	38.0%	27.9%
China Mobile (Hong Kong) Group Limited (中國移動(香港)集團有限公司)[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709(L)	38.0%	27.9%
China Mobile Hong Kong (BVI) Limited (中國移動香港(BVI)有限公司)[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709(L)	38.0%	27.9%
China Mobile[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709(L)	38.0%	27.9%
China Mobile Communication (BVI) Limited (中國移動通信(BVI)有限公司)[2]	Interest held by controlled corporations	Domestic shares	49,150,953,709(L)	38.0%	27.9%
China Mobile Company[2]	Legal and beneficial owner	Domestic shares	49,150,953,709(L)	38.0%	27.9%
CUC[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822(L)	28.1%	20.7%
China Unicom A Share Company[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822(L)	28.1%	20.7%
China Unicom Group Corporation (BVI) Limited (中國聯通集團(BVI)有限公司)[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822(L)	28.1%	20.7%
China Unicom (BVI) Limited (中國聯通(BVI)有限公司)[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822(L)	28.1%	20.7%
China Unicom[3]	Interest held by controlled corporations	Domestic shares	36,345,836,822(L)	28.1%	20.7%

Name of shareholder	Nature of interest	Class of shares	Number of shares held[1]	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Unicom Corporation[3]	Legal and beneficial owner	Domestic shares	36,345,836,822(L)	28.1%	20.7%
CTC[4]	Interest held by controlled corporations	Domestic shares	36,087,147,592(L)	27.9%	20.5%
China Telecom[4]	Legal and beneficial owner	Domestic shares	36,087,147,592(L)	27.9%	20.5%
China Reform[5]	Legal and beneficial owner/Interest held by controlled corporations	Domestic shares	7,760,676,901(L)	6.0%	4.4%
Citigroup Inc.	Interest held by controlled corporations/approved lending agent	H shares	4,210,607,433(L) 41,127,916(S) 4,129,383,389(P)	9.02% 0.08% 8.84%	2.39% 0.02% 2.35%
GIC Private Limited	Investment manager	H shares	3,275,058,000(L)	7.02%	1.86%
BlackRock, Inc.	Interest held by controlled corporations	H shares	2,773,718,446(L) 72,824,000(S)	5.94% 0.16%	1.58% 0.04%

Notes:

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

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

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

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

(5) China Reform indirectly holds 4,000,676,901 domestic Shares through China Reform Development Fund Management Co., Ltd. (國新發展投資管理有限公司) and 3,760,000,000 domestic Shares are held through its wholly-owned subsidiary, Davo Qihang.

Save as disclosed above, as at 31 December 2023, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of equity derivatives of the Company.

Restricted Share Incentive Scheme

Purposes

The Company adopted the Restricted Share Incentive Scheme on 18 April 2019, upon the approval at the 2018 AGM. The Restricted Share Incentive Scheme aims at (i) improving the corporate governance structure of the Company, establishing and enhancing the interests of employees and the Shareholders as well as the interests of investors and the Company as a whole, and forming a good and balanced value distribution system; (ii) establishing benefits and risk sharing mechanisms for Shareholders, the Company and employees, avoiding short-term behavior, and promoting the Company's performance improvement and long-term stable development; and (iii) effectively attracting, retaining and motivating core staff necessary for the development of the Company and reinforcing the long-term sustainable talent base for the Company.

Participants

Participants under the Restricted Share Incentive Scheme are Directors, senior management of the Company and core technical and management personnel contributing directly to the overall business performance and sustainable development of the Company.

Shares Available under the Restricted Share Incentive Scheme

Pursuant to the Restricted Share Incentive Scheme, it does not involve the grant of the Restricted Shares over new shares or other new securities that may be issued by the Company. The Trustee shall purchase from the secondary market certain number of H Shares to be granted as instructed by the Board.

The Company has not issued and will not issue any new shares or other new securities pursuant to the Restricted Share Incentive Scheme.

Maximum Grant

The maximum total number of Restricted Shares granted or to be granted under the Restricted Share Incentive Scheme shall not exceed 10% of the total issued share capital of the Company as at the date the Restricted Share Incentive Scheme approved by the Shareholders at the 2018 AGM, i.e. 176,008,471,024 Shares.

Maximum Entitlement of Each Participant

Without special approval of any general meeting of Shareholders, the total number of Restricted Shares granted or to be granted to any Participant under the Restricted Share Incentive Scheme shall not exceed 1% of the total issued share capital of the Company as at the date the Restricted Share Incentive Scheme approved by the Shareholders at the 2018 AGM, i.e. 176,008,471,024 Shares.

Unlocking Period

The Unlocking Period shall be 24 months to 60 months from granting of the Restricted Shares, including the Lock-up Period. If the conditions for unlocking as required by the Restricted Share Incentive Scheme are met during the Unlocking Period, the Restricted Shares granted shall be unlocked in three tranches as follows.

Unlocking Arrangement	Unlocking Time	Unlocking Percentage
First Unlocking Period	From the first trading day after 24 months from the Grant Date and ending on the day which is the last trading day within 36 months	40%
Second Unlocking Period	From the first trading day after 36 months from the Grant Date and ending on the day which is the last trading day within 48 months	30%
Third Unlocking Period	From the first trading day after 48 months from the Grant Date and ending on the day which is the last trading day within 60 months	30%

Grant Price, Basis for Determining the Grant Price and Payment Period

Pursuant to the Restricted Share Incentive Scheme, the Grant Price of the Restricted Shares shall be no less than 50% of the reference price and the pricing reference date of the Grant Price is the Grant Date. The reference price shall be the higher of:

(i) the closing price of the H Shares on the Hong Kong Stock Exchange on the Grant Date; and

(ii) the average closing price of the H Shares for the five trading days as quoted on the Hong Kong Stock Exchange immediately preceding the Grant Date.

Pursuant to the Restricted Share Incentive Scheme and the agreement for grant of Restricted Shares entered into between the Company and each of the Participants, the Participants shall pay the subscription funds for the Restricted Shares granted to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the Restricted Shares awarded.

Duration

The Restricted Share Incentive Scheme has a term of ten years commencing from 18 April 2019, unless early terminated by relevant requirements of the Restricted Share Incentive Scheme.

Details of the Restricted Shares Granted under the Restricted Share Incentive Scheme

On 18 April 2019, the Board approved the Initial Grant under the Restricted Share Incentive Scheme and approved the First Tranche of Grant and the Second Tranche of Grant on 18 April 2019 and 19 December 2019, respectively.

The Grant Price of the Restricted Shares granted under the Initial Grant (for both the First Tranche of Grant and Second Tranche of Grant) is RMB1.03 per Restricted Share (equivalent to approximately HK$1.20 per Restricted Share), which equals the higher of (i) the audited net assets per share as of 31 December 2018 (i.e. RMB1.03) and (ii) 50% of the reference price.

The reference price shall be the higher of:

(i) HK$2.20, being the closing price of the Company's H Shares on the Hong Kong Stock Exchange on 18 April 2019; and

(ii) HK$2.09, being the average closing price of Company's H Shares for the five trading days as quoted on the Hong Kong Stock Exchange immediately preceding 18 April 2019.

The Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant under the Initial Grant entered the first Unlocking Period in 2021. As the operating revenue of the Group for the year of 2020 did not reach the target set out in the conditions for unlocking the Restricted Shares, such conditions for unlocking were not fulfilled and therefore the relevant Restricted Shares could not be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interests of relevant Participants in such Restricted Shares have been bought out by the Trustee at the Grant Price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations, which represented 40% of interests in the Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant mentioned above.

The Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant under 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 could not be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interests of relevant Participants in such Restricted Shares have been bought out by the Trustee at the Grant Price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations, which represent 30% of interests in the Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant mentioned above.

The Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant under the Initial Grant entered the third Unlocking Period in 2023. As the operating revenue of the Group for the year of 2022 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 could not be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interest of relevant Participants in such Restricted Shares have been bought out by the Trustee at the Grant Price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations, which represent 30% of interests in the Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant mentioned above.

The Grant Price of the Restricted Shares granted under the Initial Grant (for both the First Tranche of Grant and Second Tranche of Grant) is RMB1.03 per Restricted Share (equivalent to approximately HK$1.20 per Restricted Share).

Movements of the Restricted Shares granted under the Restricted Share Incentive Scheme during the year ended 31 December 2023 are as follows:

	Date of grant	Unlocking Period	Grant Price	Closing price of the H Shares immediately before the date of grant	Number of Restricted Shares granted as at 1 January 2023	Number of Restricted Shares granted during the year ended 31 December 2023	Number of Restricted Shares unlocked during the year ended 31 December 2023	Number of Restricted Shares cancelled during the year ended 31 December 2023[1]	Number of Restricted Shares lapsed during the year ended 31 December 2023[2]	Number of Restricted Shares granted as at 31 December 2023
Directors										
Mr. Gu Xiaomin[3]	18 April 2019	24 – 60 months[4]	RMB1.03[5]	HK$2.20	465,000	0	0	0	465,000	0
Mr. Gao Chunlei	18 April 2019	24 – 60 months[4]	RMB1.03[5]	HK$2.20	465,000	0	0	0	465,000	0
Five Highest Paid Individuals in Aggregate	18 April 2019 and 19 December 2019	24 – 60 months[4]	RMB1.03[5]	HK$2.20	2,025,000	0	0	0	2,025,000	0
Other Grantees in Aggregate[6]	18 April 2019 and 19 December 2019	24 – 60 months[4]	RMB1.03[5]	HK$2.20	345,607,500	0	0	0	345,607,500	0

Notes:

(1) The concept of "cancelled" under Rule 17.07(1)(e) of the Listing Rules does not apply to the Restricted Shares under the Restricted Share Incentive Scheme. No Restricted Share was cancelled during the year ended 31 December 2023.

(2) The concept of "lapsed" under Rule 17.07(1)(f) of the Listing Rules does not apply to the Restricted Shares under the Restricted Share Incentive Scheme either. Based on the particular circumstance of the Restricted Share Incentive Scheme and the Restricted Shares and corresponding to the requirements under Rule 17.07(1)(f) of the Listing Rules, this refers to the number of Restricted Shares bought back by the Trustee during the year ended 31 December 2023 as a result of (i) failing to reach the target set out in the conditions for unlocking the relevant Restricted Shares during the relevant Unlocking Period; and (ii) resignation of certain employees of the Company which are Participants under the Restricted Share Incentive Scheme.

(3) On 6 December 2023, Mr. Gu Xiaomin no longer served as an executive Director.

(4) The Unlocking Period shall be 24 months to 60 months from granting of the Restricted Shares, including the Lock-up Period. For details, please refer to "Restricted Share Incentive Scheme – Unlocking Period" above in this annual report.

(5) The Grant Price of the Restricted Shares granted under the Initial Grant (for both the First Tranche of Grant and the Second Tranche of Grant) is RMB1.03 per Restricted Share, which is equivalent to approximately HK$1.20 per Restricted Share.

(6) Other Grantees are all employees of the Group other than the Directors, chief executive or substantial shareholders of the Company.

As at 31 December 2023, (i) Mr. Gao Chunlei as Director, (ii) the five highest paid individuals during the year ended 31 December 2023, and (iii) other grantees who are not Directors, chief executive or substantial shareholders of the Company do not hold any Restricted Shares.

Saved as disclosed above, no Restricted Shares had been granted to (i) other Directors, chief executive or any substantial shareholders of the Company, or any associate of any of them; or (ii) Participant with awards granted and to be granted in excess of the 1% individual limit; or (iii) any related entity participant or service provider.

Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 December 2023, none of the Directors, Supervisors and chief executive of the Company had any interests and/or short positions in the shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

As at 31 December 2023, the Company has not granted its Directors, Supervisors or chief executive of the Company, or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for the shares or debentures of the Company.

Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts

Save for the transactions, arrangements or contracts set out in the sections titled "Management Discussion and Analysis", "Directors' and Supervisors' Service Contracts", "Major Customers and Suppliers", "Continuing Connected Transactions", "Restricted Share Incentive Scheme" and "Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" under "Report of the Directors" of this annual report and note 30 to the consolidated financial statements, no other transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a person who was a Director or Supervisor of the Company or his or her connected entity had, directly or indirectly, a material interest subsisted at any time during the year ended 31 December 2023.

Remuneration of Directors and Supervisors

The remuneration of the Directors and Supervisors is determined with reference to the remuneration paid by relevant companies in the PRC telecommunications industry and the achievement of major operating indicators of the Company. Among which, the remuneration of the executive Directors shall be determined in accordance with the provisions of the remuneration administrative measures considered and approved by the 2022 Third EGM. The Directors and Supervisors who receive remuneration from the Company are paid in forms of salaries, allowances, social insurance, housing provident fund and corporate annuity.

Details of remuneration of all the Directors and Supervisors for 2023 are set out in note 7 to the audited consolidated financial statements for the year.

Permitted Indemnity

During the year ended 31 December 2023 and as at date of this report, the Company has arranged appropriate insurance cover in respect of potential legal actions against the directors of the Group. Except for such insurances, the Company has no valid permitted indemnity provisions (as defined in Companies (Directors' Report) Regulation of the Chapter 622D of Hong Kong Laws) during the reporting period and at the time of approval of this report.

Material Acquisitions or Disposals

For the year ended 31 December 2023, the Company has no material acquisitions and disposals.

Public Float

As at the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules and as approved by the Hong Kong Stock Exchange.

Summary of Financial Information

The summary of the operating results, assets and liabilities of the Group for each of the five years ended 31 December 2023 are set out on pages 187 to 189 of this annual report.

Debt Financing Instruments

The Group publicly issued medium-term notes in the China's Interbank Bond Market in 2021, for the purpose of repaying the debts of the Group, replenishing liquidity and other purposes as permitted by applicable laws and regulations. Details of such notes are set out in note 23 to the audited consolidated financial statements for the year.

Bank Loans and Other Borrowings

Details of bank loans and other borrowings of the Group are set out in note 23 to the audited consolidated financial statements for the year.

Capitalized Interest

Details of capitalized interest of the Group for the year ended 31 December 2023 are set out in note 11 to the audited consolidated financial statements for the year.

Fixed Assets

Details of the movement in fixed assets of the Group for the year ended 31 December 2023 are set out in note 14 to the audited consolidated financial statements for the year.

Reserves

According to the Article 160 of the Articles of Association, in addition to the PRC accounting standards and regulations, the financial statements of the Company shall also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. Any material discrepancy between the financial statements prepared in accordance with two different accounting standards shall be explained in the notes to the financial statements. Distribution of profits after tax of the relevant financial year shall be based on the lower of the profits after tax shown in the two financial statements mentioned above.

Distributable reserves of the Company as at 31 December 2023, calculated on the above basis and including the proposed final dividends for 2023, amounted to RMB8,774 million.

Details of the movement in reserves of the Company and the Group for the year ended 31 December 2023 are set out in note 29 and note 22 to the audited consolidated financial statements for the year, respectively.

Equity-linked Agreements

For the year ended 31 December 2023, the Company has not entered into any equity-linked agreements.

Donations

For the year ended 31 December 2023, the Group made charitable and other donations of a total amount of RMB48.2 million.

Subsidiaries and Associated Company

Details of subsidiaries of the Company and the associated company of the Group as at 31 December 2023 are set out in note 18 to the audited consolidated financial statements for the year.

Changes in Equity

Please refer to the consolidated statement of changes in equity contained in the audited consolidated financial statements for the year (page 119 of this annual report).

Retirement Benefits

Details of the retirement benefits provided by the Group are set out in note 7 to the audited consolidated financial statements for the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights in the Articles of Association and the PRC laws requiring the Company to issue new shares to the existing Shareholders in proportion to their shareholdings.

Employees and Remuneration Policies

As at 31 December 2023, the Group had approximately 23,634 staff, of which approximately 22,994 staff were on contract basis while approximately 640 staff were on other basis. Total staff costs for the year amounted to RMB8,844 million, which included wages, social insurance, housing provident fund, corporate supplemental insurance, expenses on benefits, working fund for labor union, education fund, and labor security expenses.

The Group persists in establishing and optimizing a value-oriented unified remuneration system based on a proactive and effective incentive mechanism, materializing optimization of resources allocation and maximization of corporate efficiency; adhering to the philosophy of market allocation based on value of position, contribution in terms of capability and performance difference; maintaining competitiveness of remuneration, attracting, motivating and retaining core staff. Staff remuneration is mainly comprised of wages of different positions, wages in terms of performance, allowances and grants, and social insurance.

The Company also adopted the Restricted Share Incentive Scheme pursuant to which the Company can grant H Shares to the Participants. Please see "Restricted Share Incentive Scheme" above for details.

Major Customers and Suppliers

For the year ended 31 December 2023, the revenue from providing services to the Group's five largest customers (including CMCC Group, CTC Group and CUC Group) accounted for 88.3% of total revenue of the Group for the full-year, while revenue from the largest customer accounted for 44.9% of total revenue of the Group for the full-year.

For the year ended 31 December 2023, procurements from the Group's five largest suppliers were less than 30% of total procurement expenditures and expenses of the Group for the year. Procurement expenditures and expenses represent (i) the addition of property, plant and equipment, land use right and software in our consolidated statements of financial position on accrual basis, and (ii) site operating lease charges, repairs and maintenance and other operating expenses, which are expensed as incurred and recorded in our consolidated statements of comprehensive income on accrual basis.

So far is known to the Board, except for CMCC, China Mobile (Hong Kong) Group Limited, China Mobile Hong Kong (BVI) Limited, China Mobile Communication (BVI) Limited, China Mobile, China Mobile Company, CUC, China Unicom A Share Company, China Unicom (BVI) Limited, China Unicom Group Corporation (BVI) Limited, China Unicom, China Unicom Corporation, CTC, China Telecom (all of which are interested in more than 5% of the issued share capital of the Company, details are set out in "Report of the Directors – Material Interests and Short Positions in Shares and Underlying Shares of the Company" of this annual report), Mr. Gao Tongqing, Mr. Tang Yongbo, Mr. Liu Guiqing, Mr. Li Zhangting and Ms. Han Fang (their positions are set out in "Profiles of Directors, Supervisors and Senior Management" of this annual report), neither the Directors and Supervisors, their respective close associates, nor any Shareholders who own more than 5% of our issued share capital, had any interest in any of the above customers or suppliers.

Continuing Connected Transactions

China Mobile Company, China Unicom Corporation, and China Telecom are our substantial Shareholders. Under the Listing Rules, China Mobile Company, China Unicom Corporation and China Telecom and their respective associates are connected persons of the Company.

The Company conducts certain transactions with the above connected persons in its ordinary course of business, and these transactions constitute our continuing connected transactions under the Listing Rules.

The details of the continuing connected transactions conducted by the Company during 2023 that are subject to reporting requirement are as follows:

A. Principal Services Provided to the Telecom Shareholders

During the reporting period, the Company provides relevant services of tower products, DAS products, transmission products and service products (the "**Relevant Products**") to each of the Telecom Shareholders and their respective branches or subsidiaries.

A.1.	Principal services provided to China Mobile Company and its subsidiaries (1) service in relation to tower products (2) service in relation to DAS products (3) service in relation to transmission products (4) service in relation to service products	Subject to announcement, Independent Shareholders' approval and annual caps requirements
A.2.	Principal services provided to China Unicom Corporation (1) service in relation to tower products (2) service in relation to DAS products (3) service in relation to transmission products (4) service in relation to service products	Subject to announcement, Independent Shareholders' approval and annual caps requirements
A.3.	Principal services provided to China Telecom (1) service in relation to tower products (2) service in relation to DAS products (3) service in relation to transmission products (4) service in relation to service products	Subject to announcement, Independent Shareholders' approval and annual caps requirements

Agreements related to the Principal Services Provided to the Telecom Shareholders

On the 2022 Third EGM held on 30 December 2022, the Company was approved to enter into two 2023-2027 Service Framework Agreements with each of the Telecom Shareholders (six in total), comprising of one 2023-2027 Commercial Pricing Agreement, and one 2023-2027 Service Agreement, the signing arrangement of which was completed on 18 January 2023.

Products and Services

Service in relation to tower products: the Company, to serve the needs for the space required for hosting telecommunications equipment of each of the Telecom Shareholders and their respective branches/subsidiaries, provides, constructs and maintains the tower products, including towers, shelters, and ancillary facilities, together with the provision of other services in connection with the above;

Service in relation to DAS products: the Company provides, constructs and maintains the DAS products together with the provision of other services in connection with the above, including the whole DAS, shelters and accessory facilities based on the needs of each of the Telecom Shareholders and their respective branches or subsidiaries for telecommunications signal feed-in and indoor extensive coverage, together with the provision of other services in connection with the above;

Service in relation to transmission products: the Company provides and constructs ducts, pole lines, optical fiber, public manholes in front of sites and exits and routes to sites together with other services in connection with the above for each of the Telecom Shareholders and their respective branches/subsidiaries; and

Service in relation to service products: the Company provides power supply and generation services to each of the Telecom Shareholders and their respective branches/subsidiaries in connection with the tower products and DAS products, which include power service, gasoline or diesel power generation service and extra battery assurance service.

Agreement Term and Service Period

The term of the 2023-2027 Service Framework Agreements is from 1 January 2023 to 31 December 2027. The service period of the Relevant Products and each service is five years. Prior to the expiry of the 2023-2027 Service Framework Agreements on 31 December 2027, the parties shall negotiate to determine matters in relation to the pricing.

Pricing Policy

The pricing policy is determined after arm's length negotiations by the relevant parties during the ordinary and usual course of business of the Company with reference to the construction cost, maintenance cost, site fee, management cost, operating cost, labor cost and appropriate profit margins, as applicable, of each of the relevant services.

For the details of the Principal Services provided to the Telecom Shareholders, including but not limited to the background of the 2023-2027 Service Framework Agreements and the respective pricing policy of the Relevant Products, please refer to the announcements of the Company dated 14 December 2022, 30 December 2022 and 18 January 2023 and the circular of the Company dated 15 December 2022.

Annual Caps and Transaction Amounts in 2023

During the reporting period, the annual caps and transaction amounts of the Principal Services Provided to the Telecom Shareholders and their respective branches or subsidiaries by the Company are as follows:

		Annual caps for 2023 (RMB in million)	Transaction amounts in 2023 (RMB in million)
A.1.	Transaction amount of the services provided to China Mobile Company and its subsidiaries		
	Revenue generated by the Group		
	(1) tower products	–	37,214
	(2) DAS products	–	3,333
	(3) transmission products	–	47
	(4) service products	–	1,225
	Total	**44,020**	**41,819**
	Maximum daily balance of the advances made by the Group in relation to services of paying electricity fee on behalf of customer	3,143	3,110
A.2.	Transaction amount of the services provided to China Unicom Corporation		
	Revenue generated by the Group		
	(1) tower products	–	17,924
	(2) DAS products	–	1,589
	(3) transmission products	–	35
	(4) service products	–	72
	Total	**19,680**	**19,620**
	Maximum daily balance of the advances made by the Group in relation to services of paying electricity fee on behalf of customer	1,429	1,350

		Annual caps for 2023 (RMB in million)	Transaction amounts in 2023 (RMB in million)
A.3.	Transaction amount of the services provided to China Telecom		
	Revenue generated by the Group		
	(1) tower products	–	17,900
	(2) DAS products	–	1,868
	(3) transmission products	–	35
	(4) service products	–	754
	Total	**22,280**	**20,557**
	Maximum daily balance of the advances made by the Group in relation to services of paying electricity fee on behalf of customer	1,429	1,094

As the highest applicable percentage ratio (as set out in Rule 14.07 of the Listing Rules) with respect to the annual caps for the revenue to be generated by the Company from the transactions contemplated under the 2023-2027 Service Framework Agreements with each of the Telecom Shareholders is more than 5%, such transactions with each of the Telecom Shareholders are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as part of the services products under the 2023-2027 Service Framework Agreements, if the relevant Telecom Shareholders and/or their branches/subsidiaries elect so, the Company may pay electricity fees incurred by the Telecom Shareholders and/or their branches/subsidiaries to the relevant electricity providers and/or owners of the sites and afterwards be reimbursed by the relevant Telecom Shareholders and/or their branches/subsidiaries. Such payments of electricity fees by the Company constitute financial assistances provided by the Company to each of the Telecom Shareholders which are transactions subject to the requirements of both Chapter 14A and Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as set out in Rule 14.07 of the Listing Rules) with respect to the proposed annual caps for the maximum daily balance of advances to be made by the Company to each of the Telecom Shareholders and their respective branches/subsidiaries under the respective 2023-2027 Service Framework Agreements is expected to be less than 5%, technically such transactions are subject to reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given such transactions are connected to other transactions of revenue nature with each of the Telecom Shareholders under the same agreements which are subject to Shareholders' approval requirements as described above, the Company has voluntarily put such transactions as described above for the Independent Shareholders' consideration and approval at the extraordinary general meeting. The 2023-2027 Service Framework Agreements with each of the Telecom Shareholders together with the annual caps thereof were approved by the Company's Independent Shareholders at the 2022 Third EGM held on 30 December 2022.

B. Property Leasing from Each of the Telecom Group Companies and Their Respective Associates

During the reporting period, the Company leased certain properties from each of the Telecom Group Companies and their respective associates.

B.1.	Property leasing from CMCC and its associates	Subject to announcement requirement
B.2.	Property leasing from CUC and its associates	Subject to announcement requirement
B.3.	Property leasing from CTC and its associates	Subject to announcement requirement

2021-2023 Property Lease Framework Agreements with each of the Telecom Group Companies

The Company entered into the 2021-2023 Property Lease Framework Agreements on 19 October 2020 with each of the Telecom Group Companies on substantially the same terms and conditions of the 2018-2020 Property Lease Framework Agreements, respectively, pursuant to which the Group may lease certain properties from each of the Telecom Group Companies and their respective associates. The Telecom Group Companies and their respective associates shall enter into separate agreements with the Company or its relevant provincial branches, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2021-2023 Property Lease Framework Agreements. The terms of substantially all leases under the 2021-2023 Property Lease Framework Agreements are 12 months or less. For details of the 2021-2023 Property Lease Framework Agreements, please refer to the Company's announcement dated 19 October 2020.

