



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

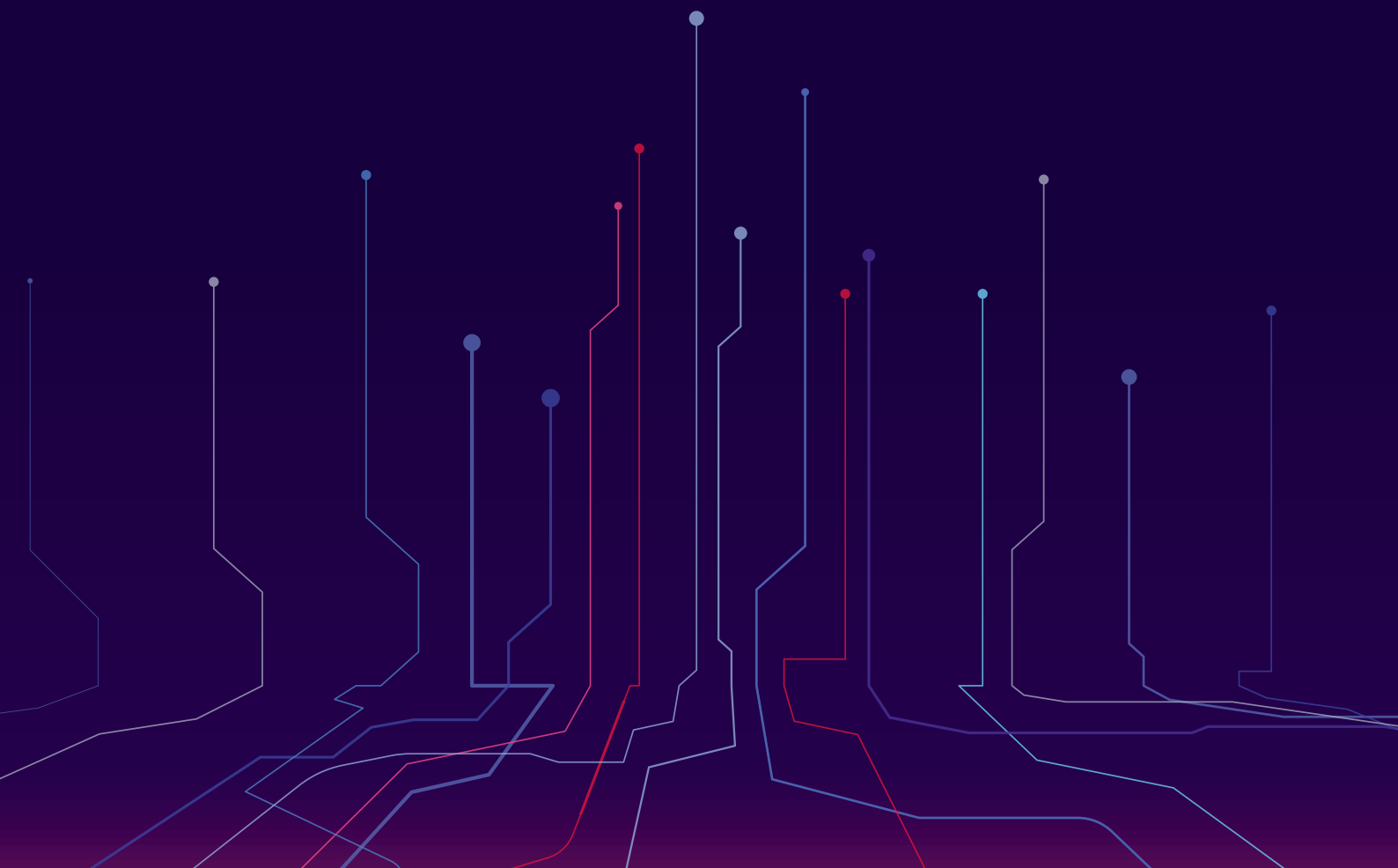
Interim Report 2023





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PERFORMANCE HIGHLIGHTS

RMB million	1H 2023	1H 2022	Change
Operating revenue	46,461	45,479	2.2%
of which			
TSP business	40,905	41,345	-1.1%
Smart Tower business	3,386	2,584	31.0%
Energy business	1,975	1,426	38.5%
Operating profit	7,414	7,089	4.6%
EBITDA ¹	32,021	31,958	0.2%
Profit attributable to owners of the Company	4,841	4,224	14.6%
Capital expenditure	12,822	9,085	41.1%
Net cash generated from operating activities	11,555	31,306	-63.1%
Basic earnings per share (RMB Yuan)	0.0277	0.0242	14.5%

