



# 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

## Resource Sharing for an Intelligent Future

Interim Report 2022







# CONTENTS

2	Performance Highlights
3	Chairman's Statement
8	Financial Overview
10	Report on Review of Interim Financial Information
11	Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
12	Unaudited Interim Condensed Consolidated Balance Sheet
14	Unaudited Interim Condensed Consolidated Statement of Changes in Equity
16	Unaudited Interim Condensed Consolidated Statement of Cash Flows
17	Notes to Unaudited Interim Condensed Financial Information
40	Other Information

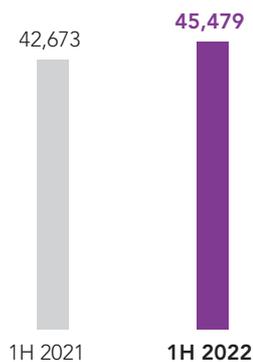


# PERFORMANCE HIGHLIGHTS

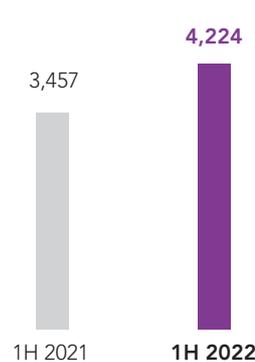
RMB million	1H 2022	1H 2021	Change
Operating revenue	<b>45,479</b>	42,673	6.6%
of which			
TSP business	<b>41,345</b>	39,808	3.9%
Smart Tower business	<b>2,584</b>	1,853	39.4%
Energy business	<b>1,426</b>	884	61.3%
Operating profit	<b>7,089</b>	6,354	11.6%
EBITDA <sup>1</sup>	<b>31,958</b>	31,184	2.5%
Profit attributable to owners of the Company	<b>4,224</b>	3,457	22.2%
Capital expenditure	<b>9,085</b>	10,360	-12.3%
Net cash generated from operating activities	<b>31,306</b>	24,238	29.2%
Basic earnings per share (RMB Yuan)	<b>0.0242</b>	0.0198	22.2%

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

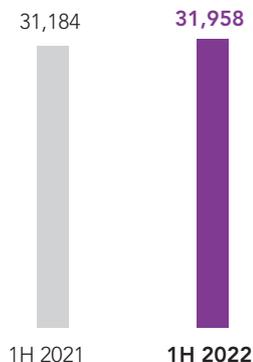
**Operating revenue**  
(RMB million)



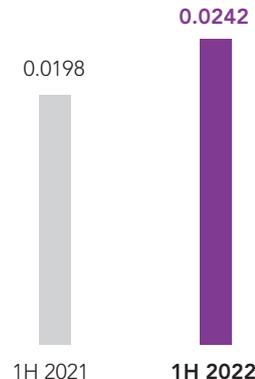
**Profit attributable to owners of the Company**  
(RMB million)



**EBITDA**  
(RMB million)



**Basic earnings per share**  
(RMB Yuan)



# CHAIRMAN'S STATEMENT



Resource  
Sharing for  
an Intelligent  
Future

Zhang Zhiyong | *Chairman of the Board*

## Dear Shareholders,

In the first half of 2022, China Tower Corporation Limited (the "**Company**"), upholding its founding philosophy of resource sharing, proactively captured opportunities emerging from the development of 5G new infrastructure, the "Digital China" initiative and the progress being made towards China's "dual carbon" goals. By furthering our "One Core and Two Wings" strategy, we strove to establish an operating system that is professional, intensive, delicate, efficient and digitalized, as well as to build an enterprise centered around sharing, service, innovation, technology and value creation. During this period, our business has seen satisfactory development on all fronts and our overall performance maintained stable growth.

## FINANCIAL PERFORMANCE

Our revenue maintained healthy growth while profitability continued to improve in the first half of 2022, with operating revenue reaching RMB45,479 million, up by 6.6% year-on-year. Our EBITDA amounted to RMB31,958 million, an increase of 2.5% over the same period last year, with an EBITDA margin<sup>2</sup> of 70.3%. Profit attributable to owners of the Company totaled RMB4,224 million, up by 22.2% year-on-year, with a net profit margin of 9.3%.

Our cash flow remained strong. In the first half of 2022, net cash generated from operating activities amounted to RMB31,306 million, an increase of 29.2% over the same period last year. Capital expenditures were RMB9,085 million, a reduction of 12.3% from the same period last year. As a result, our free cash flow<sup>3</sup> reached RMB22,221 million, up by 60.1% year-on-year. Our financial position remained stable and healthy, with the Company's total assets reaching RMB313,523 million as of 30 June 2022. Our interest-bearing liabilities stood at RMB92,428 million with a gearing ratio<sup>4</sup> of 31.1%, 5.9 percentage points lower than the same period last year.

## Chairman's Statement

### BUSINESS PERFORMANCE

In the first half of 2022, despite the adverse impact of multiple outbreaks of the epidemic, we orchestrated our Covid-19 containment measures and operating activities under the guidance of established strategy, strengthening our capabilities in resource coordination and sharing. Building on the stable development of our telecommunications service provider ("TSP") business, our Smart Tower business and Energy business continued to experience rapid growth.

#### Dual growth engines of "5G + DAS" enabled stable growth in TSP business

Given the increasing coverage and penetration of 5G network in China, we maintained our focus on the latest market trends and evolving customer demands over the first half of 2022 and furthered resource coordination and sharing. As a result, we were able to build large-scale 5G networks in a cost-effective and highly efficient manner through offering innovative service and construction model. The Company undertook 318,000 5G base-station demand in the first half of 2022, with the cumulative number reaching 1.544 million as of 30 June 2022, of which 97% were fulfilled by sharing existing resources. Additionally, increasing DAS construction demand promoted even greater growth of DAS business. Given this, "5G + DAS" have emerged as dual growth engines, which secured stable growth of TSP business and cemented our leadership in the construction and operation of telecommunications infrastructure in China.

As of 30 June 2022, the Company was managing a total of 2.049 million tower sites, representing a net increase of 11,000 sites compared to the end of 2021. During the same period, we gained 42,000 new TSP tenants, bringing the total number to 3.302 million. Our TSP tenancy ratio also grew from 1.60 as at the end of 2021 to 1.62. With regard to our DAS business, we had covered buildings with a cumulative area of 5,970 million square meters, up by 35.4% from the same period last year, while the high-speed railway tunnels and subway coverage totaled a cumulative length of 18,276 kilometers, an increase of 26.6% over the same period last year.

In the first half of 2022, our TSP business revenue reached RMB41,345 million, up by 3.9% from the same period last year, among which tower business revenue accounted for RMB38,592 million while DAS business represented RMB2,753 million, a year-on-year growth of 2.3% and 32.0% respectively.



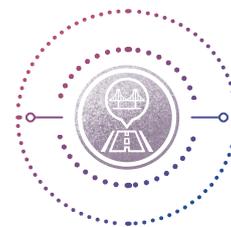
## Chairman's Statement

**Strengthening advantages in resources and capabilities, Two Wings business maintained the momentum of growth**

The development of the digital economy and the national "dual carbon" goals have presented ample opportunities to our business. We leveraged our resources and strengths to scale up and explore new possibilities of sharing, enabling the advancement of digitalization and adoption of new energy applications in society. As a result, our Two Wings business continued to experience rapid growth. Over the first half of the year, Two Wings business recorded revenue of RMB4,010 million, a year-on-year increase of 46.5%, accounting for 8.8% of our overall operating revenue and contributing 45.4% of the incremental operating revenue.

**Smart Tower business expanded industry applications and sharpened competitive edge.** We seized new opportunities flowing from the rapid development of the digital economy and sped up the upgrading of "telecommunication tower" to "digital tower" by utilizing our existing site resources, localized operations and maintenance, and centralized digital platform. For Tower Monitoring service, we increased investment on research and development, launching differentiated products to meet customer needs while enhancing our digital services, with a focus on key sectors including environmental protection, forestry, agriculture and land, etc. In the first half of 2022, Smart Tower business recorded revenue of RMB2,584 million, representing a growth of 39.4% from the same period last year. Of this, Tower Monitoring business revenue reached RMB1,584 million, accounting for 61.3% of Smart Tower business revenue.