Due to the Company's increasing demand for properties with suitable location, price and quality held by CMCC with the Company's business expansion, the Company revised the existing annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC for the three years ending 31 December 2023 on 19 October 2021. The other terms and conditions of the 2021-2023 Property Lease Framework Agreement with CMCC shall remain the same. For details of the revision of the annual caps for the 2021-2023 Property Lease Framework Agreement with CMCC, please refer to the Company's announcement dated 19 October 2021.

Services Provided

Pursuant to the 2021-2023 Property Lease Framework Agreements, the properties to be leased from each of the Telecom Group Companies and their respective associates include buildings and land. Each of the Telecom Group Companies and their respective associates also provide relevant property management services in relation to some of the properties leased to the Company.

Contract Period

The 2021-2023 Property Lease Framework Agreements were valid from 1 January 2021 to 31 December 2023 and are renewable upon mutual agreement of both parties.

Pricing Policy

Under the 2021-2023 Property Lease Framework Agreements, the rents and management fees shall be determined and paid as follows:

- the rents of office buildings will be determined with reference to the market price at the time of signing individual agreements. If there is no market price or the market price cannot be determined, the rents and management fees will be determined by the parties with reference to reasonable costs, taxes payable and reasonable profits and in other applicable method (if any);

- the rents of buildings and land used for the Company's construction and operation (sites) will be determined with reference to the market price at the time of signing individual agreements. If there is no market price or the market price cannot be determined, the rents and management fees will be determined by the parties with reference to reasonable costs, taxes payable and reasonable profits and in other reasonable method (if any);

- during the leasing term of individual leased property, the management fees, including but not limited to, property fees, water fees, electricity fees, cleaning fees, air-conditioning fees, heating fees, parking fees and other fees related to the use of the leased property, will be determined by the parties with reference to the market price of similar property management service at the time of signing individual agreements; and

- the relevant standard for the rents will be regularly reviewed and adjusted according to individual agreements.

Annual Caps and Transaction Amounts in 2023

During the reporting period, the following non-de minimis continuing connected transactions of the Company has not exceeded their respective annual caps:

B.1. For properties leased from CMCC and its associates

		Annual caps for 2023 (RMB in million)	Transaction amounts in 2023 (RMB in million)
Office buildings	Rents	N/A	2
	Management fees	N/A	1
	Subtotal	**15**	**3**
Sites	Rents	275	146
	Subtotal	**275**	**146**
Total		**290**	**149**

B.2. For properties leased from CUC and its associates

		Annual caps for 2023 (RMB in million)	Transaction amounts in 2023 (RMB in million)
Office buildings	Rents	N/A	12
	Management fees	N/A	16
	Subtotal	**30**	**28**
Sites	Rents	90	45
	Subtotal	**90**	**45**
Total		**120**	**73**

B.3. For properties leased from CTC and its associates

		Annual caps for 2023 (RMB in million)	Transaction amounts in 2023 (RMB in million)
Office buildings	Rents	N/A	12
	Management fees	N/A	36
	Subtotal	**50**	**48**
Sites	Rents	150	111
	Subtotal	**150**	**111**
Total		**200**	**159**

The Company has adopted the IFRS 16 "Lease" on 1 January 2019. Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. However, as allowed under IFRS 16, the Company has elected not to recognise right-of-use assets and lease liabilities for lease that at the commencement date have a lease term of 12 months or less and thus recognises the lease payments associated with such leases as an expense on a straightline basis over the lease term. As the terms of substantially all leases under the 2021-2023 Property Lease Framework Agreements are 12 months or less, such leases and the property management services to be received by the Company under the 2021-2023 Property Lease Framework Agreements will be continuing connected transactions of the Company and the transaction amounts and proposed annual caps for such transactions represent the amount of rents and management fees to be paid by the Company under the relevant agreements on an annual basis. Where the terms of any leases under the 2021-2023 Property Lease Framework Agreements are longer than 12 months, the Company will recognise right-of-use assets and lease liabilities for such leases.

On 27 November 2023, the Company and each of CUC and CTC have entered into the 2024-2026 Property Lease Framework Agreement with CUC and the 2024-2026 Property Lease Framework Agreement with CTC, respectively, for a term of three years taking effect on 1 January 2024 and expiring on 31 December 2026, to renew the 2021-2023 Property Lease Framework Agreement with CUC and the 2021-2023 Property Lease Framework Agreement with CTC. The terms and conditions of the 2024-2026 Property Lease Framework Agreement with each of CUC and CTC are substantially the same as the 2021-2023 Property Lease Framework Agreement with each of CUC and CTC, pursuant to which, the Group may lease certain properties from each of CUC and CTC and/or their respective associates. For details of the 2024-2026 Property Lease Framework Agreement with CUC and the 2024-2026 Property Lease Framework Agreement with CTC, please refer to the Company's announcement dated 27 November 2023.

C. Non-Telecommunications Services Provided by Each of the Telecom Group Companies and their Respective Associates

During the reporting period, the Company procured the relevant non-telecommunications services from each of the Telecom Group Companies and their respective associates.

C.1.	Construction, design, supervision, outsourcing maintenance, intermediary, supply chain and training services provided by CMCC and its associates	Subject to announcement requirement
C.2.	Construction, design, supervision, outsourcing maintenance, intermediary, supply chain and training services provided by CUC and its associates	Subject to announcement requirement
C.3.	Construction, design, supervision, outsourcing maintenance, intermediary, supply chain and training services provided by CTC and its associates	Subject to announcement and independent Shareholders' approval requirements

2021-2023 Service Supply Framework Agreements with each of the Telecom Group Companies

The Company entered into the 2021-2023 Service Supply Framework Agreements on 19 October 2020 with each of the Telecom Group Companies, on substantially the same terms and conditions of the 2018-2020 Service Supply Framework Agreements, respectively, 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. The associates of each of the Telecom Group Companies, respectively, shall enter into separate agreements with the Company or its relevant provincial branches, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2021-2023 Service Supply Framework Agreements. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the 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 relevant annual caps were approved by the Company's independent Shareholders at the 2020 Second EGM held on 4 December 2020. For details of the 2021-2023 Service Supply Framework Agreements, please refer to the Company's announcements dated 19 October 2020 and 4 December 2020 and the circular dated 10 November 2020.

Due to the Company's increasing demand for services under the 2021-2023 Service Supply Framework Agreement with CMCC arising from the Company's business expansion, the Company revised the existing annual cap for the year ended 31 December 2023 under the 2021-2023 Service Supply Framework Agreement with CMCC on 27 November 2023. Save for the Revised Annual Cap, other terms and conditions of the 2021-2023 Service Supply Framework Agreement with CMCC shall remain the same. For details of the revision of the annual cap for the 2021-2023 Service Supply Framework Agreement with CMCC, please refer to the Company's announcement dated 27 November 2023.

Services Provided

The services provided by each of the Telecom Group Companies and their respective associates under the 2021-2023 Service Supply Framework Agreements include: construction service, design service, supervision service, outsourcing maintenance service, intermediary service, supply chain service and training service.

Contract Period

The 2021-2023 Service Supply Framework Agreements were valid from 1 January 2021 to 31 December 2023 and are renewable upon mutual agreement of the parties, respectively.

Pricing Policy

Transaction terms, such as services fees, payment method and miscellaneous expenses will be determined in accordance with relevant market price. If there is no market price, in order to make sure the prices of services offered are fair and reasonable, the parties shall refer to historical prices related to the services and, after collecting the information of market prices of such services in the industry through channels such as bids from other providers of similar services, determine the price based on average profit margin in the market or financial cost margin before agreeing on the pricing. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, financial fees and payable taxes and fees.

In determining the pricing standards, the parties should at least consider two comparable transactions entered into with the Independent Third Parties holding the same qualifications and conditions as those of the Telecom Group Companies and their associates during the same period where practical. The Group shall determine the specific method for providing project design/construction services through bidding or other procurement processes. Telecom Group Companies and their respective associates which participate in the bidding shall have the qualifications and conditions not inferior to those of the Independent Third Parties, and shall participate in the bidding or other procurement processes on equal terms with the Independent Third Parties. In such case, both parties shall determine the pricing in accordance with the final prices agreed in the bidding or other procurement processes.

Annual Caps and Transaction Amounts in 2023

During the reporting period, the following continuing connected transactions of the Company has not exceeded the respective caps:

		Annual caps for 2023 (RMB in million)	Transaction amounts in 2023 (RMB in million)
C.1.	Construction, design, supervision, outsourcing maintenance, intermediary, supply chain and training services provided by CMCC and its associates	880	868
C.2.	Construction, design, supervision, outsourcing maintenance, intermediary, supply chain and training services provided by CUC and its associates	681	565
C.3.	Construction, design, supervision, outsourcing maintenance, intermediary, supply chain and training services provided by CTC and its associates	6,705	5,915

On 27 November 2023, the Company and each of CUC and CTC have entered into the 2024-2026 Service Supply Framework Agreement with CUC and the 2024-2026 Service Supply Framework Agreement with CTC, respectively, for a term of three years taking effect on 1 January 2024 and expiring on 31 December 2026, to renew the 2021-2023 Service Supply Framework Agreement with CUC and the 2021-2023 Service Supply Framework Agreement with CTC, pursuant to which the associates of each of CUC and CTC will provide construction, design, supervision, outsourcing maintenance, intermediary, supply chain, training and/or other services to the Group. Save for the adding of "other services", other terms and conditions of the 2024-2026 Service Supply Framework Agreement with each of CUC and CTC shall remain the same as the 2021-2023 Service Supply Framework Agreement with each of CUC and CTC. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the 2024-2026 Service Supply Framework Agreement with CTC exceeds 5%, the transactions contemplated under the 2024-2026 Service Supply Framework Agreement with CTC are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under the Listing Rules. The 2024-2026 Service Supply Framework Agreement with CTC together with the relevant annual caps were approved by the Company's independent Shareholders at the 2023 Second EGM held on 22 December 2023. For details of the 2024-2026 Service Supply Framework Agreement with CUC and the 2024-2026 Service Supply Framework Agreement with CTC, please refer to the Company's announcements dated 27 November 2023 and 22 December 2023 and the circular dated 4 December 2023.

D. Site Resource Service Provided to CMCC and its Associates

During the reporting period, the Company provided site resource services to the customers of CMCC and its associates to host certain equipment of them, and assisting them to maintain a smooth operation of such equipment through provision of the Company's maintenance and power services. The Company entered into the 2021-2023 Site Resource Service Framework Agreement with CMCC. As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the 2021-2023 Site Resource Service Framework Agreement with CMCC exceed 0.1% and all of the relevant percentage ratios are less than 5%, the transactions contemplated under the 2021-2023 Site Resource Service Framework Agreement with CMCC are subject to the reporting, annual review and announcement requirements under the Listing Rules.

2021-2023 Site Resource Service Framework Agreement with CMCC

The Company and CMCC entered into the 2021-2023 Site Resource Service Framework Agreement with CMCC on 19 October 2020 on substantially the same terms and conditions of the 2019-2020 Site Resource Service Framework Agreement with CMCC, pursuant to which the Group should provide CMCC and its associates with (i) site resources which enable CMCC and its associates to host non-telecommunications equipment (including but not limited to video surveillance and environmental surveillance equipment), and (ii) integrated services to maintain a smooth operation of the aforesaid equipment, such as equipment installation, site maintenance and power services. For details of the 2021-2023 Site Resource Service Framework Agreement with CMCC, please refer to the Company's announcement dated 19 October 2020.

Contract Period

The 2021-2023 Site Resource Service Framework Agreement with CMCC was valid from 1 January 2021 to 31 December 2023 and is renewable upon mutual agreement of the parties.

Pricing Policy

The price for the transactions under the 2021-2023 Site Resource Service Framework Agreement with CMCC shall be determined by both parties on an arms' length negotiation based on the market prices in accordance with the principle of fairness and justice and with reference to (i) the actual business needs of CMCC and its associates including specific locations, sizes, quantities and periods, and (ii) the quality, costs and reasonable profits of the services provided by the Group. The pricing mechanism and the price determined shall be in compliance with the applicable requirements of the Listing Rules and the guidance letters updated by the Hong Kong Stock Exchange from time to time.

To provide services under the 2021-2023 Site Resource Service Framework Agreement with CMCC, the Company has established decision groups within the industry expansion departments at the headquarters and provincial branches. The decision groups would review the proposed projects of the Company, including those transactions contemplated under the 2021-2023 Site Resource Service Framework Agreement with CMCC. In order to ensure the fairness and reasonableness of the service fees, the decision groups shall review, among other, 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.

Annual Cap and Transaction Amount in 2023

During the reporting period, the amount of the revenue of the Company generated from provision of site resource service to CMCC and its associates of the Company has not exceeded the cap:

	Annual cap for 2023 (RMB in million)	Transaction amount in 2023 (RMB in million)
Revenue of the Company generated from provision of site resource service to CMCC and its associates	500	372

In light of the increasing transaction amount of value-added services provided by the Group to CMCC and/or its associates, based on the internal review on its continuing connected transactions in 2023, the Company and CMCC have entered into the 2024-2026 Value-added Service Framework Agreement with CMCC on 27 November 2023, for a term of three years taking effect on 1 January 2024 and expiring on 31 December 2026. Pursuant to which the Group will provide value-added services to CMCC and/or its associates. The value-added services provided by the Group to CMCC and/or its associates under the 2024-2026 Value-added Service Framework Agreement include the site resource services under the 2021-2023 Site Resource Service Framework Agreement with CMCC and other relevant integrated services. For details of the 2024-2026 Value-added Service Framework Agreement with CMCC, please refer to the Company's announcement dated 27 November 2023.

E. Procurement of Materials from CMCC and its Associates

As disclosed in the Prospectus, the Company procures materials from CMCC and its associates such as software and accessories and parts required by its business on normal commercial terms in its ordinary and usual course of business, and each of the applicable percentage ratios for such transactions calculated in accordance with the Listing Rules for the years of 2018, 2019, 2020 and 2021 was below 0.1% on an annual basis and thus such transactions fell within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules and were fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Based on the internal review on its continuing connected transactions in 2022, the Company expects that the transaction amount of such transactions for each of the years of 2022 and 2023 is expected to exceed the *de minimis* threshold under Rule 14A.76 of the Listing Rules but be less than 5%. Therefore, the Board has approved the Company to enter into the 2022-2023 Materials Procurement Framework Agreement with CMCC on 7 December 2022. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the 2022-2023 Materials Procurement Framework Agreement with CMCC exceeds 0.1% but is less than 5%, the transactions under the 2022-2023 Materials Procurement Framework Agreement with CMCC are subject to the reporting, annual review and announcement requirements under the Listing Rules.

2022-2023 Materials Procurement Framework Agreement with CMCC

On 24 December 2022, the Company entered into the 2022-2023 Materials Procurement Framework Agreement with CMCC, pursuant to which, the Group procures materials and relevant supporting services from CMCC and its associates, including but not limited to (i) equipment hardware, installation materials, supporting cables, spare parts and related software licenses, technical documents and other related materials for the purpose of daily business operations of the Group, and (ii) equipment installation and commissioning, equipment-related technical trainings, technical services and related supporting services. The Group adopts a standard process of procurement of products from suppliers which include Independent Third Parties as well as connect persons through its "E-procurement Platform", which provides the information of suppliers, their products and prices of the products. The Group purchases products from CMCC and its associates listed on its "E-procurement Platform" from time to time. For details of the 2022-2023 Materials Procurement Framework Agreement with CMCC, please refer to the Company's announcements dated 7 December 2022 and 27 December 2022.

Contract Period

The 2022-2023 Materials Procurement Framework Agreement with CMCC becomes effective on the signing date (i.e. 24 December 2022) and has expired on 31 December 2023.

Pricing Policy

The prices for the purchase of materials and relevant supporting services shall be determined by the contracting parties in accordance with the requirements of applicable laws and regulations of the PRC. In particular, transaction terms, such as procurement fees, the payment schedule and method as well as miscellaneous expenses shall be determined in accordance with relevant market price. If there is no market price, the parties shall refer to historical prices related to the materials and relevant supporting services or, collect the information on market prices of such materials and relevant supporting services in the industry through channels such as from other providers of similar materials and relevant supporting services. The Company shall consider at least two comparable transactions entered into with the Independent Third Parties having the same qualifications and conditions as those of CMCC and its associates during the same period where practical. When neither historical prices nor comparable market transaction prices are available, in order to make sure such prices offered are fair and reasonable, the parties shall determine the price based on the average profit margin in the market or a financial cost margin. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, finance costs and payable taxes and fees.

The Group shall determine the specific type of materials and relevant supporting services to be procured through bidding or other procurement processes. CMCC and its associates which participate in the bidding shall participate in the bidding or other procurement processes on equal terms with the Independent Third Parties. In such case, both parties shall determine the pricing in accordance with the final prices agreed in the bidding or other procurement processes.

If a governmental agency issues a governmental price for the materials and relevant supporting services to be traded under the agreement during the term of the agreement, the price shall be adjusted with reference to the governmental price.

Annual Cap and Transaction Amount in 2023

During the reporting period, the aggregate amount of materials procured from CMCC and its associates by the Company has not exceeded the cap:

	Annual cap for 2023 (RMB in million)	Transaction amount in 2023 (RMB in million)
The aggregate amount of materials procured from CMCC and its associates by the Company	360	231

F. Transmission Resource and Cloud Resource Leasing Services Provided by CMCC and its Associates

In light of the increasing transaction amount and business scale of the transmission resource and cloud resource leasing services provided by CMCC and its associates to the Group, the Board has approved the Company to enter into the 2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC on 7 December 2022. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the 2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC exceeds 0.1% but is less than 5%, the transactions under the 2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC are subject to the reporting, annual review and announcement requirements under the Listing Rules.

2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC

On 24 December 2022, the Company entered into the 2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC, pursuant to which, the Group shall lease transmission resource and cloud resource from CMCC and its associates, including but not limited to (i) leasing of telecommunications electricity cables, cloud private line and telecommunications equipment; and (ii) leasing of cloud equipment. For details of the 2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC, please refer to the Company's announcements dated 7 December 2022 and 27 December 2022.

Contract Period

The Company entered into the 2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC becomes effective on the signing date (i.e. 24 December 2022) and has expired on 31 December 2023.

Pricing Policy

The transaction terms, such as leasing fees, payment schedule and method as well as miscellaneous expenses shall be determined in accordance with relevant market price. If there is no market price, the parties shall refer to historical prices related to the service, and collect the information on market prices of such service in the industry through channels such as from other providers of similar leasing service and shall determine the price based on average profit margin in the market or a financial cost margin, to make sure such prices offered are fair and reasonable. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, finance costs and payable taxes and fees.

The Company shall consider at least two comparable transactions entered into with the Independent Third Parties having the same qualifications and conditions as those of CMCC and its associates during the same period where practical.

Annual Cap and Transaction Amount in 2023

During the reporting period, the aggregate amount of transmission resource and cloud resource leasing service provided by CMCC and its associates has not exceeded the cap:

	Annual cap for 2023 (RMB in million)	Transaction amount in 2023 (RMB in million)
The aggregate amount of transmission resource and cloud resource leasing service provided by CMCC and its associates	520	172

On 27 November 2023, the Company and CMCC have entered into the 2024-2026 Comprehensive Service Framework Agreement with CMCC, for a term of three years taking effect on 1 January 2024 and expiring on 31 December 2026 to renew the 2021-2023 Service Supply Framework Agreement with CMCC, the 2021-2023 Property Lease Framework Agreement with CMCC, the 2022-2023 Materials Procurement Framework Agreement with CMCC and the 2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC, pursuant to which, the Group will procure comprehensive services from CMCC and/or its associates. For details of the 2024-2026 Comprehensive Service Framework Agreement with CMCC, please refer to the Company's announcement dated 27 November 2023.

G. Procurement of Materials from CTC and its Associates

During the reporting period, the Group procured materials from CTC and its associates such as equipment hardware, installation materials, supporting cables, spare parts, related software licenses and technical documents and receive related supporting services provided by them. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the 2022-2023 Materials Procurement Framework Agreement with CTC exceeds 0.1% but is less than 5%, the transactions under the 2022-2023 Materials Procurement Framework Agreement with CTC, are subject to the reporting, annual review and announcement requirements under the Listing Rules.

2022-2023 Materials Procurement Framework Agreement with CTC

The Company entered into the 2022-2023 Materials Procurement Framework Agreement with CTC on 19 October 2021 on substantially the same terms and conditions of the 2020-2021 Materials Procurement Framework Agreement with CTC, pursuant to which, the Group will procure materials from CTC and/or its associates for the purposes of ordinary and usual course of business. For details of the 2022-2023 Materials Procurement Framework Agreement with CTC, please refer to the Company's announcement dated 19 October 2021.

Contract Period

The 2022-2023 Materials Procurement Framework Agreement with CTC becomes effective from 1 January 2022 and has expired on 31 December 2023.

Pricing Policy

The prices for the purchase of the materials shall be determined by the contracting parties in accordance with the requirements of relevant state laws and regulations and the relevant management rules of the Group.

In particular, transaction terms, such as procurement fees, payment schedule and method as well as miscellaneous expenses shall be determined in accordance with relevant market price. If there is no market price, the parties shall refer to historical prices related to the materials or, collect the information on market prices of such materials in the industry through channels such as from other providers of similar materials and consider at least two comparable transactions entered into with the Independent Third Parties holding the same qualifications and conditions as those of the CTC and its associates during the same period where practical. When neither historical prices nor comparable market transaction prices are available, in order to make sure such prices offered are fair and reasonable, the parties shall determine the price based on average profit margin in the market or financial cost margin. The average profit margin in the market and financial cost margin for similar materials are analysed based on the information of prices of similar materials in the industry through channels such as from other providers. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, financial fees and payable taxes and fees.

The Group shall determine the specific type of materials to be procured through bidding or other processes. CTC and its associates which participate in the bidding shall have the qualifications and conditions not inferior to those of the Independent Third Parties, and shall participate in the bidding or other procurement processes on equal terms with the Independent Third Parties. In such case, both parties shall determine the pricing in accordance with the final prices agreed in the bidding or other procurement processes.

If a governmental agency issues a governmental price for the materials to be traded under the agreement during the term of the agreement, the price shall be adjusted with reference to the governmental price.

Annual Cap and Transaction Amount in 2023

During the reporting period, the aggregate amount of materials procured from CTC and its associates by the Company has not exceeded the cap:

	Annual cap for 2023 (RMB in million)	Transaction amount in 2023 (RMB in million)
The aggregate amount of materials procured from CTC and its associates by the Company	500	292

On 27 November 2023, the Company and CTC have entered into the 2024-2026 Materials Procurement Framework Agreement with CTC, for a term of three years taking effect on 1 January 2024 and expiring on 31 December 2026, to renew the 2022-2023 Materials Procurement Framework Agreement with CTC. The terms and conditions of the 2024-2026 Materials Procurement Framework Agreement with CTC are substantially the same as the 2022-2023 Materials Procurement Framework Agreement with CTC, pursuant to which the Group will purchase products from CTC and/or its associates. For details of the 2024-2026 Materials Procurement Framework Agreement with CTC, please refer to the Company's announcement dated 27 November 2023.

H. Value-Added Service Provided to CTC and its Associates

In light of the increasing transaction amount of value-added services provide by the Group to CTC and/or its associates, the Company and CTC have entered into the 2021-2023 Value-added Service Framework Agreement with CTC on 19 October 2021. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the 2021-2023 Value-added Service Framework Agreement with CTC exceeds 0.1% but is less than 5%, the transactions under the 2021-2023 Value-added Service Framework Agreement with CTC are subject to the reporting, annual review and announcement requirements under the Listing Rules.

2021-2023 Value-added Service Framework Agreement with CTC

On 19 October 2021, the Company and CTC entered into the 2021-2023 Value-added Service Framework Agreement with CTC. Pursuant to the 2021-2023 Value-added Service Framework Agreement with CTC, the Group should provide CTC and its associates with (i) site resources service and data information service (site resources service includes the provision of site resources which enable CTC and its associates to host non-telecommunications equipment, and provides integrated services to maintain a smooth operation of such equipment, such as equipment installation, site maintenance and power services. Data information service refers to the provision of data collection, data transmission, data storage, data processing, data application and other data and information technology-driven services); (ii) energy service (related services under the energy business provided by the Group to CTC and its associates, including battery exchange service, power backup and generation service, battery charging service and other services); and (iii) integrated and comprehensive outsourcing maintenance service (provision of outsourcing maintenance services by the Group for wireless master facilities, antenna feeder systems, transmission facilities, DAS facilities and related facilities owned by CTC and its associates). For details of the 2021-2023 Value-added Service Framework Agreement with CTC, please refer to the Company's announcement dated 19 October 2021.

Contract Period

The 2021-2023 Value-added Service Framework Agreement with CTC becomes effective on the signing date (i.e. 19 October 2021) and has expired on 31 December 2023.

Pricing Policy

The prices for the value-added services shall be determined by the contracting parties in accordance with the requirements of applicable laws and regulations of the PRC and the relevant administrative rules of the Group.

Transaction terms, such as services fees, payment schedule and method as well as miscellaneous expenses shall be determined in accordance with relevant market price. If there is no market price, the parties shall refer to historical prices related to the services or, collect the information on market prices of such services in the industry through channels such as from other providers of similar services and consider at least two comparable transactions entered into with the Independent Third Parties holding the same qualifications and conditions as those of the CTC and its associates during the same period where practical. When neither historical prices nor comparable market transaction prices are available, in order to make sure such prices offered are fair and reasonable, the parties shall determine the price based on average profit margin in the market or financial cost margin. The average profit margin in the market and financial cost margin for similar services are analysed based on the information of prices of similar services in the industry through channels such as from other providers. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, financial fees and payable taxes and fees.

To provide services under the 2021-2023 Value-added Service Framework Agreement with CTC, the Company has established decision groups within the industry expansion departments and energy operation departments at the headquarters and provincial branches. The decision groups would review the proposed projects of the Company, including those transactions contemplated under the 2021-2023 Value-added Service Framework Agreement with CTC. In order to ensure the fairness and reasonableness of the service fees, the decision groups shall review, among other, 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 providing the service could not reach certain levels as prescribed by its internal management measures from time to time, such service could not proceed.