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

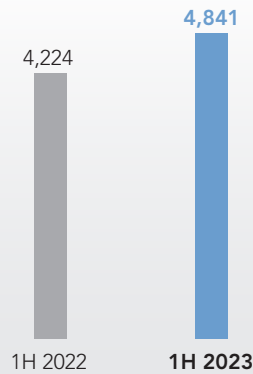
Operating revenue

(RMB million)



Profit attributable to owners of the Company

(RMB million)



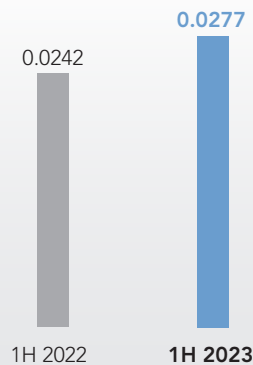
EBITDA

(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 2023, China Tower Corporation Limited (the “**Company**”) continued to uphold its founding philosophy of resource sharing, and focused on the opportunities brought by the strategies of “Cyberpower”, “Digital China”, and “dual carbon” goals. We positioned the Company as a “world-class information and communications infrastructure service provider, a highly competitive information and new energy applications provider”, and continued to deepen our “One Core and Two Wings” strategy. During this period, the Company’s businesses have performed well, achieving steady and stable growth.

FINANCIAL PERFORMANCE

Our revenue grew steadily in the first half of 2023, reaching RMB46,461 million, an increase of 2.2% year-on-year. After excluding the impact of the Commercial Pricing Agreements, revenue increased by 6.2% on a comparable basis over the same period last year. EBITDA amounted to RMB32,021 million with an EBITDA margin² of 68.9%. Profit attributable to the owners of the Company was RMB4,841 million, up by 14.6% year-on-year, with a net profit margin of 10.4%, marking a further improvement in profitability.

Chairman's Statement

In the first half of 2023, our net cash generated from operating activities amounted to RMB11,555 million, and capital expenditure was RMB12,822 million. As of 30 June 2023, our total assets amounted to RMB318,063 million, with interest-bearing liabilities of RMB92,223 million, with a gearing ratio³ of 31.6%. Our financial position remained stable.

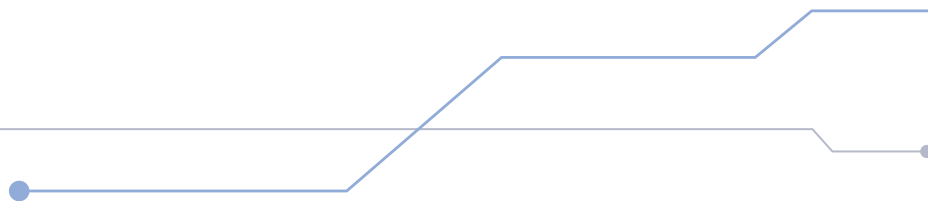
BUSINESS PERFORMANCE

During the first half of 2023, the Company continued to implement the "One Core and Two Wings" strategy. We strengthened an operating system that is professional, intensive, delicate, efficient and digitalized, with the aim of creating an enterprise centered around sharing, service, innovation, technology, and value creation. We focused on enhancing our core capabilities, resulting in steady growth in our telecommunications service provider ("TSP") business, while the development of the Smart Tower and Energy businesses continued to maintain strong momentum.

Core advantages drove steady progress in TSP business

5G network penetration and coverage in China continues to expand and we seized the opportunities this presented. By strengthening resource coordination and sharing and operational efficiencies, we were able to meet customer network construction needs in an intensive and effective manner. We steadily implemented the new phase of the Commercial Pricing Agreements with the TSPs. In the first half of 2023, the revenue from our TSP business was RMB40,905 million, a decrease of 1.1% compared to the same period last year; however, when the impact of the Commercial Pricing Agreements is excluded, revenue reached RMB42,762 million on a comparable basis, an increase of 3.4% year-on-year.

Tower business. Centering around 5G network construction, we harnessed policy support for unleashing and sharing of public and cross-sector resources. These initiatives have helped reduce the entry barrier and social costs of reinforcing our competitiveness in resource coordination. A higher level of sharing of existing site resources, wider use of social resources and more effort in promoting the adoption of our integrated wireless communications coverage solutions has enabled us to comprehensively satisfy customer demand for 5G construction. We completed approximately 325,000 5G construction demand in the first half of 2023, of which more than 95% were fulfilled by sharing existing resources. We proactively captured the increased demand for low-frequency network construction and for new construction arising from network optimization. As a result, the number of new projects increased rapidly, effectively supporting the stable growth of our Tower business. Leveraging thorough knowledge of the construction features of comprehensive 5G coverage, we continued to launch innovative low-cost construction solutions, products and services to satisfy customer demand in an economical and effective manner.