**Energy business focused on core segments and continued to scale up.** We further strengthened our core business segments of battery exchange and power backup to enhance the economies of scale in Energy business as well as the quality of delicate management approach. We have deepened our penetration of the delivery and courier markets, and consolidated our leadership in the battery exchange market for light electric vehicle. In addition, we offered four-in-one comprehensive solutions covering power backup, power generation, monitoring and maintenance, to key industries including telecommunications, finance, healthcare and education. As of 30 June 2022, we had attained a cumulative 782,000 battery exchange users, an increase of 170,000 since the end of 2021. Energy business recorded revenue of RMB1,426 million in the first half of 2022, representing an increase of 61.3% from the same period last year, among which, revenue from battery exchange business accounted for RMB802 million, or 56.2%.



## Chairman's Statement

### CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Company continued to strictly abide by the rules and regulations governing listed companies, continuously improved governance mechanisms, strengthened the development of compliance systems and enhanced risk management, all to ensure a high level of corporate governance to safeguard the Company's healthy and sustainable growth.

We have received wide recognition for our commitment to corporate social responsibility as well as for our efforts in ensuring the harmonious and sustainable development of both the Company and society. Through delicate planning and management, we delivered reliable communications services for the Beijing 2022 Winter Olympics and the Beijing 2022 Paralympic Winter Games earlier this year. In addition, we proactively implemented multiple measures to effectively support emergency missions and safeguard related communication services, serving as a lifeline to ensure communications in pandemic prevention and control as well as disaster relief. We also promoted communications infrastructure development in remote areas to narrow the regional digital divide, contributing to the national initiative of rural revitalization. Finally, we practiced the philosophy of sustainable development by advocating energy saving and emissions reductions, as well as green and low-carbon growth.

### OUTLOOK

To capture growth opportunities in the second half of 2022, we will set a clear focus on realizing our goal of becoming a "world-class integrated information and communications infrastructure service provider and a highly competitive information and new energy applications provider". This positioning will drive the development of the Company centering around sharing, service, innovation, technology and value creation, and build upon an operating system that is professional, intensive, delicate, efficient and digitalized. We will strive to sustain stable revenue growth and generate higher value for our shareholders, customers and society as a whole.

**TSP business:** Given the strong demand for 5G base stations and DAS construction, we will continue to enhance these dual engines to support the stable growth of TSP business. Adhering to the philosophy of resource sharing, we will consolidate and enhance resource coordination and sharing to explore and satisfy customers' needs with comprehensive offerings. In addition, we will further promote integrated wireless communications coverage solutions to tackle difficult site setting and network coverage problems. In doing so, we will strengthen the competitive advantages of tower business through professional construction and strong service capabilities. We will also work closely with TSPs to develop a service model centered around resource coordination and collaboration. By enhancing capabilities on market acquisition and professional service, we aim to expand the scale of our DAS business and turn it into the second engine of TSP business.



## Chairman's Statement

**Smart Tower business:** The thriving digital economy and ongoing digital transformation across different sectors are presenting ample opportunities to our business. We will make full use of our resources and strengths to drive the transformation from "telecommunication tower" to "digital tower". Focusing on eight key sectors of environmental protection, forestry, agriculture, land, water resources, transportation, emergency response and digital village, we will develop a variety of vertical industrial applications for customers, delivering high quality integrated information solutions and digital governance services. We will also step up research and development investment to strengthen our Tower Monitoring platform with enhanced algorithms and functions. Meanwhile, we aim to establish an industry application iteration and development system to further support the rapid and high-quality growth of Smart Tower business.

**Energy business:** The national "carbon peaking and carbon neutrality" goals have created a strategic opportunity for us to develop our specialty in battery exchange and power backup businesses by leveraging our resources. Through increasing research and development investment and deepening technology collaboration, we shall promote product optimization and iterative upgrades. In addition, we target to build a smart energy operating platform to drive the digital and intelligent transformation of our Energy business. The Company is committed to strengthening its intelligent service system to improve its service efficiency and enhance its customer experience by drawing on its delicate control and systematic management approach. These initiatives will help to scale our Energy business rapidly.

Finally, on behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to Mr. Mai Yanzhou, who recently resigned as a director of the Company, and to his distinguished service to the Company during his term of office. Meanwhile, I would like to express my sincere gratitude to our shareholders, customers and the general public for your support, and to our employees for your hard work and dedication.



**Zhang Zhiyong**  
*Chairman*

Beijing, China, 8 August 2022

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

Note 2: EBITDA margin is calculated by dividing EBITDA by operating revenue, and multiplying the resulting value by 100%.

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

Note 4: 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.



# FINANCIAL OVERVIEW

(Expressed in RMB unless otherwise indicated)

## OPERATING REVENUE

In the first half of 2022, the Company actively served and integrated into the new development pattern and deepened the implementation of the “One Core and Two Wings” strategy to fuel market development. The Company maintained a positive growth in operating revenue. Operating revenue reached RMB45,479 million, up by 6.6% over the same period last year, of which revenue from TSP business reached RMB41,345 million, up by 3.9% over the same period last year; revenue from Smart Tower business and Energy business reached RMB4,010 million, up by 46.5% over the same period last year, accounting for 8.8% of the operating revenue, which increased from 6.4% for the same period last year.

## OPERATING EXPENSES

Relying on the adoption of business accounting on individual site and enhancement of digitalized operation capability, the Company managed and controlled production costs in a reasonable manner, effectively preserved its asset quality, improved the service standard and enhanced momentum for development of the Company. In the first half of 2022, the operating expenses of the Company were RMB38,390 million, up by 5.7% over the same period last year. The breakdown is as follows:

- **Depreciation and amortisation**

---

Benefiting from the reusing and life extension of assets in stock, as well as changes in the structure of 5G construction demand, the depreciation and amortisation in the first half of 2022 was RMB24,869 million, up by 0.2% over the same period last year.

- **Repairs and maintenance expenses**

---

The Company strengthened the development of asset operation capabilities, fully tapped assets potential and improved asset performance to ensure business expansion and service improvement. In the first half of 2022, the repairs and maintenance expenses were RMB3,486 million, up by 20.5% over the same period last year.

- **Employee benefits and expenses**

---

In the first half of 2022, the employee benefits and expenses amounted to RMB3,778 million, up by 5.7% over the same period last year.

- **Site operation and supporting expenses**

---

In the first half of 2022, the site operation and supporting expenses amounted to RMB2,507 million, up by RMB163 million over the same period last year, of which the IT supporting and site planning and management expenses related to site operation increased by RMB202 million over the same period last year.

- **Other operating expenses**

---

In the first half of 2022, other operating expenses amounted to RMB3,750 million, up by RMB1,073 million over the same period last year. For Two Wings business, the Company enhanced the development of AI algorithms and product iteration while strengthening marketing efforts, with the technical supporting service fees, sales expenses, and utility fees for business operation increasing by RMB719 million over the same period last year.

## Financial Overview

(Expressed in RMB unless otherwise indicated)

### FINANCE COSTS

As the Company enhanced centralized fund management, the interest-bearing liabilities substantially decreased as compared to the same period last year. Meanwhile, benefiting from multi-channel financing at low costs, the overall finance costs of the Company maintained at a relatively low level. The Company recorded net finance costs of RMB1,603 million in the first half of 2022, down by 14.0% over the same period last year.

### PROFITABILITY

In the first half of 2022, the Company recorded an operating profit of RMB7,089 million. Profit attributable to owners of the Company amounted to RMB4,224 million, up by 22.2% over the same period last year; EBITDA reached RMB31,958 million, up by 2.5% over the same period last year, accounting for 70.3% of operating revenue.

