CHINA TOWER
中国铁塔

China Tower Corporation Limited
中 國 鐵 塔 股 份 有 限 公 司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0788)

ANNOUNCEMENT OF 2020 INTERIM RESULTS

Financial Highlights

❖ Operating revenue was RMB39,794 million with a stable growth, up by 4.8%, of which:

- Revenue from tower business was RMB36,371 million, up by 1.6%
- Revenue from indoor distributed antenna system ("**DAS**") business was RMB1,720 million, up by 37.2%
- Revenue from trans-sector site application and information ("**TSSAI**") and energy operation businesses was RMB1,579 million, up by 87.3%

❖ Site co-location efficiency improved continuously; tower tenancy ratio increased from 1.58 (1H2019) to 1.64 (1H2020).

❖ Operating efficiency enhanced steadily; EBITDA[2] was RMB29,100 million.

❖ Profitability increased rapidly; profit attributable to owners of the Company was RMB2,978 million, up by 16.9%.

❖ Cash flow improved solidly; net cash generated from operating activities was RMB27,083 million; free cash flow[3] was RMB12,781 million.

Note 1: The financial information mentioned in this announcement is prepared based on the consolidated financial information. The Company and its subsidiaries are collectively referred to as the Group.

Note 2: EBITDA is calculated by operating profit plus depreciation and amortization.

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

Financial Performance

In the first half of 2020, we continued to focus on quality enhancements by increasing investment efficiency and optimizing cost management. This ensured that we maintained a stable growth in revenue while steadily improving our operating efficiency at the same time. We recorded an operating revenue of RMB39,794 million, up by 4.8% over the same period last year. Our EBITDA reached RMB29,100 million, with the EBITDA margin[4] maintained at a high level of 73.1%. Profit attributable to owners of the Company reached RMB2,978 million, up by 16.9% over the same period last year.

Our cash flow was sound and healthy, and we sustained a reasonable and controllable debt leveraging level. In the first half of 2020, our net cash generated from operating activities amounted to RMB27,083 million. Capital expenditure amounted to RMB14,302 million and our free cash flow reached RMB12,781 million. As of 30 June 2020, the Company's total assets reached RMB335,429 million and interest-bearing liabilities amounted to RMB113,949 million with a gearing ratio[5] of 37.5%.

Business Performance

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

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

Note 5: Gearing ratio is calculated as net debt divided by the sum of total equity and net debt, then multiplied by 100%. Net debt is calculated as the amount of interest-bearing liabilities minus the amount of cash and cash equivalents.

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

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

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

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

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

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

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

Corporate Governance and Social Responsibility

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

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

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

Outlook for the Second Half of 2020

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

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

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

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

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

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

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

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

Tong Jilu
Chairman

Beijing, China, 11 August 2020

GROUP RESULTS

The board of directors (the "**Board**") of China Tower Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the unaudited consolidated results of the Group for the six months ended 30 June 2020.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2020
(Expressed in Renminbi ("**RMB**"))

		Unaudited Six months ended 30 June	
	Note	**2020**	2019
		RMB million	*RMB million*
Operating revenue	*4*	**39,794**	37,980
Operating expenses			
Depreciation and amortisation	*11*	**(23,259)**	(22,189)
Repairs and maintenance		**(3,001)**	(3,095)
Employee benefits and expenses		**(3,469)**	(3,058)
Other operating expenses		**(4,224)**	(4,012)
		(33,953)	(32,354)
Operating profit		**5,841**	5,626
Other gains, net		**120**	37
Interest income		**30**	20
Finance costs		**(2,094)**	(2,349)
Profit before taxation		**3,897**	3,334
Income tax expenses	*5*	**(920)**	(786)
Profit for the period		**2,977**	2,548
Profit attributable to:			
Owners of the Company		**2,978**	2,548
Non-controlling interests		**(1)**	–
Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the period		**2,977**	2,548
Total comprehensive income attributable to:			
Owners of the Company		**2,978**	2,548
Non-controlling interests		**(1)**	–
		2,977	2,548
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	*6*	**0.0170**	0.0145

Unaudited Interim Condensed Consolidated Balance Sheet
As at 30 June 2020
(Expressed in RMB)

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

Unaudited Interim Condensed Consolidated Balance Sheet (Continued)
As at 30 June 2020
(Expressed in RMB)

