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 2021 INTERIM RESULTS

Financial Highlights

❖ Operating revenue maintained healthy growth, reaching RMB42,673 million, up by 7.2%, of which:

- Revenue from TSP business was RMB39,808 million, up by 4.5% over the same period last year, of which, revenue from tower business was RMB37,722 million, up by 3.7%; revenue from indoor distributed antenna system ("**DAS**") business was RMB2,086 million, up by 21.3%
- Revenue from trans-sector site application and information ("**TSSAI**") business was RMB1,853 million, up by 46.6%
- Revenue from energy business was RMB884 million, up by 180.6%

❖ Site co-location efficiency improved continuously; tower tenancy ratio increased from 1.66 at the end of 2020 to 1.68.

❖ Operating efficiency enhanced steadily; EBITDA[2] was RMB31,184 million.

❖ Profitability enhanced constantly; profit attributable to owners of the Company was RMB3,457 million, up by 16.1%.

❖ Cash flow remained sound and ample; net cash generated from operating activities was RMB24,238 million; free cash flow[3] was RMB13,878 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 2021, China implemented its "Cyberpower", "Digital China" and "New Infrastructure" strategies at full speed. Keeping pace with these national initiatives, China Tower Corporation Limited (the "**Company**") furthered our "One Core and Two Wings" strategy based on our resource sharing philosophy. During this period, all our businesses saw remarkable development and our overall performance recorded a stable and healthy growth.

FINANCIAL PERFORMANCE

Our total revenue maintained steady growth in the first half of 2021 while profitability continued to improve. Our operating revenue recorded a year-on-year increase of 7.2% to RMB42,673 million; our EBITDA amounted to RMB31,184 million, representing growth of 7.2% year-on-year with an EBITDA margin[4] of 73.1%. Profit attributable to owners of the Company totaled RMB3,457 million, up by 16.1% year-on-year, with a net profit margin of 8.1%.

Our cash flow remained sound and ample. In the first half of 2021, net cash generated from operating activities amounted to RMB24,238 million. Capital expenditures amounted to RMB10,360 million, a reduction of 27.6% year-on-year, which resulted in our free cash flow reaching RMB13,878 million, an increase of 8.6% year-on-year. Our debt leverage ratio was contained at a reasonable and manageable level and our financial position remained healthy. As of 30 June 2021, our total assets were RMB333,195 million and our interest-bearing liabilities stood at RMB114,191 million, representing a gearing ratio[5] of 37.0%.

BUSINESS PERFORMANCE

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

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

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

OUTLOOK

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

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

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

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

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

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

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

Tong Jilu
Chairman

Beijing, China, 9 August 2021

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 2021.

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2021
(Expressed in Renminbi ("**RMB**"))

	Note	**Unaudited Six months ended 30 June 2021** *RMB million*	2020 *RMB million*
Operating revenue	*4*	**42,673**	39,794
Operating expenses			
Depreciation and amortisation	*11*	**(24,830)**	(23,259)
Repairs and maintenance		**(2,894)**	(3,001)
Employee benefits and expenses		**(3,574)**	(3,469)
Other operating expenses		**(5,021)**	(4,224)
		(36,319)	(33,953)
Operating profit		**6,354**	5,841
Other income/gains, net		**69**	120
Interest income		**10**	30
Finance costs		**(1,875)**	(2,094)
Profit before taxation		**4,558**	3,897
Income tax expenses	*5*	**(1,101)**	(920)
Profit for the period		**3,457**	2,977
Profit attributable to:			
– Owners of the Company		**3,457**	2,978
– Non-controlling interests		**–**	(1)
Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the period		**3,457**	2,977
Total comprehensive income attributable to:			
– Owners of the Company		**3,457**	2,978
– Non-controlling interests		**–**	(1)
		3,457	2,977
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	*6*	**0.0198**	0.0170

Unaudited Interim Condensed Consolidated Balance Sheet
As at 30 June 2021
(Expressed in RMB)