### CAPITAL EXPENDITURES AND CASH FLOW

In the first half of 2022, the capital expenditure for new site construction and augmentation recorded a year-on-year decrease due to structural change in TSPs' 5G construction demands and the project slowdown during the pandemic in certain regions. Meanwhile, the Company increased the proportion of its investment on the site replacement and improvement with a view to enhancing their long-term service capacity and meeting the needs for business development as well as asset life extension in an orderly manner. In the first half of 2022, capital expenditures reached RMB9,085 million. Net cash generated from operating activities was RMB31,306 million while free cash flow was RMB22,221 million.

### BALANCE SHEET STATUS

As of 30 June 2022, the Company's total assets were RMB313,523 million and total liabilities were RMB124,495 million, of which the net debts amounted to RMB85,520 million. The liabilities to assets ratio decreased from 41.4% at the beginning of the year to 39.7% at the end of the period.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**To the Board of Directors of China Tower Corporation Limited**

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 39, which comprises the interim condensed consolidated balance sheet of China Tower Corporation Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at 30 June 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 8 August 2022

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022  
(Expressed in Renminbi ("RMB"))

	Note	Unaudited Six months ended 30 June	
		2022 RMB million	2021 RMB million
<b>Operating revenue</b>	5	<b>45,479</b>	42,673
<b>Operating expenses</b>			
Depreciation and amortisation	13	(24,869)	(24,830)
Repairs and maintenance		(3,486)	(2,894)
Employee benefits and expenses	6	(3,778)	(3,574)
Site operation and support expenses	7	(2,507)	(2,344)
Other operating expenses	8	(3,750)	(2,677)
		<b>(38,390)</b>	(36,319)
<b>Operating profit</b>		<b>7,089</b>	6,354
Other income/gains, net		76	69
Interest income		5	10
Finance costs	9	(1,608)	(1,875)
<b>Profit before taxation</b>		<b>5,562</b>	4,558
Income tax expenses	10	(1,338)	(1,101)
<b>Profit for the period</b>		<b>4,224</b>	3,457
<b>Profit attributable to:</b>			
– Owners of the Company		4,224	3,457
– Non-controlling interests		–	–
<b>Other comprehensive income, net of tax</b>		<b>–</b>	–
<b>Total comprehensive income for the period</b>		<b>4,224</b>	3,457
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		4,224	3,457
– Non-controlling interests		–	–
		<b>4,224</b>	3,457
<b>Basic and diluted earnings per share (in RMB Yuan)</b>			
Basic/diluted	11	<b>0.0242</b>	0.0198

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

# UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022  
(Expressed in RMB)

	Note	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	213,533	221,419
Right-of-use assets	13	32,133	32,877
Construction in progress	12	11,300	14,709
Deferred income tax assets		2,602	1,892
Other non-current assets	14	534	4,018
		<b>260,102</b>	274,915
<b>Current assets</b>			
Trade and other receivables	15	42,256	34,194
Prepayments and other current assets	16	4,257	7,679
Cash and cash equivalents	17	6,908	6,471
		<b>53,421</b>	48,344
<b>Total assets</b>		<b>313,523</b>	323,259
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	176,008	176,008
Reserves		13,020	13,346
<b>Total equity attributable to owners of the Company</b>		<b>189,028</b>	189,354
<b>Non-controlling interests</b>		–	–
<b>Total equity</b>		<b>189,028</b>	189,354

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

## Unaudited Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2022  
(Expressed in RMB)

	Note	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	20(a)	35,910	41,572
Lease liabilities	13	15,461	15,677
Deferred government grants	21	424	436
Employee benefit obligations		40	38
		<b>51,835</b>	57,723
<b>Current liabilities</b>			
Borrowings	20(a)	34,077	37,142
Lease liabilities	13	6,980	6,913
Accounts payable	22	24,391	25,264
Accrued expenses and other payables	23	6,336	6,342
Current income tax payable		876	521
		<b>72,660</b>	76,182
<b>Total liabilities</b>		<b>124,495</b>	133,905
<b>Total equity and liabilities</b>		<b>313,523</b>	323,259

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022  
(Expressed in RMB)

	Note	Unaudited Attributable to owners of the Company								Total Equity RMB million
		Share Capital RMB million	Share Premium RMB million	Shares Held under Restricted Share Incentive Scheme RMB million	Share-based Compensation Reserves RMB million	Statutory Reserves RMB million	Retained Earnings RMB million	Total RMB million	Non- Controlling Interests RMB million	
<b>Balance at 31 December 2020</b>		176,008	3,694	(1,954)	285	1,118	7,094	186,245	1	186,246
Profit for the period		-	-	-	-	-	3,457	3,457	-	3,457
Other comprehensive income		-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	-	-	3,457	3,457	-	3,457
Dividends paid	19	-	-	-	-	-	(3,934)	(3,934)	-	(3,934)
Employee share scheme- value of employee services	24	-	-	-	85	-	-	85	-	85
<b>Balance at 30 June 2021</b>		176,008	3,694	(1,954)	370	1,118	6,617	185,853	1	185,854

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

## Unaudited Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2022  
(Expressed in RMB)

	Unaudited Attributable to owners of the Company										
	Note	Share Capital RMB million	Share Premium RMB million	Shares Held under Restricted Share Incentive Scheme RMB million	Share-based Compensation Reserves RMB million	Statutory Reserves RMB million	Other reserves RMB million	Retained Earnings RMB million	Total RMB million	Non- Controlling Interests RMB million	Total Equity RMB million
Balance at 31 December 2021		176,008	3,694	(1,954)	-	1,849	(1)	9,758	189,354	-	189,354
Profit for the period		-	-	-	-	-	-	4,224	4,224	-	4,224
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	-	-	-	4,224	4,224	-	4,224
Dividends paid	19	-	-	-	-	-	-	(4,550)	(4,550)	-	(4,550)
<b>Balance at 30 June 2022</b>		<b>176,008</b>	<b>3,694</b>	<b>(1,954)</b>	<b>-</b>	<b>1,849</b>	<b>(1)</b>	<b>9,432</b>	<b>189,028</b>	<b>-</b>	<b>189,028</b>

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022  
(Expressed in RMB)

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
<b>Cash flows from operating activities</b>		
Cash generated from operations	32,995	25,771
Income tax paid	(1,694)	(1,543)
Interest income received	5	10
<b>Net cash generated from operating activities</b>	<b>31,306</b>	24,238
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(11,886)	(18,803)
Purchase of land use right and other non-current assets	(10)	(16)
Proceeds from disposal of property and equipment	316	134
<b>Net cash used in investing activities</b>	<b>(11,580)</b>	(18,685)
<b>Cash flows from financing activities</b>		
Dividends paid to the owners of Company	(4,618)	(3,934)
Proceeds from borrowings (excluding short-term commercial papers)	20,600	34,578
Repayments to employees for restricted share incentive scheme	(367)	(3)
Repayments of borrowings (excluding short-term commercial papers)	(29,128)	(21,568)
Repayments of short-term commercial papers	–	(11,000)
Interest paid for borrowings	(1,087)	(1,350)
Payments of lease liabilities (including principal and interest)	(4,688)	(2,361)
<b>Net cash used in financing activities</b>	<b>(19,288)</b>	(5,638)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>438</b>	(85)
Cash and cash equivalents at beginning of period	6,471	5,042
Effect of changes in foreign exchange rates on cash and cash equivalents	(1)	1
<b>Cash and cash equivalents at end of period</b>	<b>6,908</b>	4,958

## Significant non-cash transactions:

The Group recorded accounts payables of approximately RMB14,487 million to equipment and construction suppliers as at 30 June 2022 (31 December 2021: approximately RMB16,699 million).

The Group recorded an addition of right-of-use assets with the corresponding of lease liabilities amounting to approximately RMB5,290 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately RMB4,851 million).

The notes on pages 17 to 39 are an integral part of this interim condensed financial information.

# NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

## 1 GENERAL INFORMATION

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

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

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

This unaudited interim condensed financial information is presented in RMB, unless otherwise stated. This unaudited interim condensed financial information was approved by the board of directors (the “**Board**”) of the Company for issuance on 8 August 2022.

The Group’s interim condensed financial information for the six months ended 30 June 2022 has been reviewed, not audited.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 2 BASIS OF PREPARATION

This unaudited interim condensed financial information for the six months ended 30 June 2022 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 2021. 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 2021 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2022.