Annual Cap and Transaction Amount in 2023

During the reporting period, the aggregate amount of value-added service provided to CTC and its associates by the Company has not exceeded the cap:

	Annual cap for 2023 (RMB in million)	Transaction amount in 2023 (RMB in million)
The aggregate amount of value-added service provided to CTC and its associates by the Company	750	236

On 27 November 2023, the Company and CTC have entered into the 2024-2026 Value-added Service Framework Agreement with CTC, for a term of three years taking effect on 1 January 2024 and expiring on 31 December 2026, to renew the 2021-2023 Value-added Service Framework Agreement with CTC. The terms and conditions of the 2024-2026 Value-added Service Framework Agreement with CTC are substantially the same as the 2021-2023 Value-added Service Framework Agreement with CTC, pursuant to which the Group will provide value-added services to CTC and/or its associates. For details of the 2024-2026 Value-added Service Framework Agreement with CTC, please refer to the Company's announcement dated 27 November 2023.

I. Value-Added Service Provided to CUC and its Associates

In light of the potential value-added service transactions between the Company and CUC and/or its associates, based on the internal review of the continuing connected transactions in 2023, the Company and CUC have entered into the 2024-2025 Value-added Service Framework Agreement with CUC on 27 November 2023. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the 2024-2025 Value-added Service Framework Agreement with CUC exceeds 0.1% but is less than 5%, the transactions under the 2024-2025 Value-added Service Framework Agreement with CUC are subject to the reporting, annual review and announcement requirements under the Listing Rules.

2024-2025 Value-added Service Framework Agreement with CUC

On 27 November 2023, the Company and CUC have entered into the 2024-2025 Value-added Service Framework Agreement with CUC, pursuant to which the Group should provide CUC and/or their respective associates with:

(a) site resources service: site resources service includes the provision of site resources which enable CUC and/or its associates to host non-telecommunications equipment, and provides integrated services to maintain a smooth operation of such equipment, such as equipment installation, site maintenance and power services;

(b) data information service: data information service refers to the provision of data collection, data transmission, data storage, data processing, data application and other data and information technology-driven services;

(c) energy service: related services under the energy business provided by the Group to CUC and/or its associates, including battery exchange service, power backup and generation service, battery charging service and other services; and

(d) integrated and comprehensive outsourcing maintenance service: provision of outsourcing maintenance services by the Group for wireless master facilities, antenna feeder systems, transmission facilities, DAS facilities and related facilities owned by CUC and/or its associates.

For details of the 2024-2025 Value-added Service Framework Agreement with CUC, please refer to the Company's announcement dated 27 November 2023.

Contract Period

The 2024-2025 Value-added Service Framework Agreement with CUC becomes effective on the signing date (i.e. 27 November 2023) and will expire on 31 December 2025.

Pricing Policy

The prices for the value-added services shall be determined by the contracting parties in accordance with the requirements of applicable laws and regulations of the PRC and the relevant administrative rules of the Group.

Transaction terms, such as service fees, payment schedule and method as well as miscellaneous expenses shall be determined in accordance with relevant market price. If there is no market price, the parties shall refer to historical prices related to the services or, collect the information on market prices of such services in the industry through channels such as from other providers of similar services and consider at least two comparable transactions entered into between the Company and the Independent Third Party holding the same qualifications and conditions as those of CUC and/or its associates during the same period where practical. When neither historical prices nor comparable market transaction prices are available, in order to make sure such prices offered are fair and reasonable, the parties shall determine the price based on average profit margin in the market or financial cost margin. The average profit margin in the market and financial cost margin for similar services are analysed based on the information of prices of similar services in the industry through channels such as from other providers. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, financial fees and payable taxes and fees, which shall be determined by the parties through arm's length negotiation with reference to the actual situation of the industry in which such business is conducted.

If a governmental agency issues a governmental price for the proposed transactions under the agreements during the term of the agreements, the price shall be adjusted with reference to the governmental price.

To provide services under the 2024-2025 Value-added Service Framework Agreement with CUC, the Company has established decision-making groups within the industry expansion departments and energy operation departments at the headquarters and provincial branches. The decision-making groups will review the proposed projects of the Company, including those transactions contemplated under the 2024-2025 Value-added Service Framework Agreement with CUC. In order to ensure the fairness and reasonableness of the service fees, the decision-making 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 such factors shows that the gross profit margin for providing the service could not reach certain level as prescribed by the Group's internal management measures from time to time, such service would not be provided.

Annual Cap and Transaction Amount in 2023

During the reporting period, the aggregate amount of value-added service provided to CUC and its associates by the Company has not exceeded the cap:

	Annual cap for 2023 (RMB in million)	Transaction amount in 2023 (RMB in million)
The aggregate amount of value-added service provided to CUC and its associates by the Company	150	144

Further details of the above continuing connected transactions are set out in the note 30 of the consolidated financial statements.

The aforesaid continuing connected transactions had been reviewed by the independent non-executive Directors. The independent non-executive Directors confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or better or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's independent auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised)"Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued the letter containing his findings and conclusions in respect of the continuing connected transactions of the Company disclosed in this annual report in accordance with Rule 14A.56 of the Listing Rules.

The independent auditors' letter has confirmed that nothing has come to their attention that cause them to believe that the aforesaid continuing connected transactions:

(1) have not been approved by the Board;

(2) as for the transactions involving the provision of goods or services by the Group, were not, in all material respects, in accordance with the pricing policies of the Group;

(3) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and

(4) with respect to the aggregate amount of each of the aforesaid continuing connected transactions have exceeded their respective annual caps for the year ended 31 December 2023 set by the Company.

Save as disclosed above, none of other related-party transactions set out in the note 30 of the consolidated financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed under the Listing Rules. Save as disclosed in this report, the Company has no connected transactions which are required to be disclosed under Chapter 14A of the Listing Rules for the year ended 31 December 2023. The Company confirms that it has complied with the requirements of Chapter 14A of the Listing Rules in relation to all connected transactions and continuing connected transactions to which the Company was a party during 2023.

Corporate Social Responsibility

The Group has proactively fulfilled its social responsibilities and has taken practical and concrete actions that contribute positively to the society. The Group has adhered to its core principle in resource sharing for the benefit of all through driving the co-development of social and industrial assets, optimizing investments and reducing wastage, to achieve a higher efficiency in resource utilization across society. By providing uninterrupted power supply and maintenance services to the TSPs and our Smart Tower customers, the Group is able to fulfill its obligations to support emergency communications. The Group is a keen advocate of energy saving and emissions reduction, and of exploring the practical uses for new sources of energy. It has also launched innovative services in areas such as environmental and pollution monitoring and have adopted eco-friendly and low carbon development practices. The Group strives to improve the customer service and has built a comprehensive customer service process, diverse customer service channels and effective assessment mechanism for customer service. To create a corporate culture to emphasize integrity, the Group has built the three supervision systems, namely business supervision, audit supervision and discipline supervision, which provide a strong safeguard for the healthy development of the Group. Meanwhile, the Group adopted supplier qualification management and established a transparent procurement system. Protecting the basic interests of the employees is our priority. The Group has a solid training and development system, and strives to optimize an innovative incentive mechanism for its employees. In addition, the Group has undertaken multiple targeted projects to alleviate poverty and enhance information supply by continuously boosting efforts in building communications infrastructure in remote areas, in order to narrow the digital divide.

The Group strictly complies with relevant laws and regulations, such as the *Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Energy Conservation, the Work Safety Law of the People's Republic of China, the Measures for Supervision and Administration over Job-related consumption by Persons in Charge at State-owned Enterprises, the Anti-Unfair Competition Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Advertising Law of the People's Republic of China and the Labor Law of the People's Republic of China*. The Group has been consistently improving its governance structure and putting in place sound mechanisms and procedures to strengthen internal control and risk management system. The Group has put particular focus on the monitoring and management of key items and areas to mitigate operational risks. We have continued to enhance our governance and management to promote the Group's long-term, sustainable and healthy development.

For more details of the Group's environmental, social and governance performance, please refer to the "Corporate Governance Report" of this annual report and the "2023 Environmental, Social and Governance Report of China Tower" to be published separately.

Business Review

Relating to the details of the material development of the Group in 2023, a fair review of the business and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the "Chairman's Statement" on pages 8 to 15, "Management Discussion and Analysis" on pages 18 to 31 of this annual report. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report. Particulars of important events affecting the Group that have occurred after 31 December 2023 can also be found in the notes to the Consolidated Financial Statements. The outlook of the Group's business is discussed throughout this annual report including in the "Chairman's Statement".

Description of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends, the environmental policies of the Group, as well as compliance with relevant laws and regulations which have a significant impact on the Group can be found throughout this annual report. In addition, more details regarding the Group's performance including the financial key performance indicators, etc. are provided in the "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Each of the above-mentioned relevant contents form an integral part of this Report of the Directors.

Compliance with the Corporate Governance Code

Details of the Company's compliance with the Corporate Governance Code are set out in the "Corporate Governance Report" on pages 88 to 109 of this annual report.

Material Legal Proceedings

For the year ended 31 December 2023, 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.

Auditors

KPMG and KPMG Huazhen LLP were appointed as the international and domestic auditors of the Company, respectively for the year ended 31 December 2023. KPMG has audited the attached consolidated financial statements, which have been prepared in accordance with IFRS Accounting Standards. The relevant re-appointment of KPMG and KPMG Huazhen LLP as the Company's international and domestic auditors, respectively for the year ending 31 December 2024 will be proposed to the 2023 AGM.

By Order of the Board
Chairman
Zhang Zhiyong

Beijing, China
18 March 2024

Report of the Supervisory Committee

In 2023, the Supervisory Committee of the Company, has conscientiously performed its supervisory duties, actively carried out its work to promote the standardized and efficient operation of the Company, in strict compliance with the applicable laws including the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and the Rules of Procedure for the Supervisory Committee, and been devoted and responsible in discharging their duties with an attitude of being responsible for the Company and Shareholders as a whole.

I. Resolutions of the Supervisory Committee

During the reporting period, the Supervisory Committee of the Company organized and convened four meetings, reviewed and approved seven resolutions in total, involving the Company's profits distribution, regular results performance and others. Details of the meetings are as follows:

(I) on 1 March 2023, the sixth meeting of the third session of the Supervisory Committee was convened in the form of on-site meeting, at which four proposals on the final financial accounts for 2022, the annual results announcement and the annual report for 2022, the proposal on profits distribution and dividend distribution for 2022 and report of the Supervisory Committee for 2022 were reviewed and approved as resolutions of the meeting, respectively.

(II) on 19 April 2023, the seventh meeting of the third session of the Supervisory Committee was convened in the form of written communication, at which the unaudited financial statements and results announcement for the first quarter of 2023 were reviewed and approved.

(III) on 31 July 2023, the eighth meeting of the third session of the Supervisory Committee was convened in the form of on-site meeting, at which the proposals of the interim results announcement and the interim report for 2023 were reviewed and approved.

(IV) on 19 October 2023, the ninth meeting of the third session of the Supervisory Committee was convened in the form of on-site meeting, at which the unaudited financial statements and results announcement for the first three quarters of 2023 were reviewed and approved.

II. Work of the Supervisory Committee

During the reporting period, all members of the Supervisory Committee upheld a fair and rigorous attitude, adhered to acting in the best interests of the Shareholders, and actively fulfilled their supervisory obligations. On the one hand, the Supervisory Committee has carefully reviewed the Company's quarterly, interim and annual financial reports and other information, and is of the view that the contents of the report truly, accurately and comprehensively reflect the Company's financial condition and operating results, without material omissions or false statements. The Company continuously improved its overall value by thoroughly implementing the "One Core and Two Wings" development strategy, fulfilling the new development philosophy, and maintaining a steady and progressive trend in operating results. On the other hand, through actively attending the Board meetings and the general meetings of the Company, conducting in-depth communication with the Company's management, gaining a comprehensive understanding of and mastering the Company's information on production and operation, supervising the procedures for convening the Board meetings, the resolutions thereof, the execution of the resolutions of the general meetings by the Board, the performance of the senior management and the Company's management mechanism, the Supervisory Committee is of the view that the Directors and senior management of the Company are able to operate in strict accordance with relevant laws and regulations when performing their duties, effectively safeguard the legitimate rights and interests of the Company and all Shareholders, proactively promote the standardized operation of the Company, improve the corporate governance level, and have a compliant and legal decision-making procedure. All resolutions of the general meetings were implemented effectively, and no Directors and senior management of the Company have been found to have violated laws, regulations, or the Articles of Association and prejudiced the interests of the Company.

III. Work Plan for 2024

In 2024, the Supervisory Committee will continue to assume its responsibility to safeguard the interests of the Shareholders and the Company, focus on supervising the implementation of the commitments made by the Company to its Shareholders, as well as strictly perform its supervisory duties, in strict compliance with the requirements of the relevant national laws and regulations, relevant policies and the Articles of Association. The Supervisory Committee will continue to strengthen its self-development, faithfully perform its duties and enhance its supervision and inspection to further promote the Company's operation in accordance with the laws, standardized operation and sustainable development. On the one hand, the Supervisory Committee will strengthen communications with external lawyers and external auditors, to realize the coordination of supervision and sharing of resources by innovating the supervisory working mechanism and approaches. The Supervisory Committee will adhere to the orientation of preventing and mitigating major risks, together with the business management departments of the Company and supervision departments, such as legal and compliance, internal audit, inspection and supervision and disciplinary enforcement and inspection, continuously strengthen and improve the "significant risk management", "significant supervision" and "non-compliance accountability" systems to constantly improve the risk prevention mechanism of early warning, in-process control and post-event accountability. On the other hand, the Supervisory Committee will actively inquire about the Company's major matters, and keep abreast of the policy documents, industry development information, enterprise operation and management information and financial data, so as to strengthen performance capabilities and perform-duty effects.

By Order of the Supervisory Committee
Chairman of the Supervisory Committee
Fan Xiaoqing

Beijing, China
18 March 2024

Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance, adhering to the concepts of good, robust and effective corporate governance, continuously enhancing the standard of governance, regulating corporate operations, improving internal control system, and implementing sound measures on governance and disclosure, so as to ensure that business operations are in line with the long-term interests of the Company and Shareholders, and that the interests of Shareholders are effectively safeguarded. The Company's general meeting, the Board and the Supervisory Committee have maintained effective operation in accordance with operational standards, and the Company has continuously optimized its internal control and comprehensive risk management to effectively ensure its stable operation.

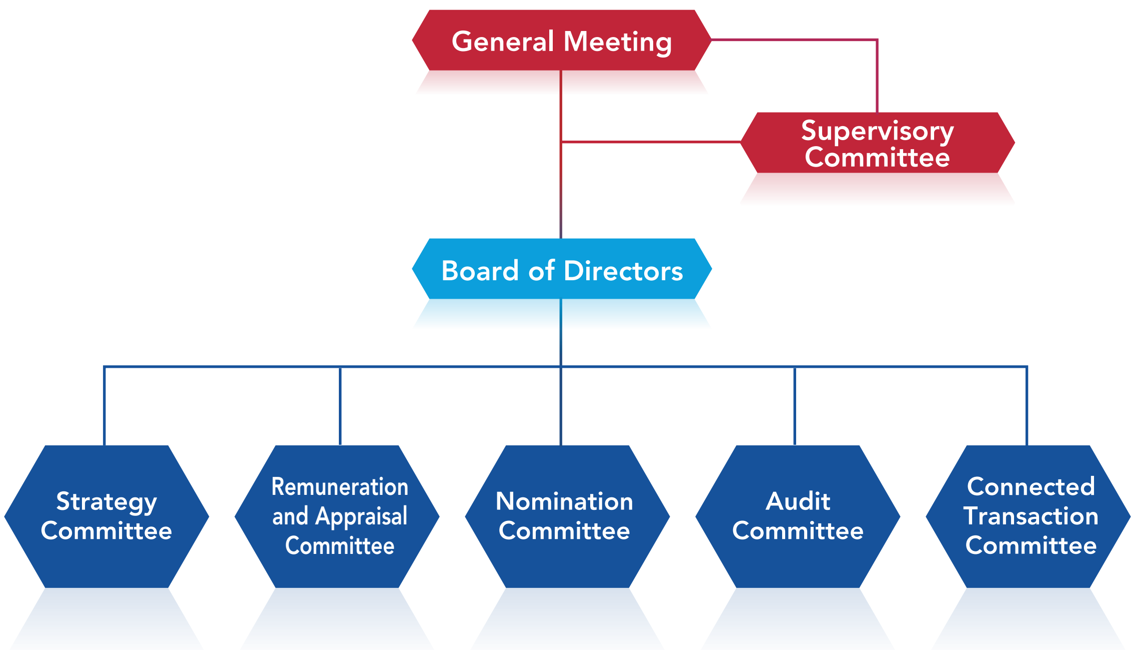
Corporate Governance Practices

On 8 August 2018, the Company completed global offering of new H Shares on the Main Board of the Hong Kong Stock Exchange, and since then it has continued to improve its basic corporate governance system. As a company incorporated in the PRC and listed on the Hong Kong Stock Exchange, the Company has complied with the relevant requirements of the Listing Rules and has abided by the Company Law and other applicable laws, regulations and regulatory requirements of Hong Kong and the PRC as fundamental guidelines for the Company's corporate governance. With strict compliance with relevant laws and regulations, the Group has continuously deepened the development of the internal control and risk management systems to improve the Company's governance standard and transparency.

For the year ended 31 December 2023, the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules (where applicable), except the deviation from Code Provision C.2.1 of the Corporate Governance Code.

Corporate Governance Structure

The overall governance structure of the Company is as follows: under the general meeting are the Board and the Supervisory Committee. The Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee and the Connected Transaction Committee were set up under the Board. The Board, as the decision-making body of the Company, is responsible for and has general authority for corporate management and operations. The Supervisory Committee is mainly responsible for supervision of the performance of duties of the Board and senior management, and the Board and the Supervisory Committee are accountable to the general meeting independently.



General Meeting

The general meeting of the Company comprises of all Shareholders of the Company, which represents the interests of the Shareholders of the Company. The general meeting of the Company is the organ of authority of the Company and shall exercise its powers in accordance with the laws, administrative regulations and the Articles of Association. The general meetings shall include annual general meetings and extraordinary general meetings. The annual general meeting is convened once a year and shall be held within 6 months after the end of the accounting year. In accordance with the Articles of Association, notice of the general meeting shall be given to all Shareholders no later than 20 days (annual general meeting) or 15 days (extraordinary general meetings) before the date of the meeting, and where the laws and regulations (including the Listing Rules) contain any other stricter provisions in respect of the aforementioned matters, such provisions shall prevail. In accordance with the Articles of Association and as required by the Listing Rules, resolutions submitted to the general meeting of the Company shall be voted by poll, and the results of voting will be published on the Company's website and the Hong Kong Stock Exchange's website.

In 2023, the Company convened three general meetings, including the 2022 AGM, the 2023 First EGM and the 2023 Second EGM.

At the 2022 AGM held on 11 May 2023, resolutions including but not limited to the Company's consolidated financial statements for 2022, profit distribution and dividend declaration proposal, appointment of auditors, issuance of debt financing instruments, and general mandate to the Board to allot, issue and deal with additional shares in the Company not exceeding 20% of each of the existing Domestic Shares and H Shares in issue were reviewed and approved.

At the 2023 First EGM held on 16 June 2023, resolution on the appointment of non-executive Director was reviewed and approved.

At the 2023 Second EGM held on 22 December 2023, resolutions on the renewal of continuing connected transactions under the 2024-2026 Service Supply Framework Agreement with CTC and together with the proposed annual caps and the Remuneration Plan for the Executive Directors for the year 2022 were reviewed and approved.

The above resolutions at the general meetings were approved and passed by Shareholders, and details of the relevant poll results were published on the Company's website and the Hong Kong Stock Exchange's website.

The 2023 AGM will be held in May 2024. The annual general meeting provides Shareholders with an opportunity to communicate directly with the Directors and Shareholders are encouraged to attend the meeting. Members of the Board and the chairman of each of the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee and the Connected Transaction Committee (or any member authorized by the Committees), the chairman of the Independent Board Committee (if any) and members of the senior management usually attend the annual general meeting of the Company to answer enquiries in relation to the business of the Group.

Communications with Shareholders

The Board has established a Shareholder communication policy that regulates various regular and irregular channels for the Company's daily communication with Shareholders (including general meetings, roadshows and daily meetings), enabling Shareholders and investors to keep abreast of the Company's latest operating conditions and growth prospects, while allowing various opinions from the market to be conveyed effectively and timely to the Company. Details of communications with Shareholders are set out in the section headed "Investor Relations" of this report and posted on the Company's website.

The Company adheres to the basic principles of fair disclosure of information to and open communication with Shareholders. The Board has established a Shareholder communication policy to communicate information to Shareholders and investors through various channels to ensure continuous communication with Shareholders. Corporate communications to the Shareholders are also available on the Company's website and the Hong Kong Stock Exchange's website for Shareholders' reference. Please also refer to the section headed "Shareholder Information" in this annual report.

Accordingly, the Board has reviewed and considers that the Shareholders' communication policy has been properly implemented and effective during the year.

Shareholders' Right to Convene General Meeting and Make Recommendations

Pursuant to Article 59 of the Articles of Association, Shareholders who request an extraordinary general meeting or a general meeting of a class of Shareholders shall comply with the following procedures:

(i) two or more Shareholders who together hold 10% or more of the shares carrying the right to vote in the meeting contemplated to be held can request the board of Directors to convene an extraordinary general meeting or a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions and resolutions proposed. The Board shall convene the extraordinary general meeting or the class meeting as specified in the request as soon as possible. The shareholdings referred to above shall be calculated as at the date of request made.

(ii) if no notice of convening a general meeting was issued within 30 days after the Board receiving the above-mentioned written request(s), the Shareholders making the request(s) can convene a meeting by themselves within 4 months after the Board receiving the above-mentioned written request(s), and the procedures for convening such meeting shall follow the procedures of the general meeting convened by the Board as much as possible.

Procedures for Shareholders to Make Proposal in General Meeting

Pursuant to Article 61 of the Articles of Association, as a general meeting is convened, the Board, the Supervisory Committee, and any Shareholders individually or jointly holding 3% or more of the Company's shares with voting rights in aggregate may propose any written resolution to the Company. Such Shareholders may submit an interim proposal in writing to the convener at least 15 business days prior to the date of general meeting. The convener shall then send a supplemental notice to the Shareholders to announce the interim proposal, within 3 business days upon receipt of such proposal.

Nomination of Directors

Pursuant to Article 96 of the Articles of Association, the Company shall set aside a period of time before convening the meeting in respect of candidates nominated by Shareholders taking up the role of directors. Within this period, Shareholders may issue a written notice to the Company in respect of nominating a candidate to be a director, and such candidate may issue the written notice regarding the indication of his/her intention to accept the nomination to the Company. The aforementioned period shall be at least 7 days and shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

Shareholders' Enquiry

Shareholders of the Company who wish to make an enquiry to the Board or request to convene a general meeting or make any recommendation pursuant to the Articles of Association may contact the investor relations officers of the Company via Shareholders' hotline at ((852) 2811 4566) or by email at ir@chinatowercom.cn.

Board of Directors

The Board is the decision-making body for business operation of the Company, responsible for formulating strategies, making decisions and preventing risks. The Board is accountable to the general meeting and shall perform the following main duties: to implement resolutions adopted at the general meetings, to make decisions on the Company's business plans and investment proposals, to determine the establishment of internal management departments and the establishment of branches and to appoint senior management personnel, etc.

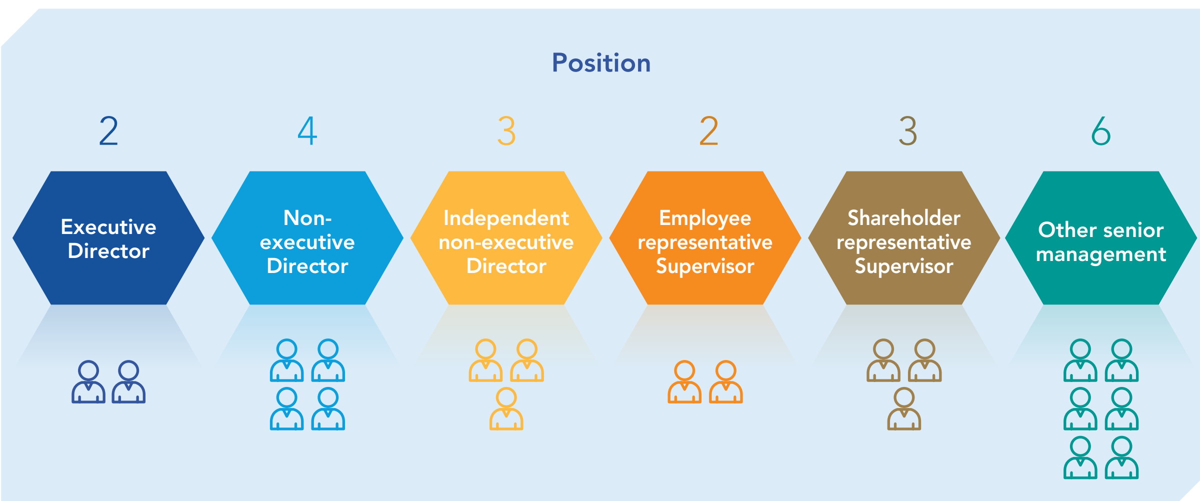
The Board has granted powers and duties to the management to perform the management of daily production and operation, to organize and implement the resolutions of the Board and the annual operation plan and investment proposal, to propose the establishment proposal of the internal management departments, to formulate the basic management system of the Company and to formulate the basic rules of the Company. The Articles of Association clearly stipulates the above-mentioned scope of duties of the Board and management respectively. In order to maintain the Company's effective operation and flexibility and efficiency in decision making, the Board also delegates its management and administrative management powers to the management when necessary, and provides clear guidance on its authorization to avoid impeding or weakening the power of the Board as a whole to discharge their duties.