	Note	**Unaudited As at 30 June 2021** *RMB million*	Audited As at 31 December 2020 *RMB million*
Assets			
Non-current assets			
Property, plant and equipment		**227,945**	231,684
Right-of-use assets	*11*	**33,785**	34,553
Construction in progress		**13,768**	20,185
Deferred income tax assets		**1,002**	1,457
Other non-current assets		**4,745**	6,297
		281,245	294,176
Current assets			
Trade and other receivables	*8*	**37,769**	30,658
Prepayments and other current assets		**9,223**	7,504
Cash and cash equivalents		**4,958**	5,042
		51,950	43,204
Total assets		**333,195**	337,380
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**176,008**	176,008
Reserves		**9,845**	10,237
Total equity attributable to owners of the Company		**185,853**	186,245
Non-controlling interests		**1**	1
Total equity		**185,854**	186,246

Unaudited Interim Condensed Consolidated Balance Sheet (Continued)
As at 30 June 2021
(Expressed in RMB)

	Note	**Unaudited As at 30 June 2021** *RMB million*	Audited As at 31 December 2020 *RMB million*
Liabilities			
Non-current liabilities			
Borrowings		**35,157**	27,121
Lease liabilities	*11*	**16,228**	16,745
Deferred government grants		**582**	602
Employee benefit obligations		**35**	31
		52,002	44,499
Current liabilities			
Borrowings		**55,856**	61,999
Lease liabilities	*11*	**6,950**	7,006
Accounts payable	*9*	**26,402**	31,460
Accrued expenses and other payables		**6,122**	5,752
Current income tax payable		**9**	418
		95,339	106,635
Total liabilities		**147,341**	151,134
Total equity and liabilities		**333,195**	337,380

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 2021 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting", issued by the International Accounting Standards Board ("**IASB**").

The unaudited interim condensed financial information does not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by IASB, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2020. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The Group's policies on financial risk management were set out in the audited financial statements of the Group for the year ended 31 December 2020 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2021.

Going concern

At 30 June 2021, the Group's current liabilities exceeded its current assets by RMB43,389 million (31 December 2020: RMB63,431 million).

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

- The Group's continuous net cash inflows from operating activities;
- The available committed, unrestricted and unutilized revolving bank credit facilities of RMB147,903 million as at 30 June 2021; and
- Other available sources of financing from domestic banks and other financial institutions.

Based on management's operating and financial plans, the directors of the Company were of the opinion that the Group has adequate funds to continue its operations and to repay its debts when they fall due, and thus concluded that the Group will be able to meet its obligations for the twelve months after 30 June 2021. Accordingly, the unaudited interim condensed financial information has been prepared on the basis that the Group will continue as a going concern.

2 Significant accounting policies

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

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

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

New standards, amendments and interpretations		Published date	Effective date
Amendments to IAS 1	Classification of liabilities as current or non current	January 2020	Annual periods beginning on or after 1 January 2023
Amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16	Annual Improvements	May 2020	Annual periods beginning on or after 1 January 2022
Amendments to IFRS 3, IAS 16 and IAS 37	Narrow-scope amendments	May 2020	Annual periods beginning on or after 1 January 2022
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Undetermined

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

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 including tower business, DAS business, TSSAI business and energy operation business and conclude that the Group has one operating segment.

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

4 Operating revenue

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

	Unaudited Six months ended 30 June 2021 *RMB million*	2020 *RMB million*
Tower business *(Note (i))*	**37,722**	36,371
DAS business	**2,086**	1,720
TSSAI business	**1,853**	1,264
Energy operation business	**884**	315
Others	**128**	124
	42,673	39,794

Note:

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

	Unaudited Six months ended 30 June 2021 *RMB million*	2020 *RMB million*
Revenue from the provision of site space	**32,074**	30,974
Revenue from Services*	**5,648**	5,397
	37,722	36,371

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

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

	Unaudited Six months ended 30 June 2021 *RMB million*	2020 *RMB million*
China Mobile Communication Company Limited ("**China Mobile Company**") and its subsidiaries	**20,988**	20,220
China Telecom Corporation Limited ("**China Telecom**")	**9,931**	9,437
China United Network Communications Corporation Limited ("**China Unicom Corporation**")	**9,170**	8,705
	40,089	38,362