Chairman's Statement

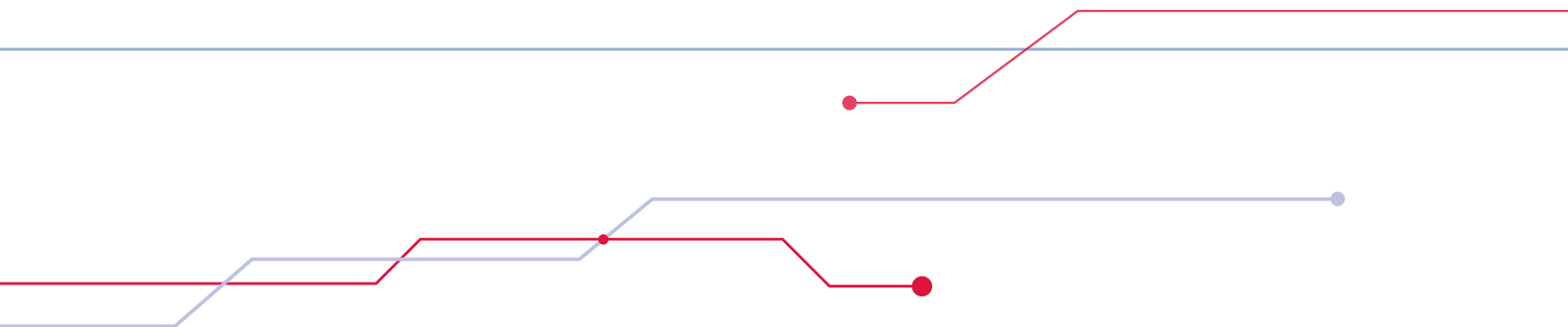
In the first half of 2023, our tower business revenue accounted for RMB37,481 million, down by 2.9% over the same period last year. After excluding the impact of the Commercial Pricing Agreements, our revenue reached RMB39,338 million on a comparable basis, an increase of 1.9% year-on-year. As of 30 June 2023, the Company was managing a total of 2.061 million tower sites, representing a net increase of 6,000 sites from the end of 2022. During the same period, we gained 61,000 new tenants, bringing the total number of TSP tenants to 3.423 million. Our TSP tenancy ratio increased from 1.65 at the end of 2022 to 1.67, showing a continuous increase in the level of site co-location.

DAS business. Our DAS business benefited from continued enhancements to design and quality management while leveraging the advantages of low cost, service quality, and low-energy consumption. We further integrated and better coordinated “resources + demands”, fully leveraging unified site entry and coordinated construction, enabling us to expand 5G coverage in key industries such as education, cultural tourism, transportation, and healthcare, and to offer better service to support the newly established DAS market segments. Innovation in DAS products and comprehensive service solutions allowed us to provide customers with differentiated passive and active DAS sharing solutions, satisfying the demand for 5G upgrading of existing DAS. By further exploring shared value and expanding the scale of the business, we have consolidated DAS business as the “second engine” for development of our TSP business.

In the first half of 2023, our DAS business recorded revenue of RMB3,424 million, an increase of 24.4% compared to the same period last year. As of 30 June 2023, we had covered buildings with a cumulative area of 8,820 million square meters, up by 47.7% year-on-year, while the coverage in high-speed railway tunnels and subways totaled a cumulative length of 22,135 kilometers, an increase of 21.1% over the same period last year.

Forged capabilities to maintain strong growth of Two Wings business

To maximize new opportunities brought by the development of the “Digital Economy” and the “dual carbon” goals, we continued to enhance our innovative development capabilities, improve core competitiveness, and promote rapid growth of the Two Wings business. In the first half of 2023, the revenue of the Two Wings business reached RMB5,361 million and accounted for 11.5% of our overall operating revenue, an increase of 2.7 percentage points over the same period last year, further reinforcing the Company's multi-pillar structure for business development.



Chairman's Statement

Smart Tower business. Our Smart Tower business took advantage of our mid-to high-point positions and continued to build digital towers. We fully leveraged our digital governance capabilities in fields such as farmland protection, forestry fire prevention, and the protection of the Yangtze River's ecosystem, which contributed to national strategies and major projects while concurrently promoting digital economic development. We continued to increase research and development investment in Smart Tower business to develop product leadership in five areas – platform, data, algorithm, application, and operation. We focused on seven industry applications, covering the smart management of forestry, straw burning, fishery, farmland, blue skies, reservoirs, and villages, accelerating product development to meet customers' specialization and customization requirements. We supported these product developments with customer service that deepened a "one-on-one, face-to-face, and round-the-clock" companion service system, helping us to understand better our customers, efficiently meet their requirements, and respond promptly to their needs.