Composition of the Board

As at the date of this report, the third session of the Board of the Company comprised nine Directors including:

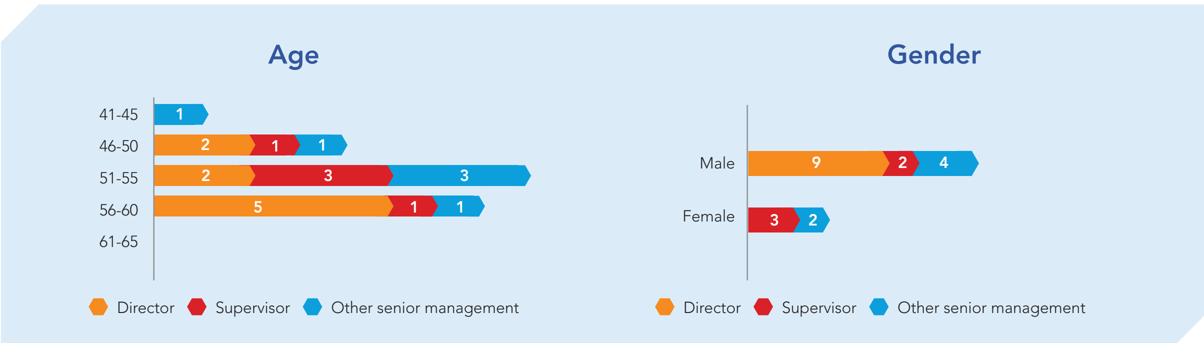
Executive Directors	Non-executive Directors	Independent non-executive Directors
Zhang Zhiyong (Chairman)	Gao Tongqing	Dong Chunbo
Gao Chunlei	Tang Yongbo	Hu Zhanghong
	Liu Guiqing	Sin Hendrick
	Fang Xiaobing	

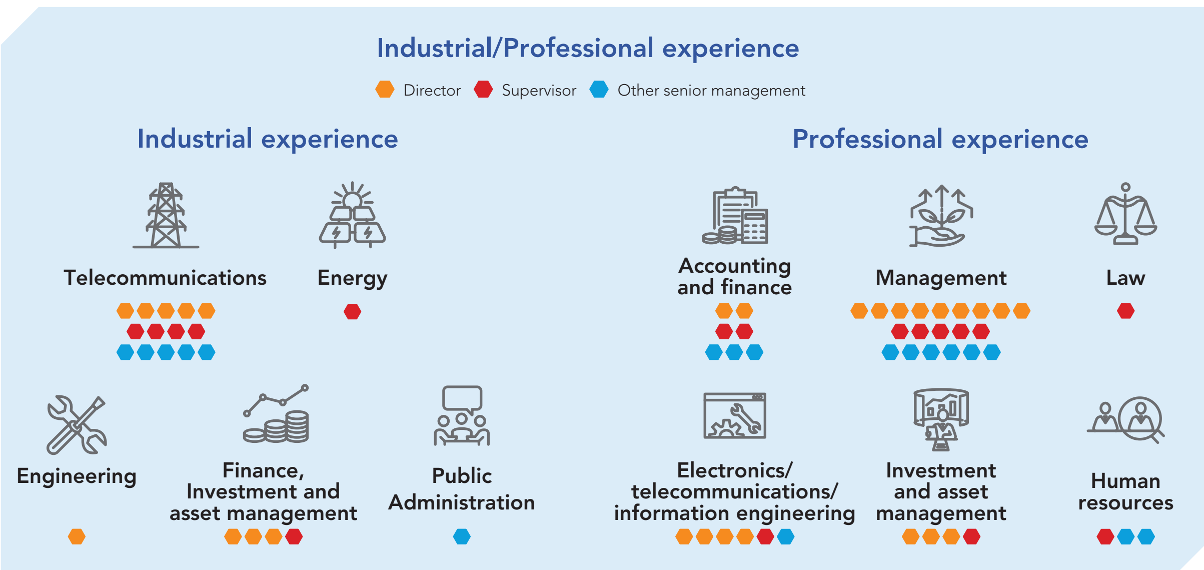
The Directors are typically appointed for a term of three years and eligible for re-election upon expiry of their term of office. The third session of the Board has a term of three years beginning in January 2022.



Board Diversity Policy

In achieving sustainable and balanced development, the Company recognizes the importance of board diversity to its strategic goals and sustainability. The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Pursuant to the board diversity policy, the Board considers factors regarding board diversity in various ways, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The Company will also consider its business model and specific needs from time to time, as well as a balanced composition of executive and non-executive directors. The Nomination Committee of the Board is mainly responsible for identifying qualified individuals for Directors and shall take into full consideration the board diversity policy in the selection process. The appointment of Board members is based on the strengths of each candidate and objective criteria, with due regard to the benefits of board diversity.





In accordance with the Articles of Association and the terms of reference of the Nomination Committee, when nominating and appointing new directors, the Nomination Committee will look for suitable candidates widely and make recommendations to the Board after considering the Company's needs for new directors. The Nomination Committee considers the strengths of candidates based on objective criteria and takes full consideration of the benefits of diversity of board members. A board meeting (including independent non-executive Directors and non-executive Directors) will be held to consider the relevant nominations after obtaining the nominee's consent to the nomination.

As at the date of this report, the Board comprised nine males and the senior management of the Group comprised four males and two females. The Company targets to avoid a single gender Board and would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024. The Board will consider amending the Board diversity policy to include appointment of at least a Director of a different gender so that the potential successors to the Board can achieve gender diversity.

Currently, among approximately 23,000 employees of the Group, the male to female ratio in the workforce of the Group is 2.60:1, which is in line with the industry-specific characteristics. The Company has also taken, and continues to take steps to promote gender diversity at all levels of its workforce. Opportunities for recruitment, promotion, training and career development are equally opened to all eligible employees without discrimination.

Every newly appointed Director shall receive comprehensive, formal and tailored induction guidelines on the first occasion of his/her appointment, after which he/she shall be provided with necessary briefings and opportunities for professional development, so as to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under statutes, the Listing Rules, applicable laws and regulatory requirements, and the business and governance policies of the Company. In addition, the Company will prepare a formal letter of appointment containing the principal terms and conditions for appointment of Director.

The Board of the Company comprises renowned experts in the areas of telecommunications industry, energy industry, engineering, finance and accounting, management, finance, investment and asset management, etc. The Nomination Committee under the Board reviews the Board structure at least once a year. As at 31 December 2023, there were four independent non-executive Directors in the Board, among which one of them was qualified as an accountant or has accounting or related financial management expertise and satisfies the requirements under Rules 3.10 and 3.10A of the Listing Rules. The biographical details of the Directors are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" in this annual report.

During the year, the Board, through its Nomination Committee, had reviewed and considered that the Company had in place mechanisms which remain effective in ensuring that independent views and input are available to the Board by taking into account the following channels or mechanisms:

- A sufficient number of four independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;

- Independent non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available;

- The Company has policy and procedures in place to avoid any potential conflict of interests and not to weaken the objectivity and integrity of the Board for decision-making. A Director (including independent non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same;

- Site visits are arranged for independent non-executive Directors from time to time to enhance their understanding of the Company's projects;

- Annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Company;

- The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis;

- No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors;

- External independent professional advice is available to all Directors, including independent non-executive Directors, upon reasonable request to assist them to perform their duties to the Company; and

- All Directors are encouraged to express freely their independent views during the Board/Board Committees meetings.

To the best knowledge of the Directors, as at the date of this report, there is no financial, business, family or other material connection between the members of the Board, and all of them are free to make independent judgments.

The Company has received annual confirmations of independence from each of the independent non-executive Directors for the year ended 31 December 2023, pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

The Company determines the remunerations of each of the Directors with reference to their duties, responsibilities, experiences and prevailing market conditions.

For the year ended 31 December 2023, the Company has conscientiously regulated the workflows of the Board and each of its special committees in accordance with the Corporate Governance Code under the Listing Rules, and has ensured the standardization of the process of Board meetings in terms of structure, system and personnel. The Board supervises preparation of accounts for each accounting period in a responsible and conscientious manner, so that the accounts can truly and fairly reflect the financial status, operating results and cash flow of the Company during such period. In preparing the accounts as at 31 December 2023, the Directors have chosen to apply appropriate accounting policies, make prudent, fair and reasonable judgments and estimates, and prepare accounts on a going concern basis.

All Directors devoted sufficient time and efforts to the business of the Company. The Company also requires the Directors to disclose the number of positions they hold in public companies or organizations and provide the Company with the time they devoted to the relevant positions.

The Company has also arranged appropriate insurance cover in respect of possible legal actions against its Directors, Supervisors and senior management.

On 13 March 2024, Mr. Zhang Guohou ("**Mr. Zhang**") has resigned from his positions as an independent non-executive Director, the chairman of the Audit Committee, a member of the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Connected Transaction Committee of the Board, by reason of age. Following the resignation of Mr. Zhang, the composition of the nomination committee of the Board fails to comply with Rule 3.27A of the Listing Rules, which requires the majority of members of the nomination committee to be independent non-executive directors. In addition, the Audit Committee does not have a chairman, which fails to comply with the relevant requirements under Rule 3.21 of the Listing Rules that requires the audit committee must be chaired by an independent non-executive director.

The Board have taken measures to comply with those requirements as soon as practicable. Further announcement(s) will be made in relation to such appointments as and when appropriate.

Chairman of the Board and General Manager

Mr. Zhang Zhiyong is the chairman of the Board, mainly responsible for the operation of the Board and overseeing the implementation of board decisions. Mr. Gu Xiaomin was the general manager of the Company, mainly responsible for the Company's daily operation and management of business. On 6 December 2023, Mr. Gu Xiaomin ("**Mr. Gu**") has resigned from his positions as an executive Director and the general manager of the Company, by reason of age. Following the resignation of Mr. Gu, there was a vacancy in the position of the Company's general manager and the Company fails to comply with the requirement of Code Provision C.2.1 of the Corporate Governance Code.

The Company is in the course of identifying a suitable candidate to serve as the general manager as soon as possible to comply with the relevant requirement. Further announcement will be made as and when appropriate.

Board Meeting

Pursuant to the Articles of Association and the Listing Rules, the Board shall convene at least four meetings a year. At the beginning of each year, all Directors/committee members are notified of the timetable for the Board/committee meeting to be held during the year. In addition, notices will be given to all Directors at least 14 days prior to the date on which the Board meeting is held. The agenda and related documents of the Board meeting will be delivered to all Directors at least three days prior to the date of the meeting. The Board and each of the Directors may contact the senior management independently if necessary and obtain additional information from the Company so that the Directors can make informed decisions with relevant information.

The Company Secretary is responsible to ensure that Board meetings comply with the relevant procedures and rules and regulations. All Directors may make enquiries with the Company Secretary to ensure that they receive sufficient information on the matters included in the agenda.

All Board meeting minutes record the details of the matters considered and decisions made, and are kept properly and open for inspection by the Directors. A Director shall abstain from voting on any Board resolution approving any proposal in which he or any of his associates has a material interest, nor shall he have right to vote. In 2023, the Board held five meetings and passed four written resolutions. In 2023, in addition to the general matters such as review and approval of the annual and interim financial statements, quarterly financial results, dividend distribution, corporate governance report, Environmental, Social and Governance report and financial budget, the Board also considered the resolutions including appointment of external auditors, issue of debt financing instruments, proposal on the treatment of the third Unlocking Period of the Initial Grant under the Restricted Share Incentive Scheme, appointment of non-executive Director, the Company's rolling strategic plan, continuing connected transactions and the remuneration plan for senior management of the Company for the year 2022, etc. For the resolutions for considering and approving the continuing connected transactions, the Director(s) with material interest in such transactions has/have abstained from voting.

In 2023, the chairman of the Board had held one private meeting with four independent non-executive Directors to ensure that their opinions could be fully expressed, which fostered the exchange of ideas among the Board.

The Board is responsible for developing and reviewing the Company's policies and practices on corporate governance; reviewing and monitoring the training and continuous professional development of Directors and senior management as well as the Company's policies and practices in compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct applicable to employees; and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

In 2023, the attendance record of the then Directors in the Company's Board meetings, Board committee meetings and general meetings were as follows:

	Board	Strategy Committee	Remuneration and Appraisal Committee	Nomination Committee	Audit Committee	Connected Transaction Committee	Independent Board Committee	General Meetings
Executive Directors:								
Zhang Zhiyong (Chairman)[1]	5/5	1/1	–	1/1	–	–	–	3/3
Gu Xiaomin (General Manager)[2]	5/5	1/1	–	–	–	3/3	–	2/2
Gao Chunlei	5/5	–	–	1/1	–	3/3	–	3/3
Non-executive Directors:								
Gao Tongqing[3]	5/5	1/1	–	1/1	–	–	–	3/3
Tang Yongbo[4]	4/4	1/1	1/1	–	–	–	–	0/1
Liu Guiqing[5]	5/5	1/1	–	–	4/4	–	–	1/3
Fang Xiaobing	5/5	1/1	–	–	–	3/3	–	2/3
Independent non-executive Directors:								
Zhang Guohou[6]	5/5	1/1	2/2	1/1	4/4	3/3	1/1	3/3
Dong Chunbo[7]	5/5	–	2/2	1/1	4/4	3/3	1/1	3/3
Hu Zhanghong[8]	5/5	–	2/2	1/1	4/4	3/3	1/1	3/3
Sin Hendrick[9]	5/5	–	2/2	1/1	4/4	3/3	1/1	2/3

Notes:

1. Mr. Zhang Zhiyong appointed in writing other member to attend one meeting of the Nomination Committee.

2. Mr. Gu Xiaomin appointed in writing other member to attend one meeting of the Connected Transaction Committee. On 6 December 2023, Mr. Gu Xiaomin no longer served as an executive Director and the general manager.

3. Mr. Gao Tongqing appointed in writing other director(s)/member(s) to attend five meetings of the Board, one meeting of the Strategy Committee and one meeting of the Nomination Committee.

4. Mr. Tang Yongbo was appointed as a non-executive Director, a member of the Strategy Committee and a member of the Remuneration and Appraisal Committee on 16 June 2023. Mr. Tang Yongbo appointed in writing other director(s)/member(s) to attend four meetings of the Board, one meeting of the Strategy Committee and one meeting of the Remuneration and Appraisal Committee.

5. Mr. Liu Guiqing appointed in writing other director(s)/member(s) to attend four meetings of the Board, one meeting of the Strategy Committee and three meetings of the Audit Committee.

6. Mr. Zhang Guohou appointed in writing other director to attend one meeting of the Board. On 13 March 2024, Mr. Zhang Guohou no longer served as an independent non-executive Director.

7. Mr. Dong Chunbo appointed in writing other director to attend one meeting of the Board.

8. Mr. Hu Zhanghong appointed in writing other director/member(s) to attend one meeting of the Board, one meeting of the Remuneration and Appraisal Committee, one meeting of the Nomination Committee, one meeting of the Audit Committee and one meeting of the Connected Transaction Committee.

9. Mr. Sin Hendrick appointed in writing other director/member to attend one meeting of the Board and one meeting of the Audit Committee.

10. Certain Directors (including non-executive Directors and independent non-executive Directors) could not attend some of the general meetings due to other important business commitments.

Director's Training

Newly appointed Directors will receive trainings provided by the Company upon the appointment, so as to ensure that they have adequate understanding of the Company's business and they are fully aware of their duties as Directors under the laws, regulations and the Articles of Association. The Company also engaged external lawyers to provide trainings on topics including directors' duties and the Listing Rules to Mr. Tang Yongbo, the non-executive Director appointed during the reporting period.

The Company distributes operation report to Directors each month, setting out updates on major business and financial position of the Company to facilitate the Directors to discharge their duties. In addition, the Company also issues latest information regarding corporate governance and directors' responsibilities under the Listing Rules and other applicable laws and regulations to the Directors, ensuring their awareness of their responsibilities under the laws and regulations. All the Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant.

Training records for 2023 of the then Directors were summarized in the table below:

	Attend training and/or seminar/ on-site research relevant to the Company's industry and business, director's duties and/or corporate governance	Give a speech at the meeting relevant to the Company's industry and business, director's duties and/or corporate governance	Read information relevant to the Company's industry and business, director's duties and/or corporate governance; and/or read regular updates issued by the Company
Executive Directors:			
Zhang Zhiyong (Chairman)	✓	✓	✓
Gu Xiaomin (General Manager) [1]	✓	✓	✓
Gao Chunlei	✓	✓	✓
Non-executive Directors:			
Gao Tongqing	✓	✓	✓
Tang Yongbo[2]	✓	✓	✓
Liu Guiqing	✓	✓	✓
Fang Xiaobing	✓	✓	✓
Independent non-executive Directors:			
Zhang Guohou[3]	✓	✓	✓
Dong Chunbo	✓	✓	✓
Hu Zhanghong	✓	✓	✓
Sin Hendrick	✓	✓	✓

Notes:

1. Mr. Gu Xiaomin no longer served as an executive Director and general manager on 6 December 2023.

2. Mr. Tang Yongbo was appointed as a non-executive Director on 16 June 2023.

3. Mr. Zhang Guohou no longer served as an independent non-executive Director on 13 March 2024.

Model Code for Securities Transactions by Directors and Supervisors

The Company has compiled its own Corporate Code by adopting the Model Code as the blueprint, with provisions no less exacting than that of 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 Corporate Code and the Model Code during the year ended 31 December 2023.

Board Committees

As an important part of a sound corporate governance practice, the Board has set up five special Board committees: the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Audit Committee and the Connected Transaction Committee, and all of which were responsible for the supervision of the overall affairs of the Company in various areas and assistance of discharging its responsibilities. All the five Board committees have formulated their own terms of reference with clear power and responsibilities. The list of members of each committee was published on the websites of the Company and the Hong Kong Stock Exchange. In accordance with the requirements under the Listing Rules, the Company establishes independent board committee from time to time to advise and provide voting recommendations to Shareholders on specific transaction.

Strategy Committee

As at the date of this report, the Strategy Committee comprised five Directors, namely Mr. Zhang Zhiyong, being an executive Director, and Mr. Gao Tongqing, Mr. Tang Yongbo, Mr. Liu Guiqing and Mr. Fang Xiaobing, all being non-executive Directors. Mr. Zhang Zhiyong currently serves as the chairman of the committee.

The main responsibilities of the Strategy Committee include:

(i) studying and making recommendations on the mid-to-long-term development strategy plan, operating objectives and development guidelines of the Company;

(ii) studying and making recommendations on the operating strategies of the Company, including but not limited to product strategy, marketing strategy, sales strategy, research and development strategy and talent strategy;

(iii) studying and making recommendations on material strategic investments and financing proposals of the Company; and

(iv) other matters authorized by the Board or required under the relevant laws and regulations.

In 2023, one meeting was held by the Strategy Committee of the Board, during which the rolling strategic plan for the Company was considered.

Remuneration and Appraisal Committee

As at the date of this report, the Remuneration and Appraisal Committee comprised four Directors, namely, Mr. Dong Chunbo, being an independent non-executive Director, Mr. Tang Yongbo, being a non-executive Director and Mr. Hu Zhanghong and Mr. Sin Hendrick, both being independent non-executive Directors. Mr. Dong Chunbo currently serves as the chairman of the committee.

The main responsibilities of the Remuneration and Appraisal Committee include:

(i) making recommendations to the Board on the formulation procedure of the remuneration policy;

(ii) formulating remuneration proposal, plan or structure, and making recommendations to the Board;

(iii) examining the performance of the Directors and senior management members of the Company and performing annual performance appraisals over them;

(iv) reviewing and supervising the implementation of the remuneration system of the Company and approving the remuneration recommendation of the management;

(v) determining the remuneration packages of all the executive Directors and senior management members;

(vi) making recommendations to the Board on the remuneration of the non-executive Directors (including independent non-executive Directors); and

(vii) other matters authorized by the Board or required under the relevant laws and regulations.

In 2023, two meetings were held by the Remuneration and Appraisal Committee of the Board, during which report of remuneration of senior management of the Company for the year 2022, proposal for total payroll budget for the year 2023, proposal on the treatment of the third Unlocking Period of the Initial Grant under the Restricted Share Incentive Scheme, the remuneration plan for senior management of the Company for the year 2022 were considered.

Nomination Committee

As at the date of this report, the Nomination Committee comprised six Directors, namely, Mr. Zhang Zhiyong and Mr. Gao Chunlei, both being executive Directors, Mr. Gao Tongqing, being a non-executive Director, and Mr. Dong Chunbo, Mr. Hu Zhanghong and Mr. Sin Hendrick, all being independent non-executive Directors. Mr. Zhang Zhiyong currently serves as the chairman of the committee.

The main responsibilities of the Nomination Committee include:

(i) reviewing the scale, structure, size and composition of the Board (including skill, knowledge and experience);

(ii) studying the selection criteria and procedure of the Directors and senior management members, and making recommendations to the Board;

(iii) comprehensively identifying qualified candidates for the Directors and senior management members, and selecting and nominating the relevant person to become the Director or making recommendations to the Board;

(iv) examining other senior management members who shall be proposed to the Board for appointment, and making recommendations to the Board; and

(v) other matters authorized by the Board or required under the relevant laws and regulations.

In 2023, one meeting was held and one written resolution was approved by the Nomination Committee of the Board, during which matters on reviewing the structure and composition of the Board, evaluation on the independence of independent non-executive Directors, appointment of non-executive Director and change in the composition of Board committees were considered.

Audit Committee

As at the date of this report, the Audit Committee comprised four Directors, namely, Mr. Liu Guiqing, being a non-executive Director, and Mr. Dong Chunbo, Mr. Hu Zhanghong and Mr. Sin Hendrick, all being independent non-executive Directors. Following the resignation of Mr. Zhang Guohou as an independent non-executive Director on 13 March 2024, the Audit Committee currently does not have a chairman.

The main responsibilities of the Audit Committee include:

(i) proposing engagement or replacement of the external audit firm;

(ii) reviewing the financial information of the Company;

(iii) monitoring the financial reporting system, risk management and internal control system of the Company; and

(iv) other matters authorized by the Board or required under the relevant laws and regulations.

In 2023, four meetings were held and one written resolution was approved by the Audit Committee of the Board, during which matters such as the audited financial report for 2022, the unaudited financial statements for the first quarter of 2023, the interim financial report for 2023, the unaudited financial statements for the first three quarters of 2023, report on the effectiveness of internal control and risk management for 2022, internal audit work plan for 2023, and appointment of external auditors were considered. In addition, the Audit Committee discussed and received the audit plan from external auditor.

Connected Transaction Committee

As at the date of this report, the Connected Transaction Committee comprised five Directors, namely, Mr. Hu Zhanghong, being an independent non-executive Director, Mr. Gao Chunlei, being an executive Director, Mr. Fang Xiaobing, being a non-executive Director and Mr. Dong Chunbo and Mr. Sin Hendrick, both being independent non-executive Directors. Mr. Hu Zhanghong currently serves as the chairman of the committee.

The main responsibilities of the Connected Transaction Committee include:

(i) collecting and administrating the information of the connected persons;

(ii) managing and reviewing the connected transactions, and controlling the risks associated with connected transactions;

(iii) organizing the annual review of the connected transactions;

(iv) reviewing the information and disclosures of connected persons and connected transactions;

(v) formulating the regulations and management regulations in relation to the connected transactions of the Company;

(vi) proposing to the Board for approval after deliberation of the connected transactions; and

(vii) other matters authorized by the Board or required under the relevant laws and regulations.

In 2023, three meetings were held by the Connected Transaction Committee of the Board, during which reports on the execution of connected transactions of the Company, renewal of and entering into continuing connected transactions and respective annual caps thereof, and revision of the annual cap for continuing connected transactions were considered.

Independent Board Committee

Pursuant to the relevant requirements under the Listing Rules, the Company shall establish an Independent Board Committee, consisting only of independent non-executive directors with no material interest in the relevant transaction, for connected transaction which requires shareholders' approval to advise shareholders as to, among others, whether the terms of the connected transaction are fair and reasonable and whether the connected transaction is in the interests of the Company and its shareholders as a whole.

In 2023, the Company established an Independent Board Committee, comprising all the then independent non-executive Directors, namely Mr. Zhang Guohou, Mr. Dong Chunbo, Mr. Hu Zhanghong and Mr. Sin Hendrick, for the continuing connected transactions under the 2024-2026 Service Supply Framework Agreement with CTC and the proposed annual caps thereof. The Independent Board Committee held one meeting to consider the relevant continuing connected transactions and the proposed annual caps thereof, and made recommendation to the independent Shareholders.

Supervisory Committee

The Company established a Supervisory Committee pursuant to the Company Law. As at 31 December 2023, the third session of the Supervisory Committee consists of six Supervisors which included four Shareholder representative Supervisors (Mr. Liu Wei[1], Mr. Li Zhangting, Ms. Han Fang and Ms. Li Tienan) and two employee representative Supervisors (Ms. Fan Xiaoqing and Mr. Wang Hongwei). Ms. Fan Xiaoqing currently serves as the chairman of the Supervisory Committee.

The Supervisors are typically appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The third session of the Supervisory Committee is appointed for a term of three years commencing from January 2022.

The Supervisory Committee is a standing supervisory institution of the Company and is accountable and reports to the general meetings. The Supervisory Committee normally meets at least twice a year.

The primary duties of the Supervisory Committee are to supervise the performance of duties of the Directors and other senior management; to review the financial condition of the Company; to review the financial information, such as financial report, operation report and proposals of profit allocation, to be submitted to the general meetings, as well as other powers conferred by laws, administrative rules and the Articles of Association. Details of the work of the Supervisory Committee in 2023 is set out in the "Report of the Supervisory Committee" of this annual report.

Note 1: Mr. Liu Wei has resigned from his position as a Supervisor on 12 April 2024.

Company Secretary

The Company Secretary is an employee of the Company who has appropriate understanding of the Company's business. The Company Secretary is responsible for supporting the daily operation of the Board and ensuring the compliance with the policies and procedures of the Board. All of the Directors can access to opinions and use the service of the Company Secretary to ensure that the procedures of the Board and the applicable laws, rules and regulations are being complied with. The Company Secretary met the requirement on professional training under the Rule 3.29 of the Listing Rules in 2023.

Amendments to the Articles of Association

For the year ended 31 December 2023, there was no change in the Articles of Association of the Company.