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

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	
	2021	2020
	RMB million	*RMB million*
Current tax		
Current tax on estimated taxable profits for the period	**646**	1,248
Deferred tax		
Origination of temporary differences	**455**	(328)
Income tax expenses	**1,101**	920

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

	Unaudited Six months ended 30 June	
	2021	2020
	RMB million	*RMB million*
Profit before taxation	**4,558**	3,897
Tax at PRC statutory tax rate of 25%	**1,140**	974
Rate differential of certain provincial branches of the Group *(Note)*	**(67)**	(61)
Tax effect of non-deductible expenses	**28**	7
Income tax expenses	**1,101**	920

Note:

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

According to the circular of "Deeply Implementation of the western development strategy taxation policy" (Caishui [2011] No. 58) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC and relevant PRC enterprise income tax regulations, entities/branches that are qualified and located in certain western provinces of mainland China and Hainan Province are entitled to a preferential income tax rate of 15%, certain branches of the Group obtained the approval were entitled to this preferential income tax rate of 15% until the end of 2030 and 2024.

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

Note:

On 18 April 2019, the shareholders of the Company approved the adoption of a restricted share incentive scheme. For the six months ended 30 June 2021, none of shares were acquired by a trustee (the "**Trustee**") from the secondary market (Note 10) (for the six months ended 30 June 2020: 143 million shares).

(b) Diluted

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

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

Conditions for unlocking of restricted shares granted are subject to achievement of certain performance conditions and treated as contingently issuable shares. As the conditions of contingency are deemed to have not been met, based on the information available, at the end of the reporting period, as if the end of the reporting period was the end of the contingency period, thus the restricted shares granted to employees were not included in the calculation of diluted earnings per share for the six months ended 30 June 2021 and 2020, respectively.

7 Dividends

At the annual general meeting on 12 May 2021, the shareholders of the Company approved the payment of a final dividend of RMB0.02235 per share (equivalent to HK$0.02689 per share) (pre-tax) for the year ended 31 December 2020 approximately RMB3,934 million in total, which has been reflected as a reduction of retained earnings and fully paid by the Company for the six months ended 30 June 2021.

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

8 Trade and other receivables

	Unaudited As at 30 June 2021 ***RMB million***	Audited As at 31 December 2020 *RMB million*
Trade receivables *(Note (a))*	**33,591**	25,409
Less: Credit loss allowance	**(1,030)**	(774)
Trade receivables, net	**32,561**	24,635
Payments on behalf of customers *(Note (b)(i))*	**4,044**	5,023
Deposits *(Note (b)(ii))*	**1,161**	998
Others	**3**	2
Other receivables	**5,208**	6,023
Trade and other receivables	**37,769**	30,658

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

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

Note:

(a) Trade receivables

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

	Unaudited As at 30 June 2021	Audited As at 31 December 2020
	RMB million	*RMB million*
Up to 3 months	**19,381**	19,268
3 to 6 months	**9,052**	3,749
6 months to 1 year	**4,292**	1,770
1 year to 2 years	**480**	386
Over 2 years	**386**	236
	33,591	25,409

(ii) Trade receivables are analysed by customers:

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

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

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

(b) Other receivables

(i) Payments on behalf of customers mainly represent the payments made by the Group to their suppliers for certain sites electric power supply charges when the Group provides the services of power access to its customers and acting as an agent. Such customers usually make payment to the Group within 1-3 months. They are considered to be of low credit risk and thus the impairment loss allowance to be recognized are deemed not material. Therefore, no credit loss allowance was made for those other receivables for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

(ii) Deposits primarily include deposits for site ground lease, office premises lease, and equipment purchase. The carrying 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 2021 ***RMB million***	Audited As at 31 December 2020 *RMB million*
Less than 6 months	**20,951**	22,747
6 months to 1 year	**3,868**	6,250
More than 1 year	**1,583**	2,463
	26,402	31,460

10 Restricted share incentives scheme

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

All shares granted are subject to a lock up period of 24 months commencing from the grant date, followed by an unlocking period of up 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 met and the Scheme Participants are still in employment with the Company.