#### Going concern

At 30 June 2022, the Group’s current liabilities exceeded its current assets by RMB19,239 million (31 December 2021: RMB27,838 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 unutilised revolving bank credit facilities of RMB219,507 million as at 30 June 2022; 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 2022. Accordingly, the unaudited interim condensed financial information has been prepared on the basis that the Group will continue as a going concern.

**Notes to Unaudited Interim Condensed Financial Information**

(Expressed in RMB unless otherwise indicated)

**3 SIGNIFICANT ACCOUNTING POLICIES**

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

**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 2023 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 IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014 Undetermined
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	May 2021 Annual periods beginning on or after 1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	February 2021 Annual periods beginning on or after 1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	February 2021 Annual periods beginning on or after 1 January 2023

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

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 4 SEGMENT REPORTING

The executive directors and senior management, as a decision-making group has been identified as the Group's chief operating decision-maker (the "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, Smart Tower business and Energy business. However, the CODM does not make the decision related to resource allocation or performance evaluation solely based on the revenue generated from the different business. Rather, the CODM review the Group's performance and budget as a whole. Therefore, the CODM conclude that the Group has one operating segment.

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

### 5 OPERATING REVENUE

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

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Tower business (Note (i))	38,592	37,722
DAS business	2,753	2,086
Smart Tower business	2,584	1,853
Energy business	1,426	884
Others	124	128
	<b>45,479</b>	42,673

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

## 5 OPERATING REVENUE (Continued)

Note:

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

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Revenue from the provision of Site Space	32,813	32,074
Revenue from Services*	5,779	5,648
	<b>38,592</b>	<b>37,722</b>

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

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

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	
	2022 RMB million	2021 RMB million
CMCC Group	21,817	20,988
CTC Group	10,359	9,931
CUC Group	9,495	9,170
	<b>41,671</b>	<b>40,089</b>

For the six months ended 30 June 2022, the revenue generated from above Three TSPs accounted for 91.6% of the total revenue (for the six months ended 30 June 2021: 93.9%).

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 6 EMPLOYEE BENEFITS AND EXPENSES

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Salaries and welfare	2,838	2,628
Post-employment benefits (Note (i))	461	410
Contributions to medical insurance	260	253
Contributions to housing fund	219	198
Share incentive expenses (Note 24)	–	85
	<b>3,778</b>	<b>3,574</b>

Note:

(i) Post-employment benefits

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Post-employment benefits		
– Defined benefit obligations	2	3
– Defined contribution obligations	459	407
	<b>461</b>	<b>410</b>

#### Defined benefit obligations

As stipulated under a new governmental requirement, starting in 2020, the Group has implemented a new post-employment benefit scheme, covering medical and other benefits, for its employee based in mainland China that retired and to be retired before 2023. An employee benefit obligation amounting to RMB40 million was recognised in the consolidated balance sheet. This obligation is calculated using the projected unit credit method. There is no significant change in key assumptions compared with 2021.

### 7 SITE OPERATION AND SUPPORT EXPENSES

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Site usage expenses	765	802
Costs of site power supply using diesel oil generation	739	738
IT service charge	636	605
Others	367	199
	<b>2,507</b>	<b>2,344</b>

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

## 8 OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Technical support charges (Note (i))	1,170	661
Losses on write-off/disposal of property and equipment	852	672
Credit loss allowance	363	258
Utilities in business operation (Note (ii))	318	153
Property management expenses and utilities	233	214
Marketing expenses	222	177
Other taxes and surcharges	141	101
Cost of goods sold	132	73
Auditors' remuneration	2	2
Others	317	366
	<b>3,750</b>	<b>2,677</b>

Note:

- (i) Technical support charges incurred are mainly for building platforms in Smart Tower business and Energy business, and are paid to third-party service providers while the Group is the primary obligator for providing these services.
- (ii) Utilities in business operation incurred are mainly for providing battery exchange services and battery recharge services in Energy business.

## 9 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Interest expense on borrowings	1,069	1,308
Interest expense on lease liabilities (Note 13)	588	637
Less: Amounts capitalised in construction in progress (Note)	(49)	(70)
	<b>1,608</b>	<b>1,875</b>

Note:

The interest rate range for amounts capitalised in construction in progress for the six months ended 30 June 2022 were 2.89%-3.03% per annum (for the six months ended 30 June 2021: 2.93%-3.09% per annum).

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 10 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	
	2022 RMB million	2021 RMB million
<b>Current tax</b>		
Current tax on estimated taxable profits for the period	2,048	646
<b>Deferred tax</b>		
Origination of temporary differences	(710)	455
<b>Income tax expenses</b>	<b>1,338</b>	1,101

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	
	2022 RMB million	2021 RMB million
<b>Profit before taxation</b>	<b>5,562</b>	4,558
Tax at PRC statutory tax rate of 25%	1,391	1,140
Rate differential of certain provincial branches of the Group (Note)	(90)	(67)
Tax effect of non-deductible expenses	39	28
Others	(2)	–
<b>Income tax expenses</b>	<b>1,338</b>	1,101

Note:

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

According to the circular of "Continuing to Implement Preferential Corporate Income Tax Policies for Western Development" (Ministry of Finance announcement [2020] No. 23) issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission and relevant PRC enterprise income tax regulations, branches that are qualified and located in certain western provinces of mainland China are entitled to a preferential income tax rate of 15%. Certain branches of the Group obtained the approval were entitled to this preferential income tax rate of 15% until the end of 2030.

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

**Notes to Unaudited Interim Condensed Financial Information**

(Expressed in RMB unless otherwise indicated)

**10 INCOME TAX EXPENSES (Continued)**

Note: (Continued)

According to the circular of "Implementation of Preferential Income Tax Policies for High-tech Enterprises" (The State Administration of Taxation [2017] No. 24) issued by the State Administration of Taxation and relevant PRC enterprise income tax regulations, the Company's subsidiary Smart Tower Corporation Limited is qualified and entitled to a preferential tax rate of 15% for high-tech enterprises. Smart Tower Corporation Limited obtained the certificate of high-tech enterprises which is valid until 17 December 2024.

**11 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	
	2022	2021
Profit attributable to owners of the Company (in RMB million)	4,224	3,457
Weighted average number of ordinary shares in issue (million)	174,812	174,812
Basic earnings per share (in RMB Yuan)	0.0242	0.0198

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 2022, no share was purchased by the trustee authorised by the Group from the secondary market (Note 24) (for the six months ended 30 June 2021: nil).

**(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 2022 and 2021, respectively.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 12 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

#### (a) Acquisition of property, plant and equipment and construction in progress

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB8,423 million (for the six months ended 30 June 2021: RMB10,026 million).

#### (b) Write-off/disposal of property, plant and equipment

Property, plant and equipment with a net book value of approximately RMB1,168 million were written off/disclosed during the six months ended 30 June 2022 with RMB852 million write-off/disposal losses (Note 8) (for the six months ended 30 June 2021: approximately RMB691 million with RMB672 million write-off/disposal losses).

### 13 LEASE

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

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
<b>Right-of-use assets</b>		
– Sites and premises	30,980	31,706
– Land use rights	1,153	1,171
	<b>32,133</b>	32,877
<b>Lease Liabilities</b>		
– Current	6,980	6,913
– Non-current	15,461	15,677
	<b>22,441</b>	22,590

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

	Unaudited Six months ended 30 June 2022 RMB million	2021 RMB million
Depreciation charge of right-of-use assets	5,779	5,422
Interest expense	588	637
Expense relating to short-term leases and low-value leases	697	712

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

## 14 OTHER NON-CURRENT ASSETS

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Input VAT recoverable – non-current portion (Note (i))	–	3,521
Others (Note (ii))	534	497
	<b>534</b>	<b>4,018</b>

Note:

- (i) The Group obtained input VAT from its purchase of assets (i.e. towers, equipment and property) and services that were subject to VAT in the PRC. Input VAT recoverable mainly represents the input VAT carried forward from the acquisition of Tower Assets from Three TSPs in 2015 (see Note 1). The input VAT recoverable can be carried forward indefinitely to set-off future output VAT in following periods according to the relevant VAT regulations of the PRC.