	Note	**Unaudited As at 30 June 2020** ***RMB million***	Audited As at 31 December 2019 *RMB million*
Liabilities			
Non-current liabilities			
Borrowings		**12,856**	8,480
Lease liabilities	*11*	**17,270**	17,862
Deferred revenue		**685**	800
		30,811	27,142
Current liabilities			
Borrowings		**76,893**	87,019
Lease liabilities	*11*	**6,930**	6,992
Accounts payable	*9*	**31,525**	29,313
Accrued expenses and other payables		**5,870**	4,641
Current income tax payable		**457**	399
		121,675	128,364
Total liabilities		**152,486**	155,506
Total equity and liabilities		**335,429**	338,067

Notes to Unaudited Interim Condensed Financial Information
(Expressed in RMB unless otherwise indicated)

1 Basis of preparation

This unaudited interim condensed financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting", issued by the International Accounting Standards Board ("**IASB**").

The unaudited interim condensed financial information does not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by IASB, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2019. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The Group's policies on financial risk management were set out in the audited financial statements of the Group for the year ended 31 December 2019 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2020.

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

The interim condensed financial information is unaudited, but has been reviewed by the Company's audit committee. The interim condensed financial information has also been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Going concern

At 30 June 2020, the Group's current liabilities exceeded its current assets by RMB77,271 million (31 December 2019: RMB87,369 million).

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

- The Group's continuous net cash inflows from operating activities;
- The available committed, unrestricted and unutilized revolving bank credit facilities of RMB159,973 million as at 30 June 2020; and
- Other available sources of financing from domestic banks and other financial institutions.

Based on management's operating and financial plans, the directors of the Company were of the opinion that the Group has adequate funds to continue its operations and to repay its debts when they fall due, and thus concluded that the Group will be able to meet its obligations for the twelve months after 30 June 2020. Accordingly, the unaudited interim condensed financial information has been prepared on the basis that the Group will continue as a going concern.

2 Significant accounting policies

New or amendments to IFRS effective for the financial year beginning on 1 January 2020 do not have a material impact on the Group's unaudited interim condensed financial information.

Meanwhile the Group early adopted the amendments to IFRS 16 "Rent Concessions" from 1 January 2020, which did not have a material impact to the Group.

Standards and Interpretations in issue but not yet effective and not been early adopted

The following new standards and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods, but the Group has not early adopted them:

New standards, amendments and interpretations		**Published date**	**Effective date**
IFRS 17	Insurance contracts	May 2017	Annual periods beginning on or after 1 January 2023
Amendments to IAS 1	Classification of liabilities as current and non-current	January 2020	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16	Annual Improvements	May 2020	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 3, IAS 16	Narrow-scope amendments	May 2020	Annual periods beginning on or after 1 January 2022
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Undetermined

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

3 Segment reporting

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

Substantially, the Group's long-lived assets are mainly located in the mainland China and all the Group's revenue and operating profit are derived from the mainland China during the period.

4 Operating revenue

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

	Unaudited Six months ended 30 June	
	2020	2019
	RMB million	*RMB million*
Tower business *(Note (i))*	**36,371**	35,808
DAS business	**1,720**	1,254
TSSAI business	**1,264**	843
Energy operation business	**315**	–
Others	**124**	75
	39,794	37,980

Note:

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

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

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

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

	Unaudited Six months ended 30 June	
	2020	2019
	RMB million	*RMB million*
China Mobile Communication Company Limited (“**China Mobile Company**”) and its subsidiaries	**20,220**	20,101
China Telecom Corporation Limited (“**China Telecom**”)	**9,437**	8,851
China United Network Communications Corporation Limited (“**China Unicom Corporation**”)	**8,705**	8,243
	38,362	37,195

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

5 Income tax expenses

The Company and its provincial branches file the PRC enterprise income tax on a consolidated basis. The provision for the PRC enterprise income tax is based on the applicable tax rate on the estimated taxable profits determined in accordance with the relevant enterprise income tax rules and regulations of the PRC.