External Auditors

According to the relevant regulations issued by the Ministry of Finance of the PRC and the SASAC, there are certain limits in respect of the number of years of financial auditing work that an accounting firm can continuously provide to the Company, PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP retired as the international auditor and domestic auditor of the Company effective upon the conclusion of the 2022 AGM. Pursuant to the open selection process and as recommended by the Audit Committee, the Board resolved to propose to the Shareholders at the 2022 AGM to approve the appointment of KPMG and KPMG Huazhen LLP as the Company's international auditor and domestic auditor, respectively, for the year ended 31 December 2023, and such proposal was approved by the Shareholders.

At the 2022 AGM, the Shareholders approved the appointments of KPMG and KPMG Huazhen LLP as the international and domestic auditors of the Company, respectively, for the year ended 31 December 2023.

For the year ended 31 December 2023, the fee paid/payable to the external auditors for audit and audit related services is RMB7.2 million.

The Audit Committee and the Board have agreed with the re-appointment of KPMG and KPMG Huazhen LLP as the international auditor and the domestic auditor of the Company, respectively, for 2024 and will propose such re-appointment for consideration at the 2023 AGM.

Directors' Responsibility for Financial Statements

The Directors are responsible for the preparation of financial statements. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, and therefore the Directors continue to adopt the going concern approach in preparing financial statements.

The responsibility statement of KPMG, our external auditor, regarding its "Independent Auditor's Report" on the financial statements of the Group is set out on pages 111 to 115 of this annual report.

Risk Factors

The following section lists out the principal risks and uncertainties faced by the Company. There may be other risks and uncertainties further to the key risk areas outlined below. Please also refer to the "Risk Factors" set out in the listing document of the Company as it is a non-exhaustive list.

The sustainable growth of the Company's business and our success depend on the growth of the telecommunications tower infrastructure industry in general and the overall demand for telecommunications tower infrastructure services. If the demand for telecommunications tower infrastructure services do not achieve the expected growth or even decrease, the Company's business and results of operations could be materially and adversely affected.

The Company's business relies on a limited number of customers, and substantially all of our operating revenue are generated from the Three TSPs. Despite our long-term relationship, the Company has limited influence over our customers' business operations and the demand of the customers may fall short of our estimation due to, among others, change of budget, change of business model or strategy, update/change of technology or wireless communications systems, or change in the general economic conditions and urbanization development.

The Company's ability to select, acquire and maintain suitable sites is crucial to our success. The Company typically selects new sites that can best address the customers' needs and meet their network coverage objectives. The Company cannot assure that it could be successful in identifying and consummating suitable site acquisitions, or maintaining, effectively operating and utilizing our sites or that we will be able to obtain, in a timely fashion, the ownership or the rights to use or lease the land or premises. Our ability to acquire, construct and maintain sites is subject to various factors.

The Company considers cost, market condition and other factors when pricing our services. The pricing for our macro cell business is generally based on a standard construction cost, which is estimated in accordance with past experience, market condition and the specific circumstances in a certain location and may vary from the actual costs. In addition, if there is any increase in the costs that cannot be passed on to the customers, or that the Company charges its customers on a lump sum basis, such as labor costs and some administrative expenses, the Company's profitability could suffer.

Technological changes or innovation related to telecommunications will materially affect our business, especially those affecting the demand for telecommunications tower infrastructure or resulting in the obsolescence, potential decommissioning or conversion of certain existing wireless communications networks. 5G wireless communications technology standards may render TSP customers the need for substantial amount of high-density small cells to deploy their 5G networks, which may cause us to incur excessive capital expenditures and materially affect our sites, revenue mix, operating profit margin and operating results of the Company.

Risk Management and Internal Control

In 2018, the Company conducted its initial public offering (IPO) and was listed on the Main Board of the Hong Kong Stock Exchange. Through a series of governance measures with strict standards, the Company has formed a governance structure that meets the listing regulatory requirements and relevant regulatory provisions.

The internal control system of the Company includes clear organizational structure and management responsibilities, an effective system of approval of delegation of authority and accountability, unequivocal objectives, policies and procedures, comprehensive risk assessment and management and continuous analysis of operation performance and audit supervision, which play an important role in safeguarding the overall operation of the Company. The Company insisted in continuing to improve the policies relevant to internal control in accordance with the changes in internal and external operation environment and needs of business development, while utilized our centralized IT information system to enhance the efficiency and effectiveness of the internal control. The timeliness, completeness and reliability of the data information are also ensured. We continue to improve each professional management system and promote the standardization and efficiency of the management process for continuing to improve the management level of the Company.

The Company regards comprehensive risk management as an important task in its daily operation and has taken into account the regulatory requirements as well. By considering the practice of risk management, the Company has conducted timely risk assessment which focused on in-depth analysis on the key risks and has actively carried out the risk response and risk management assessment. In 2023, in order to prevent risks, enhance internal control, and promote compliance, the Company administered integrally the risk management, internal control and compliance supervision systems, and developed an interconnected organizational system with clear accountability and effective check and balance. Focusing on two core elements of system development and execution capability enhancement, the Company highlighted key risks that have significant impact, strengthened supervision and evaluation, and gave full play to the internal control system in order to secure the risk prevention and control as well as high-quality development of the Company. The major risks and their prevention and control measures are as follows:

Strategic risks: our existing telecommunications infrastructure business of towers and DAS relies on a limited number of customers, thus limiting our future revenue growth and scale expansion. The Company has been actively safeguarding against inherent operational risks. While continue to deepen industry sharing, we have exerted our advantage in resources to explore various diversified business development models and achieve the diversified development of our businesses.

Market risks: the selection of suitable sites and the construction of 5G network will bring about new needs for network, which are particularly important to the future development of the Company. The Company has fulfilled customers' needs for low-cost and diversified telecommunications network coverages effectively by developing integrated solutions for mobile network coverage through combination of macro and small cells as well as indoor and outdoor network infrastructure. The Company adheres to innovation-driven development by keeping abreast of the development of 5G technology, and promoting and leading the sharing of 5G DAS. We have been consistently enhancing technological innovation and the promoting standardizing. In this way, we are able to build an innovative system of China Tower style, which in turn helps to promote the development of society informatization.

Business operation risks: while all indicators in the operation of the Company reflected improvement as well as effective cost control, issues such as non-standardized and inadequate operation and management still exist among our branches. The Company ensures the risks are effectively controlled and promotes the standardized operation and sustainable and healthy development of all level of units by improvement of system, establishment of the risk management and control plan, execution of daily supervision and continuing to track on high risk areas.

The Board of the Company has placed great emphasis on the establishment and improvement of the risk management and internal control systems and is responsible for assessing and determining the nature and extent of risks that are acceptable to the Company in achieving strategic objectives, to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems and is responsible for the systems and the review of effectiveness of such systems.

The internal audit department of the Company plays an important role in supporting the Board, the management, and the risk management and internal control system. Independent from business operations, the Company's internal audit system gives full play to its independent supervision role. According to the Company's development needs, the internal audit system centred on standardizing the business operating procedures and enhancing the standards of risk and internal control management. It focuses on key risks and significant risks, leverages on the advantages of the audit system to gradually form the systematic and standardized audit model and procedures, and continuously improves the audit quality and enhances the efficiency of rectification to the audit issues identified. The internal audit department at the Company's headquarters, leading internal audit departments, is responsible for the evaluation of risk and internal control, and provides objective assurance to the Audit Committee and the Board for ensuring that the management maintains stable operation, controllable risks and effective internet control under the established procedures and standards.

The internal audit department of the Company actively conducts various internal control and risk management audits, which reports the internal audit results to the Audit Committee and the Board regularly. Each functional department executes daily supervision of its managed areas of risk, keeps highly sensitive to high risk areas and evaluates constantly, as well as continues to track on the conditions of important risks and the execution of its management and control plan. For important risk management issue, the internal audit department shall study on the rectification measures and strictly monitor the implementation results of rectification measures jointly with business and other relevant departments, in order to ensure that the rectification measures can be effectively and thoroughly implemented.

The Board continued to monitor and supervise the risk management and internal control systems of the Company, including the financial, operational and compliance controls, and conducted an annual review on the risk management and internal control systems of the Company and its subsidiaries for the year ended 31 December 2023 through the Audit Committee. After receiving the report from the audit department and the relevant confirmation from the management to the Board as to the effectiveness of the relevant systems, the Board considered that the risk management and internal control systems of the Company were stable, healthy, proper, effective and adequate, and has satisfied the requirements under the part D.2 of the Corporate Governance Code regarding risk management and internal control.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness and such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has also established anti-corruption policies. The Company deepened the investigation and rectification of specific related persons, continued to implement the system of the List of Companies Prohibited from Trading of the Company, revised and improved the Regulations on Prohibiting Business Transactions with Enterprises Run by Specific Related Parties of Leaders and Employees in Key Positions of the Company to promote compliance operations of the Company and prevent and control corruption risks. At the same time, the Company analyzed to find the key areas and positions with high prevalence of problems in combination with the special rectification and disciplinary review to constantly promote integrity construction and anti-corruption work.

The Company continued to improve the embedded integrity risk prevention and control system. On the basis of the three lines of defense, i.e., business supervision, audit supervision and disciplinary supervision, the Company has established a supervision committee composed of discipline inspection commission, auditing department, inspection department and other departments to further promote the sharing and coordination of supervision work. At the same time, in order to enhance efficient supervision, the Company has built and launched a "supervision platform" to make the entire process of supervision work visible, manageable and controllable. Through continuous exploration and practice, the supervision effect of the Company's supervision committee has been gradually demonstrated, and the sense of supervision responsibility of business departments has been continuously enhanced to substantially promote the clean and healthy operation and development of the Company.

The Company has also established a complaint and reporting mechanism. The Company continued to strengthen the disciplinary inspection-related petitions and accepted reporting by such channels as letters, e-mails, telephone calls, and visits. Following the principle of "division of responsibilities by level, and centralized management", the Company dealt with different situations using four types of approaches, i.e., "interview and letter inquiry", "preliminary investigation", "temporary filing for investigation" and "case settlement", on various kinds of petitions. At the same time, the Company strictly managed the disposal process, requiring that disposal opinions and plans should be issued within one month from the date of receipt of the reported clues and the approval procedures should be fulfilled. The Audit Committee is responsible for the oversight and review of the complaint and reporting mechanism.

Information Disclosure

The Company has formulated a management system concerning information disclosure to regulate the disclosure of information for protecting the investors' legitimate interests, ensuring the true, accurate, complete and timely disclosure of information and maintaining open and effective communication with the investors, media and analysts. In disclosing information, the Company shall give a true and objective view of the operating results, financial condition and other status of the Company pursuant to the laws, regulations, governing rules of the listing place of the Company's securities and the requirements of relevant regulatory authorities of securities and other regulatory authorities. The Company places strong emphasis on handling inside information with the information disclosure management system in place regulating both the management and disclosure of the Company's inside information, for which any individual who has access to inside information shall keep confidential and which shall not be used illegally and irregularly.

Investor Relations

To ensure that the investors have a comprehensive and thorough understanding of the Group, with the establishment of timely and effective two-way communications, the management and investor relations team of the Group participate in different international investment conferences and arrange local and overseas non-deal roadshows on a regular basis to elaborate the Group's business development and market movement to investors in different locations. In 2023, the senior management of the Group attended the conferences for annual results and interim results in person or by way of telephone conference, providing important information to the capital market and media by ways of various activities such as analysts' meetings, press conferences and global investor telephone conferences, responding to the most concerned issues of the investors for the time being and promoting the understanding of the Company's business and overall development of the telecommunications industry.

Moreover, the Group's senior management and investor relations team maintain regular communication with Shareholders, institutional investors and analysts, as well as active participation in international investors' activities and investment forums hosted by various organisations, so that the Group's business, development strategy and investment value would gain exposure to a larger number of investors through expanding the scope of engagement with its stakeholders. During the reporting period, investor relations team attended more than 10 investors and investment forums in Singapore, Hong Kong, Macau, Beijing, Shanghai and Shenzhen, communicated with over 500 investors in various forms.

In December 2023, the Company organized a reverse roadshow to introduce the Two Wings business in Hangzhou, Zhejiang Province. By gathering investors feedback, it helped us to obtain a better understanding of the capital market's knowledge of and expectation on the Company, which is conducive to a more effective investor relations function in the future.

The Group has been enjoying longstanding market recognition for its outstanding performance in investor relations. During the year under review, the Group reaped over 10 domestic and international awards for investor relations, corporate governance and annual report in recognition of the Group's effort and dedication in investor relations and corporate governance from the capital market, providing a fine testimony to the Group's principle of maintaining high standards in investor relations.

The Company's investor relations website (ir.china-tower.com) not only serves as an important channel for the Company to disseminate press release and corporate information to investors, media and the capital market, but also plays a significant role in the Company's valuation and our compliance with regulatory requirements for information disclosure.

Shareholder Information

2024 Calendar

Announcement of 2023 annual results	18 March 2024
2023 AGM	20 May 2024
Last day to register for 2023 final dividend	24 May 2024
Closure of register of members for 2023 final dividend	27 May to 30 May 2024
Expected payment date of 2023 final dividend	On or around 28 June 2024

Stock Code

H Share

Hong Kong Stock Exchange	0788
Reuters	0788.HK
Bloomberg	788 HK Equity

Shareholder Services

Any matters relating to your shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the Registrar:

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel : (852) 2862 8555
Fax : (852) 2865 0990
Email : hkinfo@computershare.com.hk

Shareholder Enquiries

Shareholders are, at any time, welcome to raise enquiries to or request information (to the extent the information is publicly available) from the Board and management by writing to:

The Company Secretary
China Tower Corporation Limited
Room 3401, 34/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Investor Relations

For enquiries from investors and securities analysts, please contact:

Investor Relations Team
Tel : (852) 2811 4566
Email : ir@chinatowercom.cn

Independent Auditor's Report

KPMG

Independent Auditor's Report
To the Shareholders of China Tower Corporation Limited
(incorporated in People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China Tower Corporation Limited ("the Company") and its subsidiaries ("the Group") set out on pages 116 to 186, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue recognition

Refer to note 6 to the consolidated financial statements and the accounting policies on pages 133 to 135.

The Key Audit Matter	How the matter was addressed in our audit
The Group entered into Commercial Pricing Agreements and Service Agreements including provincial service agreements with three telecommunications service providers and their respective branches/subsidiaries, pursuant to which the Group provides relevant services, including provision of telecommunications tower site space, provision of maintenance services and power services ("Tower business") and provision of indoor distributed antenna systems ("DAS business"). Revenue from Tower business and DAS business are automatically calculated in IT system based on the inputted information of individual site order, and corresponding price and applicable discount rate as stipulated in the Commercial Pricing Agreements and Service Agreements including provincial service agreements, which involves large volume of data processing. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and involves complex IT system which give rise to an inherent risk that revenue transactions may be incorrectly recorded.	Our audit procedures to assess the recognition of revenue included the following: • assessing, with the assistance of our IT specialists, the design, implementation and operating effectiveness of management's key internal controls over revenue recognition; • assessing the appropriateness of the accounting policies adopted in revenue recognition by inspecting the key terms in the Commercial Pricing Agreements and Service Agreements including provincial service agreements; • recalculating, with the use of computer assisted audit techniques, revenue from Tower business and DAS business recognised during the year, using data extracted from the IT system and reconciling the results to the Group's financial records; • comparing, on a sample basis, the inputted information relates to revenue from Tower business and DAS business recognised during the year with the Commercial Pricing Agreements, Service Agreements including provincial service agreements, and order confirmation forms of individual sites;

Key audit matter (Continued)

Revenue recognition	
Refer to note 6 to the consolidated financial statements and the accounting policies on pages 133 to 135.	
The Key Audit Matter	**How the matter was addressed in our audit**
	• confirming, on a sample basis, directly with branches/subsidiaries of the three telecommunications service providers on revenue recognised during the year, and, performing alternative procedures for unreturned confirmations; and • inspecting journal entries relating to revenue which met specific risk-based criteria and comparing details of these journal entries with relevant underlying documentation.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the directors for the consolidated financial statements (Continued)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Choi Chung Chuen.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 March 2024

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2023 RMB million	2022 RMB million
Operating revenue	6	**94,009**	92,170
Operating expenses			
Depreciation and amortisation		**(49,049)**	(49,532)
Repairs and maintenance		**(7,408)**	(7,593)
Employee benefits and expenses	7	**(8,844)**	(7,940)
Site operation and support expenses	8	**(5,393)**	(5,857)
Other operating expenses	9	**(8,813)**	(7,936)
		(79,507)	(78,858)
Operating profit		**14,502**	13,312
Other gains, net	10	**1,114**	1,095
Interest income		**43**	124
Finance costs	11	**(2,827)**	(3,003)
Profit before income taxation		**12,832**	11,528
Income tax expense	12	**(3,082)**	(2,741)
Profit for the year		**9,750**	8,787
Profit attributable to:			
Owners of the Company		**9,750**	8,787
Non-controlling interests		**–**	–
Other comprehensive income for the year, net of tax			
Item that will not be reclassified to profit or loss			
Remeasurements of post-retirement benefit obligations		**6**	–
Other comprehensive income for the year		**6**	–
Total comprehensive income for the year		**9,756**	8,787
Total comprehensive income for the year attributable to:			
Owners of the Company		**9,756**	8,787
Non-controlling interests		**–**	–
		9,756	8,787
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	13	**0.0558**	0.0503

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	As at 31 December 2023 RMB million	2022 RMB million
Assets			
Non-current assets			
Property, plant and equipment	14	**201,542**	209,377
Construction in progress	15	**12,313**	12,339
Right-of-use assets	16	**31,083**	31,578
Deferred income tax assets	17	**2,208**	1,930
Other non-current assets		**778**	630
		247,924	255,854
Current assets			
Trade and other receivables	19	**71,685**	42,260
Prepayments and other current assets	20	**2,443**	2,329
Cash and cash equivalents	21	**3,955**	5,117
		78,083	49,706
Total assets		**326,007**	305,560
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	22	**176,008**	176,008
Reserves	22	**21,686**	17,583
Total equity attributable to owners of the Company		**197,694**	193,591
Non-controlling interests		**–**	–
Total equity		**197,694**	193,591

		As at 31 December	
		2023	2022
	Note	**RMB million**	RMB million
Liabilities			
Non-current liabilities			
Borrowings	23(a)	**49,329**	31,448
Lease liabilities	16	**14,647**	14,947
Deferred government grants	24	**368**	376
Employee benefit obligations		**35**	40
		64,379	46,811
Current liabilities			
Borrowings	23(a)	**23,786**	25,597
Lease liabilities	16	**6,864**	7,127
Accounts payable	25	**28,286**	26,646
Accrued expenses and other payables	26	**4,825**	5,510
Current income tax payable		**173**	278
		63,934	65,158
Total liabilities		**128,313**	111,969
Total equity and liabilities		**326,007**	305,560

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 116 to 186 were approved by the Board of Directors on 18 March 2024 and were signed on its behalf:

ZHANG Zhiyong	**GAO Chunlei**
Director	Director

Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company								
	Note	Share capital RMB million	Share premium RMB million	Shares held under restricted share incentive scheme RMB million	Statutory reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 31 December 2021		176,008	3,694	(1,954)	1,849	(1)	9,758	189,354	–	189,354
Profit for the year		–	–	–	–	–	8,787	8,787	–	8,787
Other comprehensive income		–	–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–	8,787	8,787	–	8,787
Dividends paid	22(c)	–	–	–	–	–	(4,550)	(4,550)	–	(4,550)
Transfer to statutory reserves		–	–	–	886	–	(886)	–	–	–
Balance at 31 December 2022		176,008	3,694	(1,954)	2,735	(1)	13,109	193,591	–	193,591

	Note	Attributable to owners of the Company								
	Note	Share capital RMB million	Share premium RMB million	Shares held under restricted share incentive scheme RMB million	Statutory reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 31 December 2022		176,008	3,694	(1,954)	2,735	(1)	13,109	193,591	–	193,591
Profit for the year		–	–	–	–	–	9,750	9,750	–	9,750
Other comprehensive income		–	–	–	–	–	6	6	–	6
Total comprehensive income for the year		–	–	–	–	–	9,756	9,756	–	9,756
Dividends paid	22(c)	–	–	–	–	–	(5,653)	(5,653)	–	(5,653)
Transfer to statutory reserves		–	–	–	977	–	(977)	–	–	–
Balance at 31 December 2023		176,008	3,694	(1,954)	3,712	(1)	16,235	197,694	–	197,694

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2023 RMB million	2022 RMB million
Cash flows from operating activities			
Cash generated from operations	27(a)	**36,197**	67,765
Income tax paid		**(3,400)**	(2,755)
Interest received		**43**	124
Net cash inflow from operating activities		**32,840**	65,134
Cash flows from investing activities			
Payments for property, plant and equipment and construction in progress		**(33,464)**	(28,639)
Payments for land use right		**(14)**	(23)
Proceeds from disposal of property, plant and equipment	27(b)	**1,573**	1,005
Net cash outflow from investing activities		**(31,905)**	(27,657)
Cash flows from financing activities	27(c)		
Proceeds from borrowings		**50,596**	30,770
Repayments to employees for restricted share incentive scheme		**(358)**	(369)
Repayments of borrowings		**(34,599)**	(52,640)
Dividends paid to the owners of Company		**(5,653)**	(4,618)
Interest paid for borrowings		**(1,612)**	(1,832)
Payments of lease liabilities (including principal and interest)		**(10,470)**	(10,136)
Net cash outflow from financing activities		**(2,096)**	(38,825)
Net decrease in cash and cash equivalents		**(1,161)**	(1,348)
Cash and cash equivalents at the beginning of the financial year		**5,117**	6,471
Effect of exchange rate changes on cash and cash equivalents		**(1)**	(6)
Cash and cash equivalents at the end of year	21	**3,955**	5,117

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 General information

China Tower Corporation Limited (中國鐵塔股份有限公司, the "**Company**") was established by China Mobile Communication Company Limited ("**China Mobile Company**"), China United Network Communications Corporation Limited ("**China Unicom Corporation**") and China Telecom Corporation Limited ("**China Telecom**") (collectively hereinafter referred to as the "**Telecom Shareholders**") on 15 July 2014, as a limited liability company in the People's Republic of China (the "**PRC**"), with a total registered capital of RMB10,000 million.

The ultimate controlling shareholders of each of the Telecom Shareholders, namely China Mobile Communications Group Co., Ltd. ("**CMCC**"), China United Network Communications Group Company Limited ("**CUC**") and China Telecommunications Corporation ("**CTC**"), are state-owned enterprises ultimately controlled by the PRC government. 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**"; CTC together with China Telecom and all their subsidiaries are hereinafter referred to as "**CTC Group**" (the three telecommunications service providers in China collectively hereinafter referred to as the "**Three TSPs**").

In 2015, the share capital of the Company was increased to RMB129,345 million, after an acquisition of certain telecommunications towers and related assets (the "**Tower Assets**") from the Telecom Shareholders and new shares issuance to a new investor, China Reform Holdings Corporation Ltd. ("**China Reform**"). On 8 August 2018, the Company completed the global offering of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited.

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

The consolidated financial statements are presented in RMB, unless otherwise stated.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards issued by International Accounting Standards Board ("**IASB**"). IFRS Accounting Standards comprise International Financial Reporting Standards ("**IFRS**"), International Accounting Standards ("**IAS**"), and Interpretations. 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.

The preparation of financial statements in conformity with IFRS Accounting Standards 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 estimates are significant to the financial statements are disclosed in Note 4.

(a) New and amended standards adopted by the Group

The following new and amended IFRS Accounting Standards are mandatory for the first time for the Group's financial year beginning on 1 January 2023 and are applicable for the Group:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The adoption of the above new and amended IFRS Accounting Standards effective for the financial year beginning on 1 January 2023 does not have a material impact on the Group. Among which, impacts of the adoption of the amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction* are discussed below:

(Expressed in RMB unless otherwise indicated)

2 Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

(a) *New and amended standards adopted by the Group (Continued)*

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognized the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately, and the associated deferred tax assets and liabilities are required to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The change primarily impacts disclosures of components of deferred tax assets and liabilities in Note 17, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

(b) *Standards and Interpretations issued but not yet effective and not been early adopted*

In addition, the IASB also published a number of new standards and amendments to standards which are effective for the Group's financial year beginning on or after 1 January 2024 and have not been early adopted by the Group. Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

2 Summary of material accounting policies (Continued)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations not involving enterprises under common control by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Equity method of accounting is applied for its investments in associates. Under the equity method of accounting, the investments are initially recognised at costs and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investees in the profit or loss, and the Group's share of movements in other comprehensive income of the investees in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amounts of the investments.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive directors and senior management.

2 Summary of material accounting policies (Continued)

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements of the Group are presented in RMB, which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets and liabilities such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting periods;

- income and expenses for the statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 Summary of material accounting policies (Continued)

2.5 Property, plant and equipment

The Group's property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (Note 2.7). Historical cost comprises the purchase price and any directly attributable costs of bringing the asset to its working location and condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated residual value (%)	Estimated useful life
Buildings	3%	30 years
Towers, DAS and ancillary facilities	0–3%	7–25 years
Equipment	0–3%	5–8 years
Office facilities, furniture, transportation and others	3%	5–6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the net sales proceeds with the carrying amount and are recognised within "Other operating expenses" in the consolidated statement of comprehensive income.

2.6 Construction-in-progress

The Group's construction-in-progress ("**CIP**") represents buildings and equipment under construction and pending installation, and is stated at cost less accumulated impairment losses (Note 2.7). Costs include construction and acquisition costs, and interest charges arising from borrowings used to finance the assets during the construction period. No provision for depreciation is made on CIP until such time as the assets are completed and ready for its intended use. When the asset being constructed becomes available for use, the CIP is transferred to the appropriate category of property, plant and equipment.

2 Summary of material accounting policies (Continued)

2.7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Summary of material accounting policies (Continued)

2.8 Financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

For the years ended 31 December 2023 and 2022, the Group only has debt instruments measured at amortised cost.