According to the circular of “Expanding the industry scope of full refund of the input VAT” (The State Administration of Taxation [2022] No. 21) issued by the Ministry of Finance and the State Administration of Taxation, during the six months ended 30 June 2022, the Company received RMB5,407 million input VAT refund.

- (ii) Others include purchased software, which are recognised at their initial costs and amortised over their estimated useful lives (generally 5-10 years).

## 15 TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Trade receivables (Note (a))	38,453	30,211
Less: Credit loss allowance	(1,586)	(1,223)
<b>Trade receivables, net</b>	<b>36,867</b>	<b>28,988</b>
Payments on behalf of customers (Note (b)(i))	4,228	3,827
Deposits (Note (b)(ii))	1,092	1,378
Others	70	2
Less: Credit loss allowance	(1)	(1)
<b>Other receivables, net</b>	<b>5,389</b>	<b>5,206</b>
<b>Trade and other receivables</b>	<b>42,256</b>	<b>34,194</b>

As at 30 June 2022 and 31 December 2021, trade and other receivables were primarily denominated in RMB and their carrying amounts approximated their fair values.

For the six months ended 30 June 2022, no write off in trade receivables (for the six months ended 30 June 2021: wrote off approximately RMB2 million).

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 15 TRADE AND OTHER RECEIVABLES (Continued)

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 2022 RMB million	Audited As at 31 December 2021 RMB million
Up to 3 months	17,322	14,218
3 to 6 months	10,321	7,127
6 months to 1 year	7,300	6,368
1 year to 2 years	2,639	1,903
Over 2 years	871	595
	<b>38,453</b>	30,211

- (ii) Trade receivables are analysed by customers:

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
CMCC Group	16,052	15,090
CTC Group	9,375	4,952
CUC Group	8,722	6,823
Others	4,304	3,346
	<b>38,453</b>	30,211

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.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

**15 TRADE AND OTHER RECEIVABLES (Continued)**

Note: (Continued)

**(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 recognised are deemed not material. Therefore, no credit loss allowance was made for those other receivables for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).
- (ii) Deposits primarily include deposits for site ground lease, office premises lease, and equipment purchase. The carrying amounts of deposits do not differ significantly from their fair values.

**16 PREPAYMENTS AND OTHER CURRENT ASSETS**

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Input VAT recoverable – Current portion (Note 14(i))	2,893	6,220
Advance prepayments (Note (a))	1,353	1,455
Others (Note (b))	11	4
	<b>4,257</b>	<b>7,679</b>

Note:

- (a) As at 30 June 2022, advance payments mainly represented prepaid rentals to the lessor for short-term leases and low-value leases under IFRS 16, and prepayment of electric powers charges of certain tower sites.
- (b) Others mainly include inventory such as battery.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 17 CASH AND CASH EQUIVALENTS

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Cash at bank and on hand		
–RMB	6,847	6,412
–HKD	50	49
–USD	9	9
–LAK	2	1
	<b>6,908</b>	6,471

### 18 SHARE CAPITAL

Registered, issued and fully paid:

	Unaudited As at 30 June 2022		Audited As at 31 December 2021	
	Number of ordinary shares (million)	Share capital (RMB million)	Number of ordinary shares (million)	Share capital (RMB million)
At beginning of period/year	176,008	176,008	176,008	176,008
At end of period/year (RMB1.00, par value)	176,008	176,008	176,008	176,008

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

## 19 DIVIDENDS

At the annual general meeting on 11 May 2022, the shareholders of the Company approved the payment of a final dividend of RMB0.02624 per share (equivalent to HKD0.03097 per share) (pre-tax) for the year ended 31 December 2021 approximately RMB4,618 million in total.

As at 8 August 2022, the Board has resolved that no interim dividend is declared for the six months ended 30 June 2022.

## 20 BORROWINGS

## (a) Borrowings

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
<b>Borrowings:</b>		
Long-term borrowings (Note (i))		
– General Borrowings	38,806	36,533
– Preferential Borrowings	4,278	5,150
– Medium-term Notes (Note (iii))	4,103	4,042
Less: Current portion	(11,277)	(4,153)
<b>Balance presented in non-current liabilities:</b>	<b>35,910</b>	41,572
Short-term borrowings:		
Short-term loans (Note (ii))	22,800	32,650
Long-term borrowings – Current portion	11,277	4,153
Discounted notes	–	339
<b>Balance presented in current liabilities:</b>	<b>34,077</b>	37,142

Note:

- (i) In 2015 and 2016, the Group obtained unsecured long-term RMB denominated loans from China Development Bank via China Development Fund Co., Ltd (the “**Preferential Borrowings**”) at a preferential interest rate, as the government granted a loan interest subsidy to the Group. The Preferential Borrowings mature in 10 years and are mainly used for telecommunications network and broadband infrastructure improvements in certain rural areas of the PRC.

As at 30 June 2022, the carrying amount of the Preferential Borrowings amounted to RMB4,278 million (31 December 2021: RMB5,150 million). The Group initially recognised the Preferential Borrowings at fair value based on the then prevailing borrowing interest rates in the PRC. The interest subsidy was recognised as a government grant and recorded in deferred government grant, which was amortised to the consolidated statement of comprehensive income to match with the related interest expenses.

As at 30 June 2022, the unsecured general long-term bank borrowings (the “**General Borrowings**”) obtained by the Group has a maturity of 3 years (31 December 2021: 2 to 4 years).

For the six months ended 30 June 2022, the effective interest rates of all long-term borrowings were 2.10% to 3.40% per annum (for the six months ended 30 June 2021: 2.35% to 4.41% per annum).

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 20 BORROWINGS (Continued)

#### (a) Borrowings (Continued)

Note: (Continued)

- (ii) For the six months ended 30 June 2022, all short-term loans were unsecured, which bear interest rates ranging from 2.50% to 3.48% per annum (for the six months ended 30 June 2021: from 2.80% to 3.70% per annum).
- (iii) From time to time, the Group issued medium-term Notes in the China's Interbank Bond Market to finance working capital needs. The details of which are shown below:

Issue Date	Principal Amount (RMB million)	Paper titles	Period	Annual interest rate	Carrying amount as at 30 June 2022 (RMB million)
27 August 2021	2,000	Medium-Term Note 001	3 years	3.05%	2,052
30 August 2021	2,000	Medium-Term Note 002	3 years	3.07%	2,051
<b>Total</b>	<b>4,000</b>				<b>4,103</b>

#### (b) The repayment schedule of the borrowings

As at 30 June 2022, borrowings were repayable as follows:

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Within 1 year	34,077	37,142
Between 1 and 2 years	21,090	28,356
Between 2 and 5 years	14,820	13,216
	<b>69,987</b>	<b>78,714</b>

#### (c) The carrying amounts and fair values of the long-term borrowings

The carrying values of long-term borrowings approximate their fair values, as the impact of discounting is not significant. The fair values are based on cash flows discounted using the prevailing market interest rates as at 30 June 2022 and 31 December 2021. They are within level 3 of the fair value hierarchy.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

**21 DEFERRED GOVERNMENT GRANTS**

Deferred government grants mainly represent the government grants obtained by the Group including the interest subsidy associated with the Preferential Borrowings (see Note 20 (a)(i)).