Pursuant to the Scheme, the Board approved the initial grant proposal (the "**Initial Grant Proposal**") on 18 April 2019. The first tranche of 1,112 million restricted shares were granted on 18 April 2019 by the Board (the "**First Grant Date**") at the grant price of RMB1.03 per share. On 19 December 2019 (the "**Second Grant Date**"), additional 93 million restricted shares were granted at the same grant price of RMB1.03 per share. The fair value of the restricted shares granted on the First Grant Date and the Second Grant Date were determined as RMB0.85 per share and RMB0.53 per share, respectively.

As of 30 June 2021, 497 million restricted shares were forfeited, including 475 million restricted shares being forfeited as a result of not meeting a non-market performance condition during the vesting period occurred in 2020, and 22 million restricted shares being forfeited due to certain Scheme Participants having resigned from the Company. During the six months ended 30 June 2021 and 2020, 5 million and 3 million restricted shares were forfeited, respectively.

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

	Unaudited Six months ended 30 June			
	2021		2020	
	Weighted Average Fair Value (per share) ***(RMB Yuan)***	**Number of Restricted Shares Granted** ***(Million)***	Weighted Average Fair Value (per share) *(RMB Yuan)*	Number of Restricted Shares Granted *(Million)*
At the beginning of the period	**0.82**	**713**	0.83	1,199
Granted during the period	**–**	**–**	–	–
Forfeited during the period	**0.83**	**(5)**	0.82	(3)
At the end of the period	**0.82**	**708**	0.82	1,196

During the six months ended 30 June 2021 and 2020, share-based compensation of RMB85 million and RMB185 million were recognised in the consolidated statement of comprehensive income, with a corresponding credit to the equity, respectively.

As instructed by the Board, a Trustee is appointed to acquire certain number of H shares from the secondary market for the Scheme, and the purchased shares will be held by the Trustee until such shares are vested in accordance with the provisions of the Scheme. Upon vesting, the Trustee will transfer the shares to the employees. If the performance conditions or service conditions are not fulfilled and the corresponding tranche of shares granted to be vested during the year cannot be unlocked, the grant price paid by the Scheme Participants will be repaid to the Scheme Participants in accordance with relevant laws and regulations. As of 30 June 2021, RMB488 million related to the aforementioned forfeited restricted shares has yet to be repaid to the Scheme Participants.

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

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

11 Lease

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

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

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

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

FINANCIAL OVERVIEW

(Expressed in RMB unless otherwise indicated)

Operating Revenue

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

Operating Expenses

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

- ***Depreciation and amortisation***

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

- ***Repairs and maintenance expenses***

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

- ***Employee benefits and expenses***

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

- ***Other operating expenses***

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

Finance Costs

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

Profitability

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

Capital Expenditures and Cash Flow

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

Balance Sheet Status

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

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2021.

Audit Committee

The audit committee, together with the Company's management, reviewed the accounting principles and practices adopted by the Company and discussed financial reporting matters including the review of the Company's unaudited interim condensed financial information for the six months ended 30 June 2021.

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance. For the six months ended 30 June 2021, the Company had complied with the code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Compliance with the Model Code

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

The Company has made specific enquiries to all directors and supervisors, and all directors and supervisors have confirmed that they have complied with the Company Code and the Model Code during the six months ended 30 June 2021.

Contingent Liabilities

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

Material Legal Proceedings

For the six months ended 30 June 2021, the Company was not involved in any material litigation or arbitration, and as far as the Company is aware, no material litigation or claims were pending or threatened or made against the Company.

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 Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") at www.hkexnews.hk. The 2021 interim report will be available on the websites of the Hong Kong Stock Exchange and the Company, and will be dispatched to the shareholders of the Company 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, 9 August 2021

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

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