Debt instruments measured at amortised cost are assets held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables due from the Three TSPs arising from payment on behalf of the Three TSPs, the Group measures loss allowance at an amount equal to lifetime expected loss allowance to be recognised from initial recognition of the receivables. The expected credit losses are based on current conditions as well as reasonable forecasts of future economic conditions from time to time. See Note 3.1(b) for further details.

2.9 Trade receivables

Trade receivables are amounts due from customers arising from the ordinary courses of business. They are generally due for settlement within 1 year from the date of billing (or in normal operating cycle of the business if longer) and therefore classified as current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies are provided in Note 2.8(d) above.

2.10 Cash and cash equivalents

The Group's cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2 Summary of material accounting policies (Continued)

2.11 Share capital

The Company's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Accounts payable and other payables

Accounts payable and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the granted credit period. Accounts payable and other payables are initially recognised at fair value. Subsequent to initial recognition, accounts payable and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

2.13 Borrowings

The Group's borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2 Summary of material accounting policies (Continued)

2.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the PRC where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and consider whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an assets or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of material accounting policies (Continued)

2.16 Employee benefits

(a) *Short-term employee benefits*

Salaries and welfare

Liabilities for salaries and allowance, annual bonuses and paid annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in accrued expenses and other payables in the consolidated statement of financial position.

Medical insurance

The Group's contributions to basic and supplementary medical insurances for its employees are expensed as incurred. The Group has no further payment obligations once the contributions have been paid.

Housing fund benefits

The Group's contributions to the housing fund managed by the local government authorities whereby the Group is required to contribute to housing fund for its employees at fixed rates of the employees' salary costs. The contributions to housing fund are expensed as incurred. The Group has no further payment obligations once the contributions have been paid.

(b) *Post-employment benefit*

Defined contribution obligations

The employees of the Group in mainland China participate in the defined contribution pension schemes managed by the local government authorities whereby the Group is required to contribute to the schemes at fixed rates of the employees' salary costs on a mandatory basis.

In addition to the local governmental defined contribution pension schemes, the employees of the Group also participate in a supplementary pension scheme launched by the Group that is managed by an independent insurance company, whereby the Group is required to make contributions to the supplementary pension schemes at fixed rates of the employees' salary or in accordance with the terms of the plan, on a contractual and voluntary basis.

The Group's contributions to these plans mentioned above are charged to profit or loss when incurred. The Group has no further payment obligations once the contributions have been paid.

2 Summary of material accounting policies (Continued)

2.16 Employee benefits (Continued)

(b) Post-employment benefit (Continued)

Defined benefit obligations

The Group also provides post-retirement benefits to its employees based in mainland China who have retired or are expected to retire before the end of 2023. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of PRC government bonds with terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. For the years ended 31 December 2023 and 2022, the Group did not have material termination benefits.

(d) Share-based payment

The Group provides share-based compensation benefits to employees via its restricted share incentive scheme, which is managed under a Trust. Information relating to the scheme is set out in Note 22(d).

The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

2 Summary of material accounting policies (Continued)

2.17 Provisions

Provisions for legal claims and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.18 Revenue

The Group's operating revenue primarily arises from the Tower business, the DAS business, the Smart Tower business and the Energy business. During the years ended 31 December 2023 and 2022, the major customers and tenants of the Group are the Three TSPs in mainland China. Other customers include other telecommunication service providers, wireless data providers, government agencies and other users in mainland China. Further details of the Group's revenue recognition policies are as follows:

- *Tower business*

  The Group's Tower business includes macro cell business and small cell business.

  (i) Provision of Site Space

  The Group provides tower site space to the Three TSPs for carrying their telecommunications equipment. Rental income from operating leases is set out in Note 2.18(a).

  (ii) Maintenance services

  The maintenance services include providing shared shelters or cabinets, and ancillary equipment capacity to the Three TSPs to facilitate the operating of their telecommunications equipment, monitoring equipment operations, routine inspection, device breakdown handling, property upkeep, working environment protection and operation analysis. Through the maintenance services, the Group assists its customers to maintain continuous functioning of their equipment.

2 Summary of material accounting policies (Continued)

2.18 Revenue (Continued)

- ***Tower business (Continued)***

  (iii) Power services

  The Group provides power connection services, backup power services to the customers' telecommunications equipment. Generally, the customer's equipment is connected to the public power grid to obtain power to run its equipment. If no connection, the Group provides electricity connection services to connect the public power grid to the customers. In the event of a disruption in utility electricity, the Group provides backup power using batteries, gasoline or diesel generators.

- ***DAS business***

  The Group provides DAS system to the Three TSPs for connecting their telecommunication equipment, helping them receive and send indoor mobile telecommunication network signals to enable mobile telecommunication network signals covering buildings, large venues and tunnels (i.e. subway, high-speed railways and highways).

- ***Smart Tower business***

  The Group provides various services to customers from various industries based on its site resources as well as power supply, maintenance platform, data transmission network, apart from mounting various types of equipment for customers and maintaining their normal operations, to satisfy customers' requirements of collecting, transmission or application of data information.

- ***Energy business***

  The Group's backup power services is to provide standby emergency power supply to corporate customers when there is expected normal power interruption/unexpected power outage. Contract with customers are usually with fixed price and entered into on annual/quarter basis. Besides, the Group also sells batteries to its customers.

  The Group's battery exchange services is to provide replaceable batteries to individual customers when their electric vehicles are in low power status. Contract with customers are usually with fixed price and entered into on month basis.

  The Group also provides battery recharge services to corporate and individual customers on ad hoc basis when their batteries are exhausted and the fee is charged on fixed price per usage basis.

2 Summary of material accounting policies (Continued)

2.18 Revenue (Continued)

(a) Rental income from operating leases

The Group, as a lessor, accounts for the provision of Site Space as operating lease under IFRS 16, and recognises revenue on a straight-line basis over the term of lease. Variable lease payment not based on index or rate should be recognised as revenue as incurred.

(b) Revenue from contracts with customers

The Group accounts for other businesses mentioned above under IFRS 15, recognises service revenue over time when these services are rendered and recognises revenue from sales of product at a point in time when the control over the product has been transferred to the customers. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). In determining whether the group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

The Group generally provides credit terms to customers within 1-6 months. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

2.19 Interest income

Interest income is recognised using the effective interest method in the consolidated statement of comprehensive income.

2 Summary of material accounting policies (Continued)

2.20 Leases

The Group as lessee

As a lessee, the Group leases certain office premises, telecommunication tower site properties (the "**Site Properties**") and equipment for its operations.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of lease liability,

- any lease payments made at or before the commencement date less any lease incentives received,

- any initial direct costs, and

- restoration costs.

2 Summary of material accounting policies (Continued)

2.20 Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

The Group as lessor – operating lease

Lease revenue from operating leases, such as the revenue from the provision of Site Space (Note 2.18), where the Group is a lessor, is recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Contingent rents are recognised as incurred. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

2 Summary of material accounting policies (Continued)

2.22 Related parties

According to International Accounting Standard 24 "Related Party Disclosures", the definition of a related party includes the following persons and entities:

(a) A person (or a close member of that person's family) is related to the Group if the person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group, or of a parent of the Group.

(b) An entity (B) is related to the Group (A) if:

(i) A and B are members of the same group (that is all entities within a group are related to each other);

(ii) A is an associate or joint venture of B. In this case A is related to all members of the Group that B belongs to;

(iii) A and B are joint ventures of the same third party, C;

(iv) A is a joint venture of C and B is an associate of C (or vice versa);

(v) B is a post-employment benefit plan for the benefit of employees of A or an entity related to A. If A is itself a post-employment benefit plan, any sponsoring employers are also related to A;

(vi) B is controlled or jointly controlled by a person identified in (a) above;

(vii) a person who has control or joint control over A has significant influence over B or is a member of the key management personnel of B; or

(viii) B (or any member of the Group of which B is a part) provides key management personnel services to A or A's parent.

In this definition, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

2.23 Dividend

Dividend to the Company's shareholders is recognised as a liability in the Company's consolidated financial statements in the period in which the dividends are approved by the annual general meeting.

2 Summary of material accounting policies (Continued)

2.24 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares dividing the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding the unvested shares held under restricted shares incentive scheme.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account of the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (such as cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out by the Group's headquarter financial department ("**Finance Department**") under the policies approved by the board of directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating branches or units.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk for its cash and bank deposits denominated in Hong Kong dollars and Lao Kip other than the functional currency of the respective group entities, which are RMB and USD. As at 31 December 2023, the Group's cash and bank deposits denominated in Hong Kong dollars and Lao Kip represented 0.5% (2022: 0.8%) of the total cash and bank deposits thus, the Group does not expect the appreciation or depreciation of the RMB against foreign currencies will materially affect the Group's financial position and result of operations.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from interest-bearing liabilities. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash at banks held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift applicable to the Group. The scenarios are run only for liabilities that represent the major interest-bearing positions.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

Based on the prevailing market conditions, the Group would determine an appropriate level of exposure arising from cash flow interest rate risk and fair value interest rate risk. Then the Group adjusts the levels of borrowings at variable rates and fixed rates, depending on the assessment of the interest exposure. As at 31 December 2023, the Group's borrowings at variable rates amounted to RMB49,612 million. Based on the simulations performed, assuming interest rates increase/decrease by 100 basis points, the Group's profit after tax for the year ended 31 December 2023 will decrease/increase by RMB374 million for borrowings at variable rates.

During the years ended 31 December 2023 and 2022, the Group has no position in interest rate swap.

(b) Credit risk

Credit risk is managed by sources, including cash at banks, deposits with banks and other financial institutions, as well as credit exposures to customers and other debtors, including outstanding receivables.

Since bank deposits are mainly placed with state-owned banks or other large-scale listed financial institutions, the Group considers that there is no material credit risk regarding the deposits with banks and other financial institutions.

As for trade and other receivables, the Group has credit policy to monitor the level of credit risk. In general, the credit period for each customer or debtor are regularly assessed, based on the customer's or debtor's financial condition, their capacity to obtain guarantee from third parties, their credit records and other factors such as current market condition. The Group is sensitive to changes in the creditworthiness and financial strength of its main customers due to the importance of these key customers to the overall revenue.

i) The Group has two types of assets that are subject to expected credit loss model:

- Trade receivables

- Other receivables

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade receivables

Given the nature of the Group's business, it has significant concentrations risk since there are significant trade receivables due from the Three TSPs (the trade receivable balances due from the Three TSPs accounted for 87.90% of the Group's total trade receivable balances at 31 December 2023 (2022: 85.65%).

To mitigate this risk, the Group timely monitors its receivable balances and all bills should be paid within one to three months as agreed with the Three TSPs. Due to the relatively high credit rating and business reputation, the credit risks of the Three TSPs are assessed as low. The Group uses probability of default (PD), exposure at default (EAD) and loss given default (LGD) to measure the credit risk from the Three TSPs. Additional credit loss allowance would be immediately recognised in profit or loss when the management has assessed there is additional risk arose.

Other customers include local government authorities, public institutions, state-owned companies and other customer groups. The Group regularly monitors their credit records and takes necessary actions to reduce and control the overall credit risk, such as sending written notice for payment, getting payment guarantee (such as requiring deposits) and shortening or cancelling credit period, which normally ranged from 1 to 6 months. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identifies the most relevant factors to be Gross Domestic Product (GDP), Consumer Price Index (CPI) and Producer Price Index (PPI), and accordingly adjusts the historical loss rates based on expected changes in these factors.

Other receivables

The Group considers the probability of default upon initial recognition of other receivables which subsequently measured at amortised cost and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the other receivables as at the end of the reporting periods with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are considered:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- Actual or expected significant changes in the operating results of debtors;

- Significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors and historical credit loss experience.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Other receivables (Continued)

For other receivables from the Three TSPs, it is mainly payments made on behalf of the Three TSPs, which resulted from the contract with customers while acting as an agent. As it has similar nature with trade receivables, management applies the same methodology to assess the expected credit losses for these other receivables from the Three TSPs.

For the other receivables other than those from the Three TSPs, mainly deposit to suppliers and customers, as it has quick turnover, no historical of default, the Group is of the view that the credit risk is immaterial.

ii) Based on similar credit risk characteristics, trade receivables and other receivables have been grouped into two portfolios:

- the Three TSPs;
- other customers.

On that basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for trade receivables and other receivables:

- the Three TSPs

  As at 31 December 2023, the expected loss rate for trade receivables from the Three TSPs group was 1.18% (2022: 1.52%) and relevant loss allowance was RMB701 million (2022: RMB498 million). As at 31 December 2023, the expected loss rate for other receivables from the Three TSPs group and relevant loss allowance was not material.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

Other receivables (Continued)

- other customers

The following table provides information about the Group's exposure to credit risk and expected loss rate for trade receivables from other customers:

	Within 180 days	181 days to 1 year	1 year to 2 years	2 years to 3 years	Over 3 years
As at 31 December 2023					
Expected loss rate	**9.12%**	**19.20%**	**36.96%**	**81.82%**	**100.00%**
Gross carrying amount – trade receivables	**4,012**	**1,906**	**1,453**	**363**	**439**
Loss allowance	**366**	**366**	**537**	**297**	**439**
As at 31 December 2022					
Expected loss rate	11.35%	19.20%	35.57%	78.77%	100.00%
Gross carrying amount – trade receivables	2,829	1,333	804	179	357
Loss allowance	321	256	286	141	357

iii) The loss allowance for trade receivables and other receivables as at 31 December reconcile to the opening loss allowance as follows:

	Other receivables		Trade receivables	
	2023 RMB million	2022 RMB million	**2023 RMB million**	2022 RMB million
Opening loss allowance at 1 January	**2**	1	**1,857**	1,223
Provision of expected credit losses during the year	**–**	1	**869**	657
Receivables written off during the year as uncollectible	**(1)**	–	**(20)**	(2)
Collection of receivables written off in previous year	**–**	–	**–**	(21)
Closing loss allowance at 31 December	**1**	2	**2,706**	1,857

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Other receivables (Continued)

Trade and other receivables are write-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failures of a debtor to engage in a repayment with the Group.

Impairment losses on trade receivables and other receivables is presented as credit loss allowance within other operating expenses (Note 9). Subsequent recoveries of amounts previously written off are credited against the same line item.

Net impairment losses on financial assets recognised in profit or loss

During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	2023 RMB million	2022 RMB million
Movement in loss allowance for trade receivables and other receivables	**869**	658
Recovery of receivables written off in previous year	**–**	(21)
Impairment losses on financial assets at amortised cost	**869**	637

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and ensuring the availability of funds. Given the nature of the Group's businesses, the policy of the Group's finance department is to maintain flexibility in funding through having adequate amount of cash and cash equivalents, utilising different sources of financing, and maintaining the availability of committed, unrestricted and unutilised revolving bank credit facilities at its headquarter.

The Group invests surplus cash in short-term time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom. As at 31 December 2023, the Group holds cash and cash equivalents of RMB3,955 million (2022: RMB5,117 million) to manage liquidity risk.

In addition, the Group considers that it has adequate liquidity and access to medium and long-term financings that enable the Group to meet working capital requirements and commitments for future capital expenditures.

The finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs and capital expenditures requirements, while maintaining sufficient headroom on its undrawn committed, unrestricted and revolving committed bank credit facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance (where applicable) and the economic environment.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The following table sets out the remaining contractual maturities of the Group's financial liabilities at the end of the reporting periods, which are based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates at the end of the reporting periods) and the earliest date the Group would be required to repay:

	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million
As at 31 December 2022						
Borrowings	57,045	59,334	26,791	13,945	18,598	–
Accounts payable and other payables excluding other non-financial liabilities	29,303	29,303	29,303	–	–	–
Lease liabilities	22,074	25,245	7,225	5,651	8,153	4,216
	108,422	113,882	63,319	19,596	26,751	4,216
As at 31 December 2023						
Borrowings	**73,115**	**76,008**	**25,083**	**21,443**	**29,482**	**–**
Accounts payable and other payables excluding other non-financial liabilities	**29,854**	**29,854**	**29,854**	**–**	**–**	**–**
Lease liabilities	**21,511**	**24,014**	**7,022**	**5,524**	**7,009**	**4,459**
	124,480	**129,876**	**61,959**	**26,967**	**36,491**	**4,459**

3 Financial risk management (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as interest-bearing liabilities (including borrowings, lease liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	As at 31 December	
	2023	2022
	RMB million	RMB million
Interest-bearing liabilities (Note 16 and Note 23)	**94,626**	79,119
Less: cash and cash equivalents (Note 21)	**(3,955)**	(5,117)
Net debt[(1)] (Note 27 (c))	**90,671**	74,002
Total equity	**197,694**	193,591
Total capital[(2)]	**288,365**	267,593
Gearing ratio[(1)/(2)]	**31.4%**	27.7%

3.3 Fair value estimation

As at 31 December 2023 and 2022, the Group has no financial assets and financial liabilities measured at fair value. The financial assets and financial liabilities that are not carrying at fair values mainly include cash and cash equivalent, trade and other receivables, accounts payable, other payables and borrowings. The Group measures these financial assets and financial liabilities at amortised cost. As at 31 December 2023 and 2022, the Group considers that their carrying values approximate fair value due to the short maturity of the instruments and/or they are bearing interest at market rates.

4 Accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated useful lives and residual values of property, plant and equipment

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are determined based on the Group's historical experience with similar assets, taking into account the change of construction standards and methodology, the assessment of future technological requirements of telecommunications networks, and the issuance of favourable government regulations that would affect their estimated useful lives. The depreciation expense for future periods would be adjusted if there are significant changes from previous estimates.

(b) Impairment of property, plant and equipment

The Group's property, plant and equipment comprise a significant portion of the Group's total assets. Changes in technology, business or industry conditions may cause the estimated period of use or the value of these assets to change. Property, plant and equipment are reviewed at least annually to determine whether there is any indication of impairment.

The recoverable amount is estimated whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. An impairment loss is recognised when the asset's carrying value exceeds its recoverable amount. The recoverable amount is determined based on the higher of an asset's fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group uses all readily available information in determining a reasonable estimation of the recoverable amount, based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the recoverable amounts of the assets and could result in further impairment charge in future periods.

(c) Allowance for expected credit losses

Management estimates expected credit losses allowance on trade and other receivables based on assumptions about risk of default and expected loss rates. The Group assesses these assumptions and selects the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at each end of the reporting periods. For the Group's detailed assessment of credit risk, please refer to Note 3.1(b).

5 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 reviews 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 reviews the Group's performance and budget as a whole. Therefore, the CODM concludes 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 derived from the mainland China during the year.

The Group's revenue is primarily generated from the Three TSPs.

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

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
CMCC Group	**42,191**	43,289
CUC Group	**19,764**	19,408
CTC Group	**20,793**	21,032
	82,748	83,729

For the year ended 31 December 2023, the revenue generated from the Three TSPs accounted for 88.02% (2022: 90.84%) of the total revenue.

6 Operating revenue

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

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Tower business (Note (ii))	**75,023**	77,204
DAS business	**7,140**	5,827
Smart Tower business	**7,283**	5,704
Energy business	**4,214**	3,200
Others	**349**	235
	94,009	92,170

Note:

(i) Disaggregation of operating revenue:

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Operating revenue		
Rental income under IFRS 16	**63,431**	65,585
Revenue from contract with customer under IFRS 15	**30,578**	26,585
Including: revenue recognised over time	**29,843**	26,189
revenue recognised at a point in time	**735**	396
	94,009	92,170

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

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Revenue from provision of Site Space	**63,431**	65,585
Revenue from Maintenance services and Power services	**11,592**	11,619
	75,023	77,204

7 Employee benefits and expenses

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Salaries and welfare	**6,695**	6,045
Post-employment benefits	**1,146**	929
Contributions to medical insurance	**445**	508
Contributions to housing fund	**558**	458
	8,844	7,940

7 Employee benefits and expenses (continued)

(a) Directors' and supervisors' remuneration

Directors' and supervisors' remuneration during 2023 is as follows:

	Directors/ supervisors' fee RMB thousand	Salaries, allowances and bonuses RMB thousand	Contributions relating to social insurance, housing fund and retirement scheme RMB thousand	Total RMB thousand
Executive directors				
ZHANG Zhiyong	–	624	255	879
GU Xiaomin (Note (ii))	–	581	255	836
GAO Chunlei	–	522	245	767
	–	1,727	755	2,482
Non-executive directors (Note (i))				
GAO Tongqing	–	–	–	–
TANG Yongbo (Note (iii))	–	–	–	–
LIU Guiqing	–	–	–	–
FANG Xiaobing	–	–	–	–
	–	–	–	–
Independent non-executive directors				
ZHANG Guohou	–	–	–	–
DONG Chunbo	–	–	–	–
HU Zhanghong	141	–	–	141
SIN Hendrick	123	–	–	123
	264	–	–	264
Supervisors				
FAN Xiaoqing	–	809	244	1,053
LIU Wei	–	–	–	–
LI Zhangting	–	–	–	–
HAN Fang	–	–	–	–
LI Tienan (Note (i))	–	–	–	–
WANG Hongwei	–	724	254	978
	–	1,533	498	2,031

7 Employee benefits and expenses (continued)

(a) Directors' and supervisors' remuneration (Continued)

Note:

(i) These non-executive directors and supervisors of the Company received emoluments for their services from the related parties. No apportionment has been made as these directors and supervisors of the Company consider it is impractical to apportion their emoluments between the Group and the related parties according to their services provided.

(ii) Mr. GU Xiaomin resigned from position as executive director of the Company with effect from 6 December 2023.

(iii) Mr. TANG Yongbo was appointed as non-executive director of the Company on 16 June 2023.

(iv) In addition to the supervisors' remuneration in the table, as approved by the board of directors, a special bonus amounted to RMB460 thousand and RMB484 thousand in 2023 was paid to Ms. FAN Xiaoqing and Mr. WANG Hongwei respectively by the Company for their past performance.

(v) The remuneration of all directors and supervisors was calculated based on their respective actual terms of office within this year.

7 Employee benefits and expenses (continued)

(a) Directors' and supervisors' remuneration (Continued)

Directors' and supervisors' remuneration during 2022 is as follows:

	Directors/ supervisors' fee RMB thousand	Salaries, allowances and bonuses RMB thousand	Contributions relating to social insurance, housing fund and retirement scheme RMB thousand	Total RMB thousand
Executive directors				
ZHANG Zhiyong	–	790	240	1,030
GU Xiaomin	–	790	240	1,030
GAO Chunlei (Note (ii))	–	324	140	464
	–	1,904	620	2,524
Non-executive directors (Note (i))				
MAI Yanzhou (Note (iii))	–	–	–	–
GAO Tongqing	–	–	–	–
LIU Guiqing (Note (iv))	–	–	–	–
FANG Xiaobing (Note (v))	–	–	–	–
	–	–	–	–
Independent non-executive directors				
FAN Cheng (Note (vi))	25	–	–	25
TSE Yunghoi (Note (vii))	13	–	–	13
DENG Shiji (Note (viii))	70	–	–	70
ZHANG Guohou (Note (ix))	–	–	–	–
DONG Chunbo (Note (x))	–	–	–	–
HU Zhanghong (Note (xi))	180	–	–	180
SIN Hendrick (Note (xii))	57	–	–	57
	345	–	–	345
Supervisors				
FAN Xiaoqing	–	789	224	1,013
WANG Hongwei	–	783	233	1,016
GAO Lingling (Note (xiii))	–	–	–	–
GUO Xiaolin (Note (i))	–	–	–	–
SUI Yixun (Note (xiv))	–	–	–	–
LI Tienan (Note (i))	–	–	–	–
LI Zhangting	–	–	–	–
	–	1,572	457	2,029

7 Employee benefits and expenses (continued)

(a) Directors' and supervisors' remuneration (Continued)

Note:

(i) These non-executive directors and supervisors of the Company received emoluments for their services from the related parties. No apportionment has been made as these directors and supervisors of the Company consider it is impractical to apportion their emoluments between the Group and the related parties according to their services provided.

(ii) On 19 April 2022, Mr. GAO Chunlei resigned from position as chief financial officer of the Company, and on 11 May 2022, was appointed as executive director of the Company.

(iii) Mr. MAI Yanzhou resigned from position as non-executive director of the Company with effect from 30 May 2022.

(iv) Mr. LIU Guiqing was appointed as non-executive director of the Company on 14 January 2022.

(v) Mr. FANG Xiaobing was appointed as non-executive director of the Company on 10 October 2022.

(vi) Mr. FAN Cheng resigned from position as independent non-executive director of the Company with effect from 14 January 2022.

(vii) Mr. TSE Yunghoi resigned from position as independent non-executive director of the Company with effect from 14 January 2022.

(viii) Mr. DENG Shiji resigned from position as independent non-executive director of the Company with effect from 10 October 2022.

(ix) Mr. ZHANG Guohou was appointed as independent non-executive director of the Company on 14 January 2022.

(x) Mr. DONG Chunbo was appointed as independent non-executive director of the Company on 10 October 2022.

(xi) Mr. HU Zhanghong was appointed as independent non-executive director of the Company on 14 January 2022.

(xii) Mr. SIN Hendrick was appointed as independent non-executive director of the Company on 10 October 2022.

(xiii) Ms. GAO Lingling resigned from position as supervisor of the Company with effect from 14 January 2022.

(xiv) Mr. SUI Yixun resigned from position as supervisor of the Company with effect from 14 January 2022.

(xv) In addition to the directors' remuneration in the table, as approved by the board of directors, a special bonus amounted to RMB37 thousand, RMB439 thousand and RMB360 thousand in 2022 was paid to Mr. ZHANG Zhiyong, Mr. GU Xiaomin and Mr GAO Chunlei respectively by the Company for their past performance.

(xvi) In addition to the supervisors' remuneration in the table, as approved by the board of directors, a special bonus amounted to RMB433 thousand and RMB476 thousand in 2022 was paid to Ms. FAN Xiaoqing and Mr. WANG Hongwei respectively by the Company for their past performance.

(xvii) The remuneration of all directors and supervisors was calculated based on their respective actual terms of office within this year.

7 Employee benefits and expenses (continued)

(b) Senior management's remuneration

The senior management of the Group had 7 members. For the year ended 31 December 2023, two of them were directors whose remuneration is disclosed in Note 7(a).