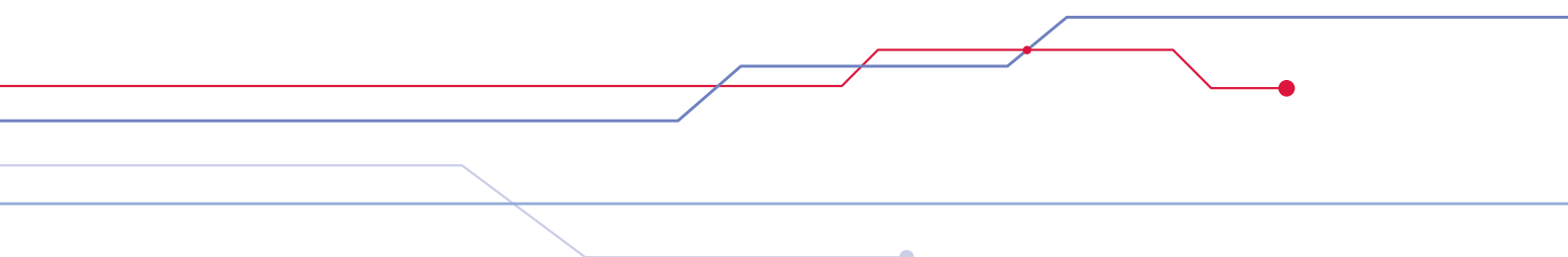
In the first half of 2023, the Smart Tower business achieved revenue of RMB3,386 million, a year-on-year increase of 31.0%, of which RMB2,076 million or 61.3% was generated from Tower Monitoring business.

Energy business. We actively grasped the development opportunities in the field of new energy. Adhering to the principles of sharing and collaboration, we fully utilized the company's core strengths, such as abundant site resources, a visualizable and controllable monitoring platform, and specialized power maintenance and support service capabilities in the Energy business. We focused on key business segments such as battery exchange and power backup, exercising delicate operation, consolidating product, service, and platform advantages, building core competitiveness, and enhancing quality. For the **battery exchange business**, we utilized the advantages of our battery exchange networks and services, strengthened the consumer segment battery exchange market, while vigorously expanding our customer base in the business segment. As of 30 June 2023, we have attained a cumulative total of approximately 998,000 battery exchange users, with an increase of 96,000 from the end of 2022, further consolidating our leading position in the market for battery exchange for light electric vehicles. For the **power backup business**, we focused on key industries such as communications and finance by developing standardized backup power products, offering an integrated four-in-one solution covering power backup, power generation, monitoring and maintenance. This helped to drive the growth of the power backup business.

In the first half of 2023, the Energy business achieved revenue of RMB1,975 million, a year-on-year increase of 38.5%, of which the battery exchange business accounted for RMB982 million, with its contribution to the Energy business reaching 49.7%.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

We are committed to maintaining the highest levels of corporate governance. We strictly adhered to the rules and regulations governing listed companies, fulfilled information disclosure obligations and sought ways to improve governance mechanisms and systems. Risk management is a critical component and we closely integrated compliance with corporate development, improving internal controls and legal compliance systems. Together, these enhance overall risk management and safeguard the Company's healthy and sustainable development.



Chairman's Statement

We have always focused on the harmonious coexistence of economic, social, and environmental developments and our actions on social responsibilities and obligations have earned recognition from our stakeholders. In the first half of 2023, we successfully completed major communication and network information security services, including for the National People's Congress, the Boao Forum for Asia, and the launch of the Shenzhou-16 spacecraft. We continued to improve the construction of telecommunication infrastructure in remote areas, helping TSPs to provide inclusive services, narrowing the digital divide and undertaking the responsibility and mission as a national team in communications infrastructure building. Green development is an important concept and we actively promoted major projects such as the "Infrastructure Co-built and Co-shared Project", "5G Base Station Energy-Saving Innovation Project", and "Smart Energy Service Project". Our work has contributed to the goals of carbon peaking and carbon neutrality, providing strong support for green, high-quality development.

OUTLOOK

In order to achieve the twin goals of high-quality development and creating enterprise value, in the second half of the year, the Company will continue to promote the principle of shared development, focus on the "One Core and Two Wings" strategy and continue to drive development centered around sharing, service, innovation, technology, and value creation. In doing so, we will build upon an operating system that is professional, intensive, delicate, efficient, and digitalized.

TSP business: We will seize opportunities presented by the implementation of co-built and co-shared policies, and utilize the advantages of policies implemented through the "Technical Standard for Mobile Communications Infrastructure Engineering of Buildings" to improve resource coordination, and efficiently meet customer demand. We will also focus closely on the needs of our customers by developing innovative service solutions, enhancing service capabilities, better promoting the implementation of integrated wireless communications coverage solutions, and continuously seeking to enhance customer experience. We will seize the opportunity of 5G indoor intensive coverage needs to promote the coordinated development of "dual-gigabit networks" in key venues, and strive to increase our market share in the new DAS market. At the same time, we will promote the application of innovative shared DAS products and actively explore the demand for upgrading existing DAS to accelerate the growth of the DAS business. By reinforcing the dual