**22 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 2022 RMB million	Audited As at 31 December 2021 RMB million
Less than 6 months	18,894	18,204
6 months to 1 year	2,391	2,092
More than 1 year	3,106	4,968
	<b>24,391</b>	<b>25,264</b>

**23 ACCRUED EXPENSES AND OTHER PAYABLES**

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Deposits from vendors	1,721	1,664
Salary and welfare payables	1,608	1,102
Contract liabilities	1,556	1,388
Accrued expenses	874	1,087
Cash received from Scheme Participants under restricted share incentive scheme (Note 24)	360	727
Interest payable	127	146
Other tax payables	90	228
	<b>6,336</b>	<b>6,342</b>

Accrued expenses and other payables are all denominated in RMB. Their carrying amounts approximate their fair values due to their short-term maturities.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 24 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 to 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 2022, total 855 million restricted shares were forfeited, including 829 million restricted shares being forfeited as a result of not meeting a non-market performance condition during the unlocking period occurred in 2020 and 2021, and 26 million restricted shares being forfeited due to certain Scheme Participants having resigned from the Company. During the six months ended 30 June 2022 and 2021, 2 million and 5 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			
	2022		2021	
	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	352	0.82	713
Granted during the period	-	-	-	-
Forfeited during the period	0.81	(2)	0.83	(5)
At the end of the period	0.82	350	0.82	708

For the six months ended 30 June 2022, no share-based compensation expense was recognised as a result of not expecting to meet a non-market performance condition during the future unlocking period stipulated under the Scheme.

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 unlocked in accordance with the provisions of the Scheme. Upon unlocking, 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.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

**24 RESTRICTED SHARE INCENTIVES SCHEME (Continued)**

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

	Unaudited As at 30 June 2022		Audited As at 31 December 2021	
	Number of restricted shares (million)	Shares held under restricted share incentive scheme (RMB million)	Number of restricted shares (million)	Shares held under restricted share incentive scheme (RMB million)
Shares held under restricted share incentive scheme	1,196	1,954	1,196	1,954

During the six months ended 30 June 2022, the Company returned the cash of RMB367 million to Scheme Participants (for the six months ended 30 June 2021: RMB3 million). As at 30 June 2022, the Company has received in cash from Scheme Participants under the Scheme with a balance of RMB360 million, which were recorded under "Accrued expenses and other payables" (31 December 2021: RMB727 million).

**25 CONTINGENCIES**

As at 30 June 2022 and 31 December 2021, the Group had no material contingencies.

**26 COMMITMENTS****(a) Capital commitments**

As at 30 June 2022 and 31 December 2021, the Group had capital commitments for construction expenditures and acquisition of properties as follows:

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Authorised but not contracted for:		
No later than 1 year	–	–
Later than 1 year and no later than 5 years	–	–
	–	–
Authorised and contracted for:		
No later than 1 year	1,654	1,883
Later than 1 year and no later than 5 years	–	–
	1,654	1,883

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 26 COMMITMENTS (Continued)

#### (b) Non-cancellable operating leases

As at 30 June 2022, the Group had future aggregate minimum lease receivable under non-cancellable operating leases (as lessor) during the leasing period (5 years) amounting to approximately RMB33,208 million (31 December 2021: RMB66,968 million).

From 1 January 2019, the Group has recognised right-of-use assets for leases, except for short-term leases and low-value leases. Minimum lease payments under non-cancellable leases related to short-term and low-value leases not recognised in the financial statements are as follows:

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
No later than 1 year	626	647
	<b>626</b>	647

### 27 RELATED PARTY TRANSACTIONS

The Company is a joint stock company with limited liability established in the PRC. As at 30 June 2022, the Company's main shareholders are China Mobile Company, China Unicom Corporation and China Telecom. The parent companies of the Three TSPs are CMCC, CUC and CTC, respectively, which are state-owned enterprises ultimately controlled by the PRC government. As a result, CMCC, CUC and CTC, the Three TSPs and their subsidiaries are all considered as the Group's related parties.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

## 27 RELATED PARTY TRANSACTIONS (Continued)

## (a) Significant transactions with related parties

	Unaudited Six months ended 30 June	
	2022 RMB million	2021 RMB million
Provision of Tower business, DAS and other services (i)	41,671	40,089
Purchases of various goods and services (ii)	2,698	2,720
Rental charges for property and site ground lease (iii)	180	190
Payments on behalf of related parties (iv)	13,905	13,185
Short-term borrowings and interests (v)		
– Principals	–	–
– Interests	44	44

Note:

**(i) Provision of Tower business, DAS and other services**

The provisions of the Tower business, DAS and other services are mainly based on the agreed terms in the Commercial Pricing Agreements and supplemental agreements signed by the Company and the Three TSPs, and set out in the individual site service agreements between the provincial branches of the Company and the provincial subsidiaries/branches of the Three TSPs. The prices are determined on a cost-plus margin basis, adjusted for different elements including tenancy co-sharing discount, area adjustment rate for different provincial standard construction costs and related operation costs.

For the six months ended 30 June 2022, based on the mutual agreement reached with each of the Three TSPs, for the Tower business, the co-location discount policy that had been applied prior to the year of 2022 for the existing sharing parties under the Commercial Pricing Agreements and related supplemental agreements continued to be applied.

Besides, the Group also provides Smart Tower business, Energy business and other services to CMCC Group, CUC Group and CTC Group, respectively.

**(ii) Purchases of various goods and services**

The Group purchases certain equipment, engineering design services, construction and supervision services, maintenance services, communications and IT services from CMCC Group, CUC Group and CTC Group. The transaction prices are mainly determined in accordance with relevant market price or cost-plus basis if no market price or the market price cannot be properly determined.

**(iii) Rental charges for property and site ground lease**

The Group leases certain properties, site ground and warehouses from CMCC Group, CUC Group and CTC Group. On the adoption of IFRS 16, the Group recognises right-of-use assets and lease liabilities for leases in the balance sheet, except for short-term leases and low-value leases.

For the six months ended 30 June 2022, rental charges for property and site ground lease include short-term leases and low-value leases charges for use of property and site ground, the depreciation of the right-of-use assets, and the finance cost associated with the lease liabilities in relation to the aforementioned leasing arrangements with CMCC Group, CUC Group and CTC Group.

**(iv) Payments on behalf of related parties**

As mentioned in Note 15 (b)(i), the Group paid certain sites electric power charges to electricity power companies or third parties, on behalf of the Three TSPs.

**(v) Short-term borrowings and interests**

The Group obtained the short-term borrowings from China Mobile Group Finance Co., Ltd. (a subsidiary of China Mobile Company). These borrowings are unsecured, with interest rates determined by benchmarking to the financial institution's one-year lending rate announced by the People's Bank of China. These short-term borrowings have a maturity of 12 months.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 27 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with related parties

##### (i) Amount due from related parties

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Trade and other receivables	38,376	30,267
Prepayments and other current assets	135	139
Right-of-use assets	396	417

##### (ii) Amount due to related parties

	Unaudited As at 30 June 2022 RMB million	Audited As at 31 December 2021 RMB million
Accounts payable	3,307	3,501
Accrued expenses and other payables	372	350
Lease liabilities	612	582

Except for lease liabilities, the balances of amount due from/to related parties are unsecured, non-interest bearing and repayable on demand.

##### (iii) Short-term borrowings from related parties

The balances of short-term borrowings from related parties (non-trade) was RMB2,500 million at 30 June 2022 (31 December 2021: RMB2,500 million), arising from the short-term borrowings from certain related parties as described in Note 27 (a)(v).

#### (c) Transactions with other state-owned entities in the PRC

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through government authorities, agencies, affiliations and other organization (collectively referred to as "government-related entities"). Apart from transactions with CMCC Group, CUC Group and CTC Group (Note 27 (a)), the Group has significant transactions with other government-related entities, which include but not limited to the following:

- provisioning of smart tower services
- rendering or receiving other services, such as construction services, logistics, transportation and maintenance services, etc.
- purchasing of goods and services, including use of public utilities
- placing of bank deposits, obtaining bank borrowings
- leasing of office buildings or tower sites

These transactions are conducted in the ordinary course of the Group's business on terms comparable with the terms of transactions with other entities that are not government-related. The Group prices its services and products with the counterparties based on commercial negotiations. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

## Notes to Unaudited Interim Condensed Financial Information

(Expressed in RMB unless otherwise indicated)

### 28 FAIR VALUE ESTIMATION

As at 30 June 2022, the Group had no financial assets and financial liabilities measured at fair value. The financial assets and financial liabilities that are not carrying at fair values mainly include trade and other receivables, accounts payable, other payables and borrowings. The Group measures these financial assets and financial liabilities at amortised cost. As at 30 June 2022, the Group considered that their carrying values approximate fair values due to the short maturity of the instruments and/or they are bearing interests at market rates.