The emoluments fell within the following bands:

	Year ended 31 December	
	2023	2022
Emolument bands (in RMB)	**Numbers**	Numbers
RMB1,000,001 to RMB1,500,000	**–**	4
RMB Nil to RMB1,000,000	**7**	4

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group in 2023 include Nil (2022: Nil) director. The emoluments payable to the remaining 5 highest paid (2022: 5) individuals in 2023 are as follows:

	Year ended 31 December	
	2023	2022
	RMB thousand	RMB thousand
Salaries, allowances	**4,717**	4,404
Bonuses	**3,103**	3,542
Contribution to pension scheme	**806**	664
Social insurance, housing fund	**395**	345
	9,021	8,955

The emoluments fell within the following bands:

	Year ended 31 December	
	2023	2022
Emolument bands (in RMB)	**Numbers**	Numbers
RMB2,000,001 to RMB2,500,000	**–**	–
RMB1,500,001 to RMB2,000,000	**5**	5
RMB1,000,001 to RMB1,500,000	**–**	–

8 Site operation and support expenses

	Year ended 31 December 2023 RMB million	2022 RMB million
Site usage expenses	**1,456**	1,811
Costs of site power supply using diesel oil generation	**1,489**	1,566
IT service charge	**1,762**	1,471
Others	**686**	1,009
	5,393	5,857

9 Other operating expenses

	Year ended 31 December 2023 RMB million	2022 RMB million
Technical support charges (Note (i))	**3,637**	2,661
Losses on write-off/disposal of property and equipment	**378**	1,345
Utilities in other business operation (Note (ii))	**704**	646
Credit loss allowance	**869**	637
Marketing expenses	**775**	602
Property management expenses and utilities	**494**	475
Cost of equipment sold	**521**	347
Other taxes and surcharges	**393**	278
Impairment of assets	**18**	103
Auditors' remuneration	**7**	9
Others	**1,017**	833
	8,813	7,936

Note:

(i) Technical support charges mainly are payment made to third-party service providers for building platforms for customers in Smart Tower business and Energy business, in which the Group was a primary obligator.

(ii) Utilities in other business operation incurred are mainly for providing battery exchange services and battery recharge services in Energy business.

10 Other gains, net

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Additional deduction of input VAT	**976**	949
Exchange loss	**(59)**	(17)
Others	**197**	163
	1,114	1,095

11 Finance costs

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Interest expense on borrowings	**1,694**	1,915
Interest expense on lease liabilities (Note 16)	**1,233**	1,193
Less: Amounts capitalised in CIP	**(100)**	(105)
	2,827	3,003

12 Income tax expenses

The Company and its subsidiaries file the PRC enterprise income tax on a consolidated basis with their provincial branches. 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	
	2023	2022
	RMB million	RMB million
Current tax		
Current tax on estimated taxable profits for the year	**3,360**	2,779
Deferred tax (Note 17)		
Origination/Reversal of temporary differences	**(278)**	(38)
Income tax expenses	**3,082**	2,741

12 Income tax expenses (Continued)

Reconciliation between tax expenses and accounting profit at applicable tax rates:

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Profit before taxation	**12,832**	11,528
Tax at PRC statutory tax rate of 25%	**3,208**	2,882
Tax effect of preferential tax rate (Note)	**(201)**	(178)
Tax effect of non-deductible expenses	**105**	64
Others	**(30)**	(27)
Income tax expenses	**3,082**	2,741

Note:

The Group'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 Company and its subsidiaries 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.

13 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 held for the restricted share incentive scheme is excluded.

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company (RMB million)	**9,750**	8,787
Weighted average number of ordinary shares in issue (million)	**174,812**	174,812
Basic earnings per share (in RMB Yuan)	**0.0558**	0.0503

(b) Diluted

Diluted earnings per share for the years ended 31 December 2023 and 2022 were computed by dividing the profit attribute to owners of the Company by the weighted average number of ordinary shares outstanding during the years, after adjusting for the effects of the dilutive potential ordinary shares. There were no dilutive potential ordinary shares for the years ended 31 December 2023 and 2022 as all restricted shares granted before were forfeited. Therefore, the diluted earnings per share was the same as basic earnings per share.

14 Property, plant and equipment

	Buildings RMB million	Towers, DAS and ancillary facilities RMB million	Equipment RMB million	Office facilities, furniture, transportation and others RMB million	Total RMB million
Year ended 31 December 2022					
Cost:					
Opening balance	9,049	331,117	75,168	1,740	417,074
Transfer from CIP	–	16,204	8,947	84	25,235
Additions	2,366	196	62	399	3,023
Disposals	–	(4,363)	(4,448)	(25)	(8,836)
Closing balance	11,415	343,154	79,729	2,198	436,496
Accumulated depreciation and impairment:					
Opening balance	(581)	(144,306)	(49,821)	(947)	(195,655)
Charge for the year	(240)	(29,580)	(7,874)	(256)	(37,950)
Disposals	–	2,672	3,792	22	6,486
Closing balance	(821)	(171,214)	(53,903)	(1,181)	(227,119)
Closing net book amount	10,594	171,940	25,826	1,017	209,377

14 Property, plant and equipment (Continued)

	Buildings RMB million	Towers, DAS and ancillary facilities RMB million	Equipment RMB million	Office facilities, furniture, transportation and others RMB million	Total RMB million
Year ended 31 December 2023					
Cost:					
Opening balance	11,415	343,154	79,729	2,198	436,496
Transfer from CIP	17	17,352	11,122	176	28,667
Additions	1,017	287	1,210	337	2,851
Disposals	–	(3,960)	(5,326)	(24)	(9,310)
Closing balance	12,449	356,833	86,735	2,687	458,704
Accumulated depreciation and impairment:					
Opening balance	(821)	(171,214)	(53,903)	(1,181)	(227,119)
Charge for the year	(392)	(27,926)	(8,811)	(325)	(37,454)
Disposals	–	2,677	4,711	23	7,411
Closing balance	(1,213)	(196,463)	(58,003)	(1,483)	(257,162)
Closing net book amount	11,236	160,370	28,732	1,204	201,542

15 Construction in progress

As at 31 December 2023, construction in progress mainly include towers and DAS projects under construction and installation.

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Balance at 1 January	**12,339**	14,709
Additions	**28,641**	22,865
Transferred to property, plant and equipment	**(28,667)**	(25,235)
Balance at 31 December	**12,313**	12,339

16 Lease

(a) The consolidated statement of financial position shows the following amounts relating to leases where the Group is a lessee:

	Sites	Buildings	Land use rights	Total
	RMB million	RMB million	RMB million	RMB million
Right-of-use assets:				
As at 1 January 2022	77,956	973	1,377	80,306
Additions	10,481	309	23	10,813
Termination of lease contracts	(3,150)	(286)	(44)	(3,480)
As at 31 December 2022	85,287	996	1,356	87,639
Accumulated depreciation:				
As at 1 January 2022	(46,785)	(438)	(206)	(47,429)
Charge for the year	(11,220)	(239)	(54)	(11,513)
Write-off upon termination of lease contracts	2,771	109	1	2,881
As at 31 December 2022	(55,234)	(568)	(259)	(56,061)
Closing net book amount:				
As at 31 December 2022	30,053	428	1,097	31,578

16 Lease (Continued)

(a) The consolidated statement of financial position shows the following amounts relating to leases where the Group is a lessee: (Continued)

	Sites RMB million	Buildings RMB million	Land use rights RMB million	Total RMB million
Right-of-use assets:				
As at 1 January 2023	85,287	996	1,356	87,639
Additions	10,845	536	10	11,391
Termination of lease contracts	(3,488)	(216)	(3)	(3,707)
As at 31 December 2023	92,644	1,316	1,363	95,323
Accumulated depreciation:				
As at 1 January 2023	(55,234)	(568)	(259)	(56,061)
Charge for the year	(11,127)	(262)	(45)	(11,434)
Write-off upon termination of lease contracts	3,056	198	1	3,255
As at 31 December 2023	(63,305)	(632)	(303)	(64,240)
Closing net book amount:				
As at 31 December 2023	29,339	684	1,060	31,083

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Lease Liabilities		
– Current	6,864	7,127
– Non-current	14,647	14,947
	21,511	22,074

16 Lease (Continued)

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

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Depreciation charge of right-of-use assets	**11,434**	11,513
Interest expense	**1,233**	1,193
Expense relating to short-term leases and low-value leases	**1,091**	1,467

(c) The total cash payment of principal and interest of lease liabilities for the year ended 31 December 2023 was RMB10,470 million (2022: RMB10,136 million).

(d) The Group's leasing activities:

The Group mainly leases buildings and site properties for its telecommunication towers (as lessee). Lease contracts of buildings and site properties are typically made for periods of 3 to 10 years, and generally do not 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 lease contracts held by the Group are with fixed lease payment.

17 Deferred income tax assets

The analysis of deferred tax assets is as follows:

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	**890**	888
– Deferred tax asset to be recovered within 12 months	**1,318**	1,042
	2,208	1,930

17 Deferred income tax assets (Continued)

The movement in deferred income tax assets before elimination with deferred income tax liabilities during the years ended 31 December 2023 and 2022 are as follows:

	Accrued expenses RMB million	Deferred government grants RMB million	Credit loss allowance and impairment of asset RMB million	Right-of-use assets RMB million	Lease liabilities RMB million	Employee defined benefit obligations RMB million	Total RMB million
Deferred tax arising from:							
At 1 January 2022	1,026	32	237	(7,927)	8,514	10	1,892
Credited to profit or loss	(212)	9	192	307	(259)	1	38
At 31 December 2022	814	41	429	(7,620)	8,255	11	1,930
Credited to profit or loss	**72**	**15**	**187**	**114**	**(109)**	**(1)**	**278**
At 31 December 2023	**886**	**56**	**616**	**(7,506)**	**8,146**	**10**	**2,208**

For the years ended 31 December 2023 and 2022, there were no unrecognised deferred tax assets in respect of the deductible temporary differences and unused tax losses.

(Expressed in RMB unless otherwise indicated)

18 Subsidiaries

As at 31 December 2023, the details of the Company's subsidiaries are:

Name of company	Place of incorporation and kind of legal entity	Particulars of issued and paid-up capital	Ownership interests held by the Company	Principal activity and place of operation
Southeast Asia Tower Company Limited (Note)	The Lao People's Democratic Republic; Limited liability company	USD1.50 million	70%	Telecommunication tower infrastructure business in Laos
Smart Tower Corporation Limited	The People's Republic of China; Limited liability company	RMB219.60 million	100%	Integrated information services in China
Energy Tower Corporation Limited	The People's Republic of China; Limited liability company	RMB5,000.00 million	100%	Power generation and energy storage services in China
Beijing Keta Enterprise Management Corporation Limited	The People's Republic of China; Limited liability company	RMB1,037.90 million	100%	Enterprise management consulting and property management in China

Note:

As at and for the year ended 31 December 2023, the non-controlling interests in Southeast Asia Tower Co., Ltd. was not material.

19 Trade and other receivables

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Trade receivables (Note (a))	67,543	38,350
Allowance for expected credit losses	(2,706)	(1,857)
Trade receivables – net	64,837	36,493
Deposits (Note (b)(ii))	1,228	1,200
Payments on behalf of customers (Note (b)(i))	5,518	4,500
Others	103	69
Allowance for expected credit losses	(1)	(2)
Other receivables – net	6,848	5,767
Trade and other receivables	71,685	42,260

As at 31 December 2023 and 2022, trade and other receivables were primarily denominated in RMB and their carrying amounts approximated their fair values.

19 Trade and other receivables (Continued)

(a) Trade receivables

Aging analysis of the Group's gross trade receivables based on the billing, as at the end of the reporting period, are as follows:

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
1 to 3 months	**32,918**	19,752
3 to 6 months	**14,375**	8,686
6 months to 1 year	**12,954**	6,808
1 year to 3 years	**6,301**	2,524
Over 3 years	**995**	580
	67,543	38,350

Trade receivables are analysed by customers:

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
CMCC Group	**34,869**	17,791
CUC Group	**16,111**	9,539
CTC Group	**8,390**	5,516
Others	**8,173**	5,504
	67,543	38,350

As at 31 December 2023, acceptance notes issued by banks and commercial acceptance bills included in trade receivables is RMB5,945 million and RMB18,922 million, respectively (2022: RMB1,528 million and RMB7,792 million, respectively), of which commercial acceptance bills discounted but not yet matured is RMB1,596 million.

19 Trade and other receivables (Continued)

(b) Other receivables

(i) 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 acts as an agent. Such customers usually make payment to the Group within 1-3 months.

(ii) Deposits primarily include deposits for site ground lease, office premises lease, and equipment purchase. They are considered to be of low credit risk. The expected credit losses are not material.

20 Prepayments and other current assets

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Advance prepayments (Note)	**1,557**	1,517
Input VAT recoverable	**878**	802
Others	**8**	10
	2,443	2,329

Note:

As at 31 December 2023, advance payments mainly represents prepaid rentals to the lessor for short-term leases and low-value leases under IFRS 16, and prepayment of electric powers charges of certain tower sites.

21 Cash and cash equivalents

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Cash at bank and on hand		
– RMB	**3,932**	5,068
– HKD	**17**	37
– USD	**5**	9
– LAK	**1**	3
	3,955	5,117

22 Capital, reserves and dividends

(a) Share capital

Registered, issued and fully paid:

	Year ended 31 December			
	2023		2022	
	Number of ordinary shares (million)	Share capital (RMB million)	Number of ordinary shares (million)	Share capital (RMB million)
At the beginning of year	**176,008**	**176,008**	176,008	176,008
At the end of year (RMB1.00, par value)	**176,008**	**176,008**	176,008	176,008

(b) Movements in reserves

	Note	Share premium RMB million	Statutory reserves RMB million (Note)	Shares held under restricted share incentive scheme RMB million	Share based compensation reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million
As at 1 January 2022		3,694	1,849	(1,954)	–	(1)	9,758	13,346
Total comprehensive income for the year		–	–	–	–	–	8,787	8,787
Dividends paid	22(c)	–	–	–	–	–	(4,550)	(4,550)
Transfer to statutory reserves		–	886	–	–	–	(886)	–
As at 31 December 2022		3,694	2,735	(1,954)	–	(1)	13,109	17,583
Total comprehensive income for the year		–	–	–	–	–	9,756	9,756
Dividends paid	22(c)	–	–	–	–	–	(5,653)	(5,653)
Transfer to statutory reserves		–	977	–	–	–	(977)	–
As at 31 December 2023		3,694	3,712	(1,954)	–	(1)	16,235	21,686

Note:

Pursuant to Company's Articles of Association and the Company Law of the PRC, the Company and its subsidiaries are required to appropriate 10% of each year's net profit (after offsetting previous years' losses) to statutory reserves, until such reserve balance reaches 50% of the registered capital of the Company and its subsidiaries.

The statutory reserves can be used to cover previous years' losses, if any, and may be converted into paid-up capital, provided that the reserves after such conversion is not less than 25% of the registered capital of the Company and its subsidiaries.

22 Capital, reserves and dividends (Continued)

(c) Dividends

(i) Dividends declared

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Ordinary shares:		
Final dividend declared for the year ended 31 December 2022 of RMB0.03232 (2021: RMB0.02624) per ordinary share	**5,653**	4,550

Shares held under the restricted share incentive scheme as disclosed in Note 22(d) are not entitled to dividend.

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

On 18 March 2024, the Board of Directors of the Company proposed a dividend of RMB0.03739 per ordinary share to the shareholders for the year ended 31 December 2023, approximately RMB6,536 million in total. As the final dividend is declared after the end of the reporting periods, such dividend is not recognised as liability as at 31 December 2023.

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Dividends not recognised at the end of reporting period:		
Proposed final dividend after the end of the reporting periods:		
RMB0.03739 (2022: RMB0.03232) per ordinary share	**6,536**	5,653

22 Capital, reserves and dividends (Continued)

(d) Shares held under restricted share incentive scheme

At the Company's Annual General Meeting held on 18 April 2019, the Company's shareholders approved the adoption of a restricted share incentive scheme (the "**Scheme**") with a duration of 10 years. As instructed by the Board, a trust entity (the "**Trustee**") was appointed to acquire certain numbers of H share from the secondary market for the Scheme.

Pursuant to the Scheme, the Company granted certain restricted shares to qualified participants ("**Scheme Participants**") during the year of 2019 as initial grant, which were subject to fulfilment of performance and service conditions. As at 31 December 2022 and 2023, all of the restricted shares granted under initial grant were forfeited and no active restricted share incentive scheme was implemented.

Shares held under restricted share incentive scheme are shown below:

	As at 31 December 2023		As at 31 December 2022	
	Number of shares (million)	**Shares held under restricted share incentive scheme (RMB million)**	Number of shares (million)	Shares held under restricted share incentive scheme (RMB million)
Shares held under restricted share incentive scheme	**1,196**	**1,954**	1,196	1,954

23 Borrowings

(a) Borrowings

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Borrowings:		
Long-term borrowings		
– General borrowings (Note (i))	57,196	43,401
– Preferential Borrowings (Note (i))	1,785	3,397
– Medium-term notes (Note (iii))	4,042	4,042
Sub-total	63,023	50,840
Less: Current portion	(13,694)	(19,392)
Balance presented in non-current liabilities:	49,329	31,448
Short-term borrowings:		
Short-term loans (Note (ii))	8,496	6,205
Long-term borrowings – Current portion	13,694	19,392
Discounted notes (Note 19(a))	1,596	–
Balance presented in current liabilities:	23,786	25,597

Note:

(i) In 2015 and 2016, the Group obtained unsecured long-term RMB denominated loans from China Development Bank via China Development Fund Co., Ltd. (the "**Preferential Borrowings**") at a preferential interest rate, as the government granted a loan interest subsidy to the Group. The Preferential Borrowings mature in 10 years and are mainly used for telecommunications network and broadband infrastructure improvements in certain rural areas of the PRC.

The Group initially recognised the Preferential Borrowings at fair value based on the then prevailing borrowing interest rates in the PRC. The interest subsidy was recognised as a government grant and recorded in deferred government grants, which was amortised to the consolidated statement of comprehensive income to match with the related interest expenses.

As at 31 December 2023, the carrying amount of the Preferential Borrowings amounted to RMB1,785 million (2022: RMB3,397 million).

General borrowings are unsecured long-term borrowings obtained from commercial banks. The carrying amount of general borrowings were RMB57,196 million at 31 December 2023 (2022: RMB43,401 million).

For the year ended 31 December 2023, the effective interest rates of all long-term borrowings were 1.85% to 4.41% per annum (2022: 2.05% to 4.41% per annum).

23 Borrowings (Continued)

(a) Borrowings (Continued)

Note: (Continued)

(ii) As at 31 December 2023, all of the balances of short-term loans are borrowings obtained from commercial banks in the PRC.

For the year ended 31 December 2023, all short-term loans are unsecured and bear interest rates ranging from 2.20% to 2.35% per annum (2023: from 2.45% to 3.48% per annum).

(iii) From time to time, the Company publicly issued unsecured medium-term notes in the China's Interbank Bond Market. The details of which are shown below:

Issue Date	Principal Amount (RMB million)	Paper titles	Period	Annual interest rate	Carrying amount as at 31 December 2023 (RMB million)	Carrying amount as at 31 December 2022 (RMB million)
27 August 2021	**2,000**	Medium-Term Note 001	3 years	3.05%	2,021	2,021
30 August 2021	**2,000**	Medium-Term Note 002	3 years	3.07%	2,021	2,021
Total	**4,000**				4,042	4,042

As at 31 December 2023, the accrued and undue interest payable amounted to RMB42 million were included in the carrying amount of medium-term notes (2022: RMB42 million).

(b) The repayment schedule of the borrowings

As at 31 December 2023 and 2022, borrowings are repayable as follows:

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Within 1 year	**23,786**	25,597
Between 1 and 2 years	**20,467**	13,222
Between 2 and 5 years	**28,862**	18,226
	73,115	57,045

24 Deferred government grants

	As at 31 December 2022	Addition	Recognised in consolidated statement of comprehensive income	As at 31 December 2023
Preferential Borrowings (Note 23(a)(i))	133	–	(91)	**42**
Other government grants	243	190	(107)	**326**
Total	376	190	(198)	**368**

25 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 2023 RMB million	As at 31 December 2022 RMB million
Within 6 months	**23,127**	20,392
6 months to 1 year	**2,675**	2,296
Over 1 year	**2,484**	3,958
	28,286	26,646

26 Accrued expenses and other payables

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Contract liabilities (Note)	**2,535**	2,264
Deposits from vendors	**1,158**	1,526
Accrued expenses	**410**	773
Salary and welfare payables	**375**	364
Cash received from Scheme Participants under restricted share incentive scheme	**–**	358
Other tax payables	**347**	225
	4,825	5,510

Note:

Contract liabilities primarily relate to the considerations received from customers before the Group satisfying performance obligations from Smart Tower business and Energy business. It would be recognised as revenue upon the rendering of services. Most of the contract liability balance as at 31 December 2022 was recognised as revenue for the year ended 31 December 2023.

27 Cash generated from operating activities and financing activities

(a) Reconciliation of profit before income taxation to net cash generated from operations:

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Profit before taxation	**12,832**	11,528
Adjustments for:		
– Expected credit impairment losses (Note 9)	**869**	637
– Impairment of asset (Note 9)	**18**	103
– Depreciation and amortisation (Note 14 and 16)	**49,049**	49,532
– Net loss on disposal and write-off of property, plant and equipment (Note 9)	**378**	1,345
– Interest income	**–**	(124)
– Finance costs (Note 11)	**2,827**	3,003
– Net exchange loss	**1**	6
Operating cash flow before changes in working capital	**65,974**	66,030
– Increase in trade and other receivable	**(30,293)**	(8,066)
- (Increase)/Decrease in prepayments and other current assets	**(114)**	5,350
– Decrease in other non-current assets	**–**	3,521
– Increase in accounts payable	**988**	612
- (Decrease)/Increase in accrued expenses and other payables	**(358)**	318
Cash generated from operations	**36,197**	67,765

27 Cash generated from operating activities and financing activities (Continued)

(b) In the consolidated statement of cash flows, proceeds from sale of property and equipment comprise:

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
Net book amount	**1,951**	2,350
Losses on write-off/disposal of property and equipment	**(378)**	(1,345)
Proceeds from disposal of property and equipment	**1,573**	1,005

(c) Net debt reconciliation for liabilities arising from financing activities:

Net Debt	**As at 31 December 2023 RMB million**	As at 31 December 2022 RMB million
Cash and cash equivalents	**3,955**	5,117
Borrowings – repayable within one year	**(23,786)**	(25,597)
Borrowings – repayable after one year	**(49,329)**	(31,448)
Lease liabilities	**(21,511)**	(22,074)
	(90,671)	(74,002)

Net Debt	**As at 31 December 2023 RMB million**	As at 31 December 2022 RMB million
Cash and cash equivalents	**3,955**	5,117
Gross debt – fixed interest rates	**(45,014)**	(45,589)
Gross debt – variable interest rates	**(49,612)**	(33,530)
	(90,671)	(74,002)

27 Cash generated from operating activities and financing activities (Continued)

(c) Net debt reconciliation for liabilities arising from financing activities: (Continued)

	Assets	Liabilities from financing activities		
	Cash and cash equivalents	Borrowing	Lease liabilities	Total
	RMB million	RMB million	RMB million	RMB million
Net debt as at 1 January 2022	6,471	(78,714)	(22,590)	(94,833)
Cash flows, net	(1,348)	21,870	10,136	30,658
Foreign exchange adjustments	(6)	–	–	(6)
Non-cash movement:				
– Lease liabilities (Note)	–	–	(9,403)	(9,403)
– Interest expense	–	(201)	(1,193)	(1,394)
– Early termination of lease contract	–	–	976	976
Net debt as at 31 December 2022	5,117	(57,045)	(22,074)	(74,002)
Cash flows, net	**(1,161)**	**(15,997)**	**10,470**	**(6,688)**
Foreign exchange adjustments	**(1)**	**–**	**–**	**(1)**
Non-cash movement:				
– Lease liabilities (Note)	**–**	**–**	**(9,509)**	**(9,509)**
– Interest expense	**–**	**(73)**	**(1,233)**	**(1,306)**
– Early termination of lease contract	**–**	**–**	**835**	**835**
Net debt as at 31 December 2023	**3,955**	**(73,115)**	**(21,511)**	**(90,671)**

Note:

The Group recorded an addition of right-of-use assets with the corresponding of lease liabilities amounting to approximately RMB9,509 million for the year ended 31 December 2023 (2022: RMB9,403 million).

28 Commitments

(a) Capital commitments

As at 31 December 2023 and 2022, the Group had capital commitments for construction expenditures and acquisition of properties as follows:

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Authorised and contracted for:		
Within 1 year	1,007	1,066

(b) Non-cancellable leases payment related to short-term lease and low-value lease

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
No later than 1 year	344	686

29 Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

	Note	As at 31 December 2023 RMB million	2022 RMB million
Assets			
Non-current assets			
Property, plant and equipment		196,406	205,797
Construction in progress		11,570	11,440
Right-of-use assets		31,170	31,757
Deferred income tax assets		2,095	1,841
Other non-current assets		749	613
Investment in subsidiaries		6,727	4,012
		248,717	255,460
Current assets			
Trade and other receivables		74,462	43,405
Prepayments and other current assets		2,167	2,065
Cash and cash equivalents		3,337	4,621
		79,966	50,091
Total assets		328,683	305,551

29 Statement of financial position and reserve movement of the Company (Continued)

	Note	As at 31 December 2023 RMB million	2022 RMB million
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	22(a)	**176,008**	176,008
Reserves	29(a)	**21,742**	17,650
Total equity		**197,750**	193,658
Liabilities			
Non-current liabilities			
Borrowings		**49,308**	31,438
Lease liabilities		**14,769**	15,138
Deferred government grants		**365**	372
Employee benefit obligations		**35**	40
		64,477	46,988
Current liabilities			
Borrowings		**23,786**	25,577
Lease liabilities		**6,891**	7,167
Accounts payable		**28,616**	26,644
Accrued expenses and other payables		**7,006**	5,355
Current income tax payable		**157**	162
		66,456	64,905
Total liabilities		**130,933**	111,893
Total equity and liabilities		**328,683**	305,551

The Statement of financial position of the Company was approved by the Board of Directors on 18 March 2024 and was signed by the following directors on its behalf:

ZHANG Zhiyong	**GAO Chunlei**
Director	Director

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

29 Statement of financial position and reserve movement of the Company (Continued)

(a) Reserve movement of the Company

	Note	Share premium RMB million	Statutory reserves RMB million	Shares held under restricted share incentive scheme RMB million	Share based compensation reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2022		3,694	1,849	(1,954)	–	(1)	9,748	13,336
Profit for the year		–	–	–	–	–	8,864	8,864
Dividends	22(c)	–	–	–	–	–	(4,550)	(4,550)
Transfer to statutory reserves		–	886	–	–	–	(886)	–
At 31 December 2022		3,694	2,735	(1,954)	–	(1)	13,176	17,650
Profit for the year		–	–	–	–	–	9,739	9,739
Other comprehensive income		–	–	–	–	–	6	6
Dividends	22(c)	–	–	–	–	–	(5,653)	(5,653)
Transfer to statutory reserves		–	974	–	–	–	(974)	–
At 31 December 2023		3,694	3,709	(1,954)	–	(1)	16,294	21,742

30 Related party transactions

CMCC Group, CUC Group and CTC Group are considered as the Group's related parties.