Taxation in the statement of comprehensive income represents:

	Unaudited Six months ended 30 June	
	2020	2019
	RMB million	*RMB million*
Current tax		
Current tax on estimated taxable profits for the period	**1,248**	1,382
Deferred tax		
Origination of temporary differences	**(328)**	(596)
Income tax expenses	**920**	786

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the PRC statutory income tax rate applicable to the Group as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB million	*RMB million*
Profit before taxation	**3,897**	3,334
Tax at PRC statutory tax rate of 25%	**974**	834
Rate differential of certain provincial branches of the Group *(Note)*	**(61)**	(50)
Tax effect of non-deductible expenses	**7**	2
Income tax expenses	**920**	786

Note:

The Company's PRC statutory income tax rate is 25%.

According to the circular of "Deeply Implementation of the western development strategy taxation policy" (Caishui [2011] No. 58) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC and relevant PRC enterprise income tax regulations, entities/branches that are qualified and located in certain western provinces of mainland China are entitled to a preferential income tax rate of 15%, certain branches of the Group obtained the approval in 2017 and were entitled to this preferential income tax rate of 15% until the end of 2020.

6 Basic and diluted earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, by the weighted average number of ordinary shares in issue during the period, while the shares purchased for the restricted share incentive scheme excluded.

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

Note:

On 18 April 2019, the shareholders of the Company approved the adoption of a restricted share incentive scheme. For the six months ended 30 June 2020, 143 million shares were acquired by a trustee (the "**Trustee**") from the secondary market (Note 10) (for the six months ended 30 June 2019: 184 million shares).

(b) Diluted

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

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

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

7 Dividends

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

As at 11 August 2020, the Board has resolved that no interim dividend is declared for the six months ended 30 June 2020.

8 Trade and other receivables

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

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

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

Note:

(a) Trade receivables

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

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

(ii) Trade receivables are analysed by customers:

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

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

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

(b) Other receivables

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

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

9 Accounts payable

Accounts payable primarily include payables for construction expenditures, repairs and maintenance and other operation expenditures. Accounts payable are unsecured, non-interest bearing and are repayable in accordance with contractual terms. Accounts payable are primarily denominated in RMB. Their carrying amounts approximate their fair values due to their short-term maturities.

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

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

10 Restricted share incentives scheme

At the Company's 2018 Annual General Meeting held on 18 April 2019, the shareholders of the Company approved the adoption of a restricted share incentive scheme (the "**Scheme**"), with a duration of 10 years. Pursuant to the Scheme, the Company may grant restricted shares to qualified participants ("**Scheme Participants**"), and subject to the fulfilment of certain performance conditions and service conditions.

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

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

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

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

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

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

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

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

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

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

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

11 Lease

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

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

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

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

FINANCIAL OVERVIEW

(Expressed in RMB unless otherwise indicated)

Operating Revenue

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

Operating Expenses

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

- ***Depreciation and amortization***

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

- ***Repair and maintenance expenses***

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

- ***Employee benefits and expenses***

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

- ***Other operating expenses***

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

Finance Costs

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

Profitability

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

Capital Expenditure and Cash Flow

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

Balance Sheet Status

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

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2020.

Audit Committee

The audit committee, together with the Company's management, reviewed the accounting principles and practices adopted by the Company and discussed financial reporting matters including the review of the Company's unaudited interim condensed financial information for the six months ended 30 June 2020.

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance. For the six months ended 30 June 2020, the Company had complied with the code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following:

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

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

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

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

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

Compliance with the Model Code

The Company has adopted the Code of Conduct for Securities Transactions by the Directors, Supervisors and Relevant Employees of China Tower Corporation Limited (the "**Company Code**") which is substantially based on the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules and is on terms no less exacting than those in the Model Code.

The Company has made specific enquiries to all Directors and Supervisors, and all Directors and Supervisors have confirmed that they have complied with the Company Code and the Model Code during the six months ended 30 June 2020.

Subsequent Events

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

Contingent Liabilities

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

Material Legal Proceedings

For the six months ended 30 June 2020, the Company was not involved in any material litigation or arbitration, and as far as the Company is aware, no material litigation or claims were pending or threatened or made against the Company.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the Company's website at www.china-tower.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk. The 2020 interim report will be available on the websites of the Hong Kong Stock Exchange and the Company, and will be dispatched to the shareholders in due course.

Forward Looking Statements

The performance and the results of the operations of the Company contained in this announcement are historical in nature, and past performance is no guarantee of the future results of the Company. Any forward-looking statements and opinions contained within this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Company, the Directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

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

Beijing, China, 11 August 2020

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

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