# 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 2022.

## CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

The Company held the 2022 first extraordinary general meeting on 14 January 2022 to elect members of the third session of the board of the Company (the "**Board**") and the third session of the supervisory committee of the Company (the "**Supervisory Committee**"). For members of the Board, Mr. Fan Cheng and Mr. Tse Yung Hoi no longer served as independent non-executive directors of the Company (the "**Director(s)**"); Mr. Zhang Zhiyong and Mr. Gu Xiaomin were re-elected as executive Directors; Mr. Gao Tongqing and Mr. Mai Yanzhou were re-elected as non-executive Directors; Mr. Deng Shiji was re-elected as an independent non-executive Director; Mr. Liu Guiqing was elected as a non-executive Director; Mr. Zhang Guohou and Mr. Hu Zhanghong were elected as independent non-executive Directors. With regard to members of the Supervisory Committee, Ms. Gao Lingling and Mr. Sui Yixun no longer served as supervisors of the Company (the "**Supervisor(s)**"); Mr. Li Zhangting and Ms. Li Tienan were re-elected as shareholder representative Supervisors; Mr. Liu Wei and Ms. Han Fang were elected as shareholder representative Supervisors.

Mr. Zhang Zhiyong and Ms. Fan Xiaoqing were appointed as the chairman of the third session of the Board and the chairman of the third session of the Supervisory Committee on 18 January 2022, respectively. On the same day, the Company also adjusted the composition of Board committees. Please refer to the announcement of the Company dated 18 January 2022 for details on change in the composition of Board committees.

Mr. Gao Chunlei was elected as an executive Director on 11 May 2022. His term of office will end on the date of the expiration of the third session of the Board. Please refer to the announcements of the Company dated 9 March 2022, 19 April 2022 and 11 May 2022 for biographical details of Mr. Gao Chunlei.

Mr. Mai Yanzhou has resigned from his positions as a non-executive Director, a member of the strategy committee of the Board and the remuneration and appraisal committee of the Board with effect from 30 May 2022 due to change in work arrangement.

Change of information of Directors and Supervisors since the publication of the Company's 2021 annual report and the announcement of the Company dated 30 May 2022 is set out below:

- Mr. Liu Guiqing, a non-executive Director, was appointed as the general counsel of China Telecommunications Corporation, and was also appointed as an executive director and the chairman of China Communications Services Corporation Limited (listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") with the stock code: 0552) on 17 June 2022.
- Mr. Hu Zhanghong, an independent non-executive Director, has resigned from his position as an independent non-executive director of Towngas Smart Energy Company Limited (listed on the Hong Kong Stock Exchange with the stock code: 1083, previously known as Towngas China Company Limited) with effect from 9 March 2022.

Save as stated above, there is no other information of the Directors or Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The biographical details of the Directors and Supervisors are available on the website of the Company ([www.china-tower.com](http://www.china-tower.com)).

## Other Information

### RESTRICTED SHARE INCENTIVE SCHEME

In order to further improve the corporate governance structure of the Company, and to establish and develop a long-term incentive mechanism, upon the approval of the Company's 2018 annual general meeting held on 18 April 2019 (the "2018 AGM"), the Company adopted the "China Tower Corporation Limited First Phase Restricted Share Incentive Scheme" (the "**Restricted Share Incentive Scheme**"). The Restricted Share Incentive Scheme participants (the "**Scheme Participants**") are the Directors, senior management of the Company and core technical and management personnel contributing directly to the overall business performance and sustainable development of the Company. On 18 April 2019, the Board approved the initial grant (the "**Initial Grant**") of restricted shares (the "**Restricted Shares**") under the Restricted Share Incentive Scheme, and approved the first tranche of Initial Grant (the "**First Tranche of Grant**") and the second tranche of Initial Grant (the "**Second Tranche of Grant**") on 18 April 2019 and 19 December 2019, respectively. For details, please refer to the announcement and circular of the Company both dated 4 March 2019, the announcement of the Company on poll results of the 2018 AGM and announcement of the Initial Grant under the Restricted Share Incentive Scheme both dated 18 April 2019, and the announcement of the Company on the Second Tranche of Grant dated 19 December 2019, in relation to (inter alia) (i) the adoption of the Restricted Share Incentive Scheme and the Administrative Measures on the Restricted Share Incentive Scheme; (ii) the authorization to the Board to implement the Restricted Share Incentive Scheme and grant Restricted Shares under the Restricted Share Incentive Scheme from time to time; and (iii) the Initial Grant under the Restricted Share Incentive Scheme, including the First Tranche of Grant and the Second Tranche of Grant.

In addition, according to the price adjustment mechanism of the Restricted Share Incentive Scheme, the grant price of the Initial Grant shall be adjusted based on the final dividend of RMB0.00225 per Share for the year 2018, and rounding to two decimal places, the grant price after such adjustment maintained at RMB1.03 per Restricted Share.

The Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant under the Initial Grant entered the first unlocking period in 2021. As the operating revenue of the Group for the year of 2020 did not reach the target set out in the conditions for unlocking the Restricted Shares, such conditions for unlocking were not fulfilled and therefore the relevant Restricted Shares cannot be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interests of relevant Scheme Participants in such Restricted Shares have been bought out by the trustee or other third parties at the grant price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations.

The Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant under the Initial Grant entered the second unlocking period in 2022. As the operating revenue of the Group for the year of 2021 did not reach the target set out in the conditions for unlocking the Restricted Shares, such conditions for unlocking were not fulfilled and therefore the relevant Restricted Share cannot be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interests of relevant Scheme Participants in such Restricted Shares have been bought out by the trustee or other third parties at the grant price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations. Details of the financial impact of the Restricted Shares are set out in note 24 to the unaudited interim condensed financial information.

The Restricted Share Incentive Scheme is a discretionary scheme of the Company and does not constitute a share option scheme under Chapter 17 of the Listing Rules.

## Other Information

### DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Save as described below, as at 30 June 2022, none of the Directors, Supervisors and chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Name of the Directors, Supervisors and chief executive	Nature of interest	Class of shares	Number of shares held <sup>(1)</sup> <sup>(2)</sup>	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
Gu Xiaomin	Beneficiary of a trust	H shares	465,000 (L)	0.00%	0.00%
Gao Chunlei	Beneficiary of a trust	H shares	465,000 (L)	0.00%	0.00%

Notes:

- (1) (L) – Long position
- (2) These represent the number of the Restricted Shares which were granted to the above-mentioned persons by the Company. Please see "Restricted Share Incentive Scheme" above for details.

In May 2019, Mr. Gu Xiaomin and Mr. Gao Chunlei both accepted 1,550,000 Restricted Shares, respectively, granted by the Company in April 2019 under the Initial Grant of the Restricted Share Incentive Scheme. In addition, the spouse of Mr. Li Zhangting, a Supervisor, held 550,000 Restricted Shares granted by the Company under the Initial Grant of the Restricted Share Incentive Scheme. The trustee of the Restricted Share Incentive Scheme completed the purchase of shares from the secondary market in May 2020, but these shares cannot be traded in the lock-up period. For details, please refer to the announcement and circular of the Company both dated 4 March 2019, and the announcement of the Company on poll results of the 2018 AGM and announcement of the Initial Grant both dated 18 April 2019, in relation to (inter alia) (i) the adoption of the Restricted Share Incentive Scheme and the Administrative Measures on the Restricted Share Incentive Scheme; (ii) the authorization to the Board to implement the Restricted Share Incentive Scheme and grant Restricted Shares under the Restricted Share Incentive Scheme from time to time; and (iii) the Initial Grant.

As disclosed above, the Restricted Shares granted under the Initial Grant failed to be unlocked for the first and the second unlocking periods. The interests of relevant Scheme Participants in such Restricted Shares have been bought out by the trustee or other third parties at the grant price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations, including the interests of 70% of the Restricted Shares granted to each of Mr. Gu Xiaomin, Mr. Gao Chunlei and the spouse of Mr. Li Zhangting. As at 30 June 2022, Mr. Gu Xiaomin, Mr. Gao Chunlei and the spouse of Mr. Li Zhangting held 465,000, 465,000 and 165,000 Restricted Shares, respectively.

Save as described above, as at 30 June 2022, the Company has not granted the Directors, the Supervisors or chief executive of the Company, or their respective spouses or children below the age of 18 any rights to subscribe for the shares or debentures of the Company or any of its associated corporations and none of them has ever exercised any such right to subscribe for the shares or debentures of the Company.

## Other Information

**MATERIAL INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2022, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings (excluding the Directors and Supervisors) in the shares or underlying shares of equity derivatives of the Company as recorded in the register required to be maintained under Section 336 of the provisions of Division 6 of Part XV of the SFO are as follows:

Name of shareholder	Nature of interest	Class of shares	Number of shares held <sup>(1)</sup>	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司) ("CMCC") <sup>(2)</sup>	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile (Hong Kong) Group Limited (中國移動(香港)集團有限公司) <sup>(2)</sup>	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile Hong Kong (BVI) Limited (中國移動香港(BVI)有限公司) <sup>(2)</sup>	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile Limited (中國移動有限公司) ("China Mobile") <sup>(2)</sup>	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China Mobile Communication (BVI) Limited (中國移動通信(BVI)有限公司) <sup>(2)</sup>	Interest held by controlled corporations	Domestic shares	49,150,953,709 (L)	38.00%	27.93%

## Other Information

Name of shareholder	Nature of interest	Class of shares	Number of shares held <sup>(1)</sup>	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Mobile Communication Company Limited (中國移動通信有限公司) ("China Mobile Company") <sup>(2)</sup>	Legal and beneficial owner	Domestic shares	49,150,953,709 (L)	38.00%	27.93%
China United Network Communications Group Company Limited (中國聯合網絡通信集團有限公司) ("CUC") <sup>(3)</sup>	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China United Network Communications Limited (中國聯合網絡通信股份有限公司) ("China Unicom A Share Company") <sup>(3)</sup>	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Unicom Group Corporation (BVI) Limited (中國聯通集團(BVI)有限公司) <sup>(3)</sup>	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Unicom (BVI) Limited (中國聯通(BVI)有限公司) <sup>(3)</sup>	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%

## Other Information

Name of shareholder	Nature of interest	Class of shares	Number of shares held <sup>(1)</sup>	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Unicom (Hong Kong) Limited (中國聯合網絡通信(香港)股份有限公司) ("China Unicom") <sup>(3)</sup>	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China United Network Communications Corporation Limited (中國聯合網絡通信有限公司) ("China Unicom Corporation") <sup>(3)</sup>	Legal and beneficial owner	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Telecommunications Corporation (中國電信集團有限公司) ("CTC") <sup>(4)</sup>	Interest held by controlled corporations	Domestic shares	36,087,147,592 (L)	27.90%	20.50%
China Telecom Corporation Limited (中國電信股份有限公司) ("China Telecom") <sup>(4)</sup>	Legal and beneficial owner	Domestic shares	36,087,147,592 (L)	27.90%	20.50%
China Reform Holdings Corporation Ltd. (中國新控股有限責任公司) ("China Reform") <sup>(5)</sup>	Legal and beneficial owner/ Interest held by controlled corporations	Domestic shares	7,760,676,901 (L)	6.00%	4.41%

## Other Information

Name of shareholder	Nature of interest	Class of shares	Number of shares held <sup>(1)</sup>	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
Citigroup Inc.	Interest held by controlled corporations/ Approved lending agent	H shares	3,879,417,314 (L)	8.31%	2.20%
			115,348,846 (S)	0.24%	0.07%
			3,762,664,887 (P)	8.06%	2.14%
GIC Private Limited	Investment manager	H shares	3,275,058,000 (L)	7.02%	1.86%
BlackRock, Inc.	Interest held by controlled corporations	H shares	2,750,852,649 (L)	5.90%	1.56%
			158,286,000 (S)	0.34%	0.09%

### Notes:

- (1) (L) – Long position; (S) – Short position; (P) – Interest in a lending pool
- (2) By virtue of the SFO, each of CMCC, China Mobile (Hong Kong) Group Limited, China Mobile Hong Kong (BVI) Limited, China Mobile Communication (BVI) Limited and China Mobile is deemed to have an interest in the Shares held by China Mobile Company.
- (3) By virtue of the SFO, each of CUC, China Unicom A Share Company, China Unicom (BVI) Limited, China Unicom Group Corporation (BVI) Limited and China Unicom is deemed to have an interest in the shares held by China Unicom Corporation.
- (4) By virtue of the SFO, CTC is deemed to have an interest in the shares held by China Telecom.
- (5) China Reform directly holds 4,000,676,901 domestic shares, and 3,760,000,000 domestic shares are held through its wholly-owned subsidiary, Beijing Davo Qihang Management Consulting Services Co., Ltd. (北京達沃啟航管理諮詢服務有限公司).

Save as disclosed above, as at 30 June 2022, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of equity derivatives of the Company.

## 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 2022.

## 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 2022, the Company had complied with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") as contained in Appendix 14 to the Listing Rules.

## Other Information

### COMPLIANCE WITH THE LISTING RULES

On 30 September 2021, Mr. Tong Jilu (“**Mr. Tong**”) has resigned from his positions as an executive Director, the chairman of the Board and the chairman of the strategy committee of the Board (the “**Strategy Committee**”) and the nomination committee of the Board (the “**Nomination Committee**”) by reason of age. Following Mr. Tong’s resignation, the Company did not comply with Rule 3.27A of the Listing Rules which provides that the nomination committee should be chaired by the chairman of the board or an independent non-executive director. On the same date, Mr. Zhang Zhiyong ceased to be a member of the audit committee of the Board (the “**Audit Committee**”). Following Mr. Zhang’s cessation as a member of the Audit Committee, the Company did not comply with Rule 3.21 of the Listing Rules which provides that the audit committee shall comprise a minimum of three members.

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

On 9 March 2022, Ms. Chu Ka Yee (“**Ms. Chu**”) has resigned from her positions including the company secretary of the Company (the “**Company Secretary**”). Following Ms. Chu’s cessation as the Company Secretary, the Company did not comply with Rule 3.28 of the Listing Rules.

On 30 September 2021, Mr. Zhang Zhiyong was re-designated from a non-executive Director to an executive Director and was appointed as the chairman of the Board. On 18 January 2022, the composition of relevant Board committees has been adjusted as follows: (i) the Nomination Committee comprises Mr. Zhang Zhiyong as chairman and Mr. Gao Tongqing, Mr. Zhang Guohou, Mr. Deng Shiji and Mr. Hu Zhanghong as members; (ii) the Audit Committee comprises Mr. Zhang Guohou as chairman and Mr. Liu Guiqing, Mr. Deng Shiji and Mr. Hu Zhanghong as members; and (iii) the Remuneration and Appraisal Committee comprises Mr. Deng Shiji as chairman and Mr. Mai Yanzhou (resigned on 30 May 2022), Mr. Zhang Guohou, and Mr. Hu Zhanghong as members. On 8 August 2022, Ms. Leung Suet Wing has been appointed as the Company Secretary. After these adjustments, the Company has re-complied with the relevant requirements under Rules 3.21, 3.25, 3.27A and 3.28 of the Listing Rules, respectively.

### 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 2022.

## Other Information

### CONTINGENT LIABILITIES

As at 30 June 2022, the Company had no contingent liabilities.

### MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2022, 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.

### COMPLIANCE WITH APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed herein, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 has not been changed materially from the information disclosed in the Company's 2021 annual report.

### FORWARD LOOKING STATEMENTS

The performance and the results of the operations of the Company contained in this 2022 interim report are historical in nature, and past performance is no guarantee of the future results of the Company. Any forward-looking statements and opinions contained within this 2022 interim report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Company, the Directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this 2022 interim report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.