(a) Significant transactions with related parties

		Year ended 31 December	
		2023	2022
	Note	**RMB million**	RMB million
Provision of Tower business, DAS and other services	(i)	**82,748**	83,729
Purchases of various goods and services	(ii)	**8,712**	6,490
Rental charges for property and site ground lease	(iii)	**381**	413
Payments on behalf of related parties	(iv)	**31,067**	30,927
Proceeds from payments on behalf of related parties	(iv)	**30,049**	30,254
Short-term borrowings		**–**	(2,501)
– Principals addition		**–**	–
– Interests		**–**	87
– Repayment of principals and interests		**–**	(2,588)

Note:

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

The provision of the Tower business and DAS is based on the agreed terms in the Commercial Pricing Agreements and supplemental agreements signed by the Company and the Telecom Shareholders and set out in the individual site service agreements between the provincial branches of the Company and the provincial subsidiaries/branches of the Telecom Shareholders.

The original commercial pricing agreements and the service agreements entered into between the Company and each of the Telecom Shareholders expired on 31 December 2022. On 18 January 2023, the Company completed the signing arrangement of the 2023-2027 Service Framework Agreements with each of the Telecom Shareholders for a term of five years from 1 January 2023 to 31 December 2027.

Besides, the Group also provides Smart Tower business, Energy business and other services to CMCC Group, CUC Group and CTC Group, respectively.

(ii) Purchases of various goods and services

The Group purchases certain equipment, engineering design services, construction and supervision services, maintenance services, communications and IT services from CMCC Group, CUC Group and CTC Group. The transaction prices are mainly determined through mutual negotiation which are fair and reasonable.

30 Related party transactions (Continued)

(a) Significant transactions with related parties (Continued)

Note: (Continued)

(iii) Rental charges for property and site ground lease

The Group leases certain properties, site ground and warehouses from CMCC Group, CUC Group and CTC Group. On the adoption of IFRS 16, the Group recognises right-of-use assets and lease liabilities for leases in the statement of financial position, except for short-term leases and low-value leases.

For the year ended 31 December 2023, rental charges for property and site ground lease include short-term leases and low-value leases charges for use of property and site ground, the depreciation of the right-of-use assets, and the finance cost associated with the lease liabilities in relation to the aforementioned leasing arrangements with CMCC Group, CUC Group and CTC Group.

(iv) Payments on behalf of related parties

As mentioned in Note 19(b)(i), the Group paid certain sites electric power charges to electricity power companies or third parties, on behalf of the Three TSPs.

(b) Key management compensation

The remuneration of key management personnel is as follows:

	Year ended 31 December	
	2023	2022
	RMB thousand	RMB thousand
Salaries, allowances and bonuses	**4,285**	4,780
Contributions relating to social insurance and housing fund	**720**	542
Retirement benefits	**1,261**	999
	6,266	6,321

In addition to the remuneration of key management personnel in the table above, as approved by the board of directors, a special bonus amounted to RMB1,792 thousand was paid to members of key management for their past performance in 2022.

The key management of the Group had 8 members for the year ended 31 December 2023 (2022: 9 members).

The remuneration of all key management were calculated based on their respective actual terms of office within this year.

30 Related party transactions (Continued)

(c) Balances with related parties

(i) Amount due from related parties

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Trade and other receivables	**65,749**	35,998
Prepayments and other current assets	**90**	73
Right-of-use assets	**410**	429

(ii) Amount due to related parties

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Accounts Payable	**4,585**	3,480
Accrued expense and other payable	**354**	259
Lease liabilities	**360**	646

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

30 Related party transactions (Continued)

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

The Group is a government-related enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through government authorities, agencies, affiliations and other organization (collectively referred to as "**government-related entities**"). Apart from transactions with CMCC Group, CUC Group and CTC Group (Note 30(a)), the Group has collectively, but not individually, significant transactions with other government-related entities, which include but not limited to the following:

- provisioning of Smart Tower services and Energy business;
- rendering or receiving other services, such as construction services, logistics, transportation and maintenance services, etc.;
- purchasing of goods and services, including use of public utilities;
- placing of bank deposits, obtaining bank borrowings;
- leasing office premises or tower sites.

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

31 Events after the reporting period

On 18 March 2024, the Board of Directors proposed a final dividend for the year ended 31 December 2023. Further details are disclosed in Note 22(c).

Financial Summary

(Expressed in RMB unless otherwise indicated)

RESULTS

	2023 RMB million	2022 RMB million	2021 RMB million	2020 RMB million	2019 RMB million
Operating revenue	**94,009**	92,170	86,585	81,099	76,428
Operating expenses					
Depreciation and amortisation	**(49,049)**	(49,532)	(49,982)	(47,515)	(45,415)
Repairs and maintenance	**(7,408)**	(7,593)	(5,796)	(5,805)	(5,993)
Employee benefits and expenses	**(8,844)**	(7,940)	(6,875)	(6,115)	(5,863)
Other operating expenses	**(14,206)**	(13,793)	(10,897)	(9,652)	(7,876)
	(79,507)	(78,858)	(73,550)	(69,087)	(65,147)
Operating profit	**14,502**	13,312	13,035	12,012	11,281
Other gains, net	**1,114**	1,095	303	318	154
Interest income	**43**	124	22	36	63
Finance costs	**(2,827)**	(3,003)	(3,745)	(3,959)	(4,661)
Profit before income taxation	**12,832**	11,528	9,615	8,407	6,837
Income tax expense	**(3,082)**	(2,741)	(2,287)	(1,980)	(1,616)
Profit for the year	**9,750**	8,787	7,382	6,427	5,221
Profit attributable to:					
– Owners of the Company	**9,750**	8,787	7,329	6,428	5,222
– Non-controlling interests	**–**	–	(1)	(1)	(1)
Other comprehensive income for the year, net of tax	**6**	–	(1)	–	–
Total comprehensive income for the year	**9,756**	8,787	7,327	6,427	5,221
Total comprehensive income for the year attributable to:					
– Owners of the Company	**9,756**	8,787	7,328	6,428	5,222
– Non-controlling interests	**–**	–	(1)	(1)	(1)
	9,756	8,787	7,327	6,427	5,221

From 1 January 2019, the Group has adopted IFRS 16 "Lease" retrospectively, but has not restated comparatives for the 2018 reporting period, as permitted under the transition provisions in the standard. The Group recognized right-of-use assets and lease liabilities for almost all leases, except for short-term leases and low-value leases in the balance sheet, recorded depreciation & amortisation and finance cost accordingly.

Financial Summary
(Expressed in RMB unless otherwise indicated)

ASSETS AND LIABILITIES

	31 December 2023 RMB million	31 December 2022 RMB million	31 December 2021 RMB million	31 December 2020 RMB million	31 December 2019 RMB million
Assets					
Non-current assets					
Property, plant and equipment	**201,542**	209,377	221,419	231,684	239,925
Right-of-use assets	**31,083**	31,578	32,877	34,553	36,140
Construction in progress	**12,313**	12,339	14,709	20,185	12,263
Deferred income tax assets	**2,208**	1,930	1,892	1,457	1,199
Other non-current assets	**778**	630	4,018	6,297	7,545
	247,924	255,854	274,915	294,176	297,072
Current assets					
Trade and other receivables	**71,685**	42,260	34,194	30,658	26,258
Prepayments and other current assets	**2,443**	2,329	7,679	7,504	8,514
Cash and cash equivalents	**3,955**	5,117	6,471	5,042	6,223
	78,083	49,706	48,344	43,204	40,995
Total assets	**326,007**	305,560	323,259	337,380	338,067
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	**176,008**	176,008	176,008	176,008	176,008
Reserves	**21,686**	17,583	13,346	10,237	6,551
Total equity attributable to owners of the Company	**197,694**	193,591	189,354	186,245	182,559
Non-controlling interests	**–**	–	–	1	2
Total equity	**197,694**	193,591	189,354	186,246	182,561

Financial Summary
(Expressed in RMB unless otherwise indicated)

	31 December 2023 RMB million	31 December 2022 RMB million	31 December 2021 RMB million	31 December 2020 RMB million	31 December 2019 RMB million
Liabilities					
Non-current liabilities					
Borrowings	**49,329**	31,448	41,572	27,121	8,480
Lease liabilities	**14,647**	14,947	15,677	16,745	17,862
Deferred government grants	**368**	376	436	602	800
Employee benefit obligations	**35**	40	38	31	–
	64,379	46,811	57,723	44,499	27,142
Current liabilities					
Borrowings	**23,786**	25,597	37,142	61,999	87,019
Lease liabilities	**6,864**	7,127	6,913	7,006	6,992
Accounts payable	**28,286**	26,646	25,264	31,460	29,313
Accrued expenses and other payables	**4,825**	5,510	6,342	5,752	4,641
Current income tax payable	**173**	278	521	418	399
	63,934	65,158	76,182	106,635	128,364
Total liabilities	**128,313**	111,969	133,905	151,134	155,506
Total equity and liabilities	**326,007**	305,560	323,259	337,380	338,067

Corporate Information

Company Name

China Tower Corporation Limited

Stock Code

Hong Kong Stock Exchange: 0788

Registered Office, Headquarters and Principal Place of Business in the PRC

Room 101, LG1 to 3/F
Building 14, North District
Yard No. 9, Dongran North Street
Haidian District, Beijing, PRC

Principal Place of Business in Hong Kong

Room 3401, 34/F, China Resources Building
26 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2811 4566
Fax: (852) 2897 1266

Company's Website

www.china-tower.com

Board of Directors

Mr. Zhang Zhiyong *(Executive Director and Chairman of the Board)*
Mr. Gao Chunlei *(Executive Director)*
Mr. Gao Tongqing *(Non-executive Director)*
Mr. Tang Yongbo *(Non-executive Director)*
Mr. Liu Guiqing *(Non-executive Director)*
Mr. Fang Xiaobing *(Non-executive Director)*
Mr. Dong Chunbo *(Independent Non-executive Director)*
Mr. Hu Zhanghong *(Independent Non-executive Director)*
Mr. Sin Hendrick *(Independent Non-executive Director)*

Strategy Committee

Mr. Zhang Zhiyong *(Chairman)*
Mr. Gao Tongqing
Mr. Tang Yongbo
Mr. Liu Guiqing
Mr. Fang Xiaobing

Remuneration and Appraisal Committee

Mr. Dong Chunbo *(Chairman)*
Mr. Tang Yongbo
Mr. Hu Zhanghong
Mr. Sin Hendrick

Nomination Committee

Mr. Zhang Zhiyong *(Chairman)*
Mr. Gao Chunlei
Mr. Gao Tongqing
Mr. Dong Chunbo
Mr. Hu Zhanghong
Mr. Sin Hendrick

Audit Committee

Mr. Liu Guiqing
Mr. Dong Chunbo
Mr. Hu Zhanghong
Mr. Sin Hendrick

Connected Transaction Committee

Mr. Hu Zhanghong *(Chairman)*
Mr. Gao Chunlei
Mr. Fang Xiaobing
Mr. Dong Chunbo
Mr. Sin Hendrick

Supervisory Committee

Ms. Fan Xiaoqing *(Chairman of the Supervisory Committee and Employee Representative Supervisor)*
Mr. Li Zhangting *(Shareholder Representative Supervisor)*
Ms. Han Fang *(Shareholder Representative Supervisor)*
Ms. Li Tienan *(Shareholder Representative Supervisor)*
Mr. Wang Hongwei *(Employee Representative Supervisor)*

Secretary of the Board

Ms. Liu Qingzhou

Authorized Representatives

Mr. Zhang Zhiyong
Ms. Leung Suet Wing

Auditors

KPMG
Registered Public Interest Entity Auditor
KPMG Huazhen LLP
Recognised Public Interest Entity Auditor

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990
Email: hkinfo@computershare.com.hk

Definitions

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"2018 AGM"	the annual general meeting of the Company held on 18 April 2019
"2020 Second EGM"	the extraordinary general meeting of the Company held on 4 December 2020
"2022 AGM"	the annual general meeting of the Company held on 11 May 2023
"2023 AGM"	the annual general meeting of the Company to be held on 20 May 2024
"2022 Third EGM"	the extraordinary general meeting of the Company held on 30 December 2022
"2023 First EGM"	the extraordinary general meeting of the Company held on 16 June 2023
"2023 Second EGM"	the extraordinary general meeting of the Company held on 22 December 2023
"2018-2020 Property Lease Framework Agreements"	the property lease framework agreements entered into between the Company and each of the Telecom Group Companies on 15 July 2018, respectively
"2018-2020 Service Supply Framework Agreements"	the service supply framework agreements entered into between the Company and each of the Telecom Group Companies on 15 July 2018, respectively
"2019-2020 Site Resource Service Framework Agreement with CMCC"	the agreement dated 19 December 2019 entered into between the Company and CMCC in relation to the provision of site resource service by the Company to China Mobile Company and its associates
"2020-2021 Materials Procurement Framework Agreement with CTC"	the materials procurement framework agreement dated 19 October 2020 between the Company and CTC
"2021-2023 Property Lease Framework Agreement(s)"	the property lease framework agreement dated 19 October 2020 between the Company and each of the Telecom Group Companies

"2021-2023 Property Lease Framework Agreement with CMCC"	the property lease framework agreement dated 19 October 2020 (with revision of annual caps on 19 October 2021) between the Company and CMCC
"2021-2023 Property Lease Framework Agreement with CTC"	the property lease framework agreement dated 19 October 2020 between the Company and CTC
"2021-2023 Property Lease Framework Agreement with CUC"	the property lease framework agreement dated 19 October 2020 between the Company and CUC
"2021-2023 Site Resource Service Framework Agreement with CMCC"	the agreement dated 19 October 2020 entered into between the Company and CMCC in relation to the provision of site resource service by the Company to CMCC and its associates
"2021-2023 Service Supply Framework Agreement(s)"	the service supply framework agreement dated 19 October 2020 between the Company and each of the Telecom Group Companies
"2021-2023 Service Supply Framework Agreement with CTC"	the service supply framework agreement dated 19 October 2020 between the Company and CTC
"2021-2023 Service Supply Framework Agreement with CUC"	the service supply framework agreement dated 19 October 2020 between the Company and CUC
"2021-2023 Service Supply Framework Agreement with CMCC"	the service supply framework agreement dated 19 October 2020 between the Company and CMCC
"2021-2023 Value-added Service Framework Agreement with CTC"	the value-added service framework agreement dated 19 October 2021 between the Company and CTC
"2022-2023 Materials Procurement Framework Agreement with CTC"	the materials procurement framework agreement dated 19 October 2021 between the Company and CTC
"2022-2023 Materials Procurement Framework Agreement with CMCC"	the materials procurement framework agreement dated 24 December 2022 between the Company and CMCC
"2022-2023 Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC"	the transmission resource and cloud resource lease framework agreement dated 24 December 2022 between the Company and CMCC
"2023-2027 Commercial Pricing Agreement(s)"	three in total, one commercial pricing agreement entered into by the Company with each of the Telecom Shareholders, which set out the updated pricing of the products and the services provided by the Company to the Telecom Shareholders and their branches/subsidiaries

"2023-2027 Service Agreement(s)"	the agreement(s) between the Company and each of the Telecom Shareholders, in relation to providing relevant services of tower products, DAS products, transmission products and service products to the Telecom Shareholders and their branches/subsidiaries
"2023-2027 Service Framework Agreements"	six in total, including the 2023-2027 Commercial Pricing Agreements and the 2023-2027 Service Agreements between the Company and each of the Telecom Shareholders
"2024-2025 Value-added Service Framework Agreement with CUC"	the agreement dated 27 November 2023 between the Company and CUC in relation to the provision of value-added services by the Company to CUC and/or its associates
"2024-2026 Comprehensive Service Framework Agreement with CMCC"	the agreement dated 27 November 2023 between the Company and CMCC in relation to the provision of comprehensive services by the Company to CMCC and/or its associates
"2024-2026 Materials Procurement Framework Agreement with CTC"	the materials procurement framework agreement dated 27 November 2023 between the Company and CTC
"2024-2026 Property Lease Framework Agreement with CTC"	the property lease framework agreement dated 27 November 2023 between the Company and CTC
"2024-2026 Property Lease Framework Agreement with CUC"	the property lease framework agreement dated 27 November 2023 between the Company and CUC
"2024-2026 Service Supply Framework Agreement with CTC"	the service supply framework agreement dated 27 November 2023 between the Company and CTC
"2024-2026 Service Supply Framework Agreement with CUC"	the service supply framework agreement dated 27 November 2023 between the Company and CUC
"2024-2026 Value-added Service Framework Agreement with CMCC"	the agreement dated 27 November 2023 between the Company and CMCC in relation to the provision of value-added services by the Company to CMCC and/or its associates
"2024-2026 Value-added Service Framework Agreement with CTC"	the agreement dated 27 November 2023 between the Company and CTC in relation to the provision of value-added services by the Company to CTC and/or its associates
"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time
"Board"	the board of Directors of the Company

"CCS"	China Communications Services Corporation Limited (中國通信服務股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 552) and a non-wholly owned subsidiary of CTC as of the Financial Year End Date
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"China Mobile"	(i) China Mobile Limited (中國移動有限公司), a company listed on both the Hong Kong Stock Exchange (stock code: 941) and Shanghai Stock Exchange (stock code: 600941), which held the entire equity interest in China Mobile Company as of the Financial Year End Date, or (ii) one of the major telecommunications services providers in China, as the context may require
"China Mobile Company"	China Mobile Communication Company Limited (中國移動通信有限公司), a company which held 27.93% equity interest in the Company and was the single largest Shareholder as of the Financial Year End Date
"China Reform"	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司), a company which indirectly held 4.41% equity interest in the Company as of the Financial Year End Date
"China Telecom"	(i) China Telecom Corporation Limited (中國電信股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 728) and Shanghai Stock Exchange (stock code: 601728), which held 20.50% equity interest in the Company as of the Financial Year End Date, or (ii) one of the major telecommunications services providers in China, as the context may require
"China Unicom"	(i) China Unicom (Hong Kong) Limited (中國聯合網絡通信(香港)股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 762), which held the entire equity interest in China Unicom Corporation as of the Financial Year End Date, or (ii) one of the major telecommunications services providers in China, as the context may require
"China Unicom Corporation"	China United Network Communications Corporation Limited (中國聯合網絡通信有限公司), a company which held 20.65% equity interest in the Company as of the Financial Year End Date
"China Unicom A Share Company"	China United Network Communications Limited (中國聯合網絡通信股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600050), in which CUC held 36.70% equity interest as of the Financial Year End Date

"CMCC"	China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司), which was a substantial Shareholder as of the Financial Year End Date
"CMCC Group"	CMCC and its subsidiaries (or CMCC and any one or more of its subsidiaries, as the context may require)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "China Tower", "we" or "us"	China Tower Corporation Limited (中國鐵塔股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 15 July 2014
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Corporate Code"	the code for securities transactions by Directors, Supervisors and relevant employees of China Tower Corporation Limited adopted by the Company
"CTC"	China Telecommunications Corporation (中國電信集團有限公司), which was a substantial Shareholder as of the Financial Year End Date
"CTC Group"	CTC and its subsidiaries (or CTC and any one or more of its subsidiaries, as the context may require)
"CUC"	China United Network Communications Group Company Limited (中國聯合網絡通信集團有限公司), which was a substantial Shareholder as of the Financial Year End Date
"CUC Group"	CUC and its subsidiaries (or CUC and any one or more of its subsidiaries, as the context may require)
"DAS"	indoor distributed antenna system, which is a system comprising of facilities for reception, emission and transmission of wireless communications signal for covering buildings, tunnels or other specific areas

"Davo Qihang"	Beijing Davo Qihang Management Consulting Services Co., Ltd. (北京達沃啟航管理諮詢服務有限公司), a wholly-owned subsidiary of China Reform and a company which held 2.14% equity interest in the Company as of the Financial Year End Date
"Director(s)"	director(s) of the Company
"Domestic Shares"	ordinary Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"EBITDA"	earnings before interest, tax, depreciation and amortization
"Financial Year End Date"	31 December 2023
"First Tranche of Grant"	the first tranche of Initial Grant under Restricted Share Incentive Scheme
"Group"	the Company and its subsidiaries
"Grant Date"	the date the Restricted Shares are formally granted to the Participants by the Board pursuant to the Restricted Share Incentive Scheme, which must be a trading day
"Grant Price"	the price per H Share for the grant of the Restricted Shares under the Restricted Share Incentive Scheme
"H Share(s)"	overseas listed foreign Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS(s)"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board

"Independent Shareholders"	for the 2023-2027 Service Framework Agreements with a Telecom Shareholder, Shareholders who do not have any material interest in the 2023-2027 Service Framework Agreements with such Telecom Shareholder
"Independent Third Party(ies)"	an entity which is independent of and not connected to the Company or its connected persons, and which is not a connected person of the Company
"Initial Grant"	the initial grant of the Restricted Shares under the Restricted Share Incentive Scheme to the Participants
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Lock-up Period"	the period during which transfer of the Restricted Shares granted to the Participants under the Restricted Share Incentive Scheme is prohibited
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Over-allotment Option"	option granted by the Company to the international underwriters, exercisable by the joint representatives (on behalf of the international underwriters) pursuant to the international underwriting agreement, pursuant to which the Company may be required to allot and issue up to an aggregate of 6,467,220,000 additional H Shares at the offer price to, among other things, cover over-allocations in the international offering, if any, in relation to the global offering
"Participant(s)"	Directors, senior management and employees of the Company who are eligible for participation under the Restricted Share Incentive Scheme
"Prospectus"	the prospectus of the Company dated 25 July 2018

"Principal Services Provided to the Telecom Shareholders"	relevant services of tower products, DAS products, transmission products and service products provided to the Telecom Shareholders and their respective subsidiaries by the Company, as further described in "Report of the Directors – Continuing Connected Transactions" in this annual report
"Relevant Products"	has the meaning as defined in "Report of the Directors – Continuing Connected Transactions – Principal Services Provided to the Telecom Shareholders" in this annual report
"Restricted Share(s)"	the incentive instrument of the Restricted Share Incentive Scheme, which would, subject to the fulfilment of the conditions as required by Restricted Share Incentive Scheme, entitle the Participants to be granted or subscribe for the restricted shares of the Company and the related shares newly issued as a result of the bonus issue or conversion shares of the Company
"Revised Annual Cap"	the revised annual cap for the year ended 31 December 2023 under the 2021-2023 Service Supply Framework Agreement with CMCC
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Restricted Share Incentive Scheme"	the "China Tower Corporation Limited First Phase Restricted Share Incentive Scheme" adopted by the Company at the 2018 AGM, pursuant to which the Company can grant H Shares to the Participants
"Second Tranche of Grant"	the second tranche of Initial Grant under Restricted Share Incentive Scheme
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Shares
"Smart Tower business"	our trans-sector site application and information business
"Southbound Trading"	trading of H Shares of the Company listed on Hong Kong Stock Exchange through the Shanghai Stock Exchange or Shenzhen Stock Exchange
"Southbound Shareholders"	holders of H Shares (including enterprises and individuals) who invest in the H Shares of the Company listed on Hong Kong Stock Exchange through the Southbound Trading
"subsidiary(ies)"	has the meaning ascribed to it in Schedule 1 of the Companies Ordinance
"Supervisor(s)"	member(s) of Supervisory Committee
"Supervisory Committee"	supervisory committee of the Company
"Telecom Group Companies"	the ultimate controlling shareholders of each of the Telecom Shareholders, namely CMCC, CUC and CTC
"Telecom Shareholders"	the three telecommunications service providers as our Shareholders, namely China Mobile Company, China Unicom Corporation and China Telecom
"Telecommunications tower infrastructure service provider"	service providers that engaged in the construction and operation of telecommunications tower infrastructure and provision of ancillary services
"Three TSPs"	the three largest telecommunications services providers in China, namely China Mobile, China Unicom and China Telecom, which conduct business operations by themselves or through their respective subsidiaries

"Trustee"	the trustee to be determined by the Company for the administration of the Restricted Share Incentive Scheme, which will hold the Restricted Shares for the benefit of the Participants, subject to the terms and conditions of the trust deed
"TSPs"	telecommunications service providers that engaged in fixed communications, wireless communications and Internet access services
"Unlocking Period"	the period during which the Restricted Shares granted to the Participants under the Restricted Share Incentive Scheme may be conditionally transferred

In this annual report, the terms "associate", "connected person", "connected transaction", "controlling shareholder" and "substantial shareholder" have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Forward Looking Statements

The performance and the results of the operations of the Company contained in this 2023 annual report are historical in nature, and past performance is no guarantee of the future results of the Company. Any forward-looking statements and opinions contained within this 2023 annual report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Company, the Directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements or opinions contained in the 2023 annual report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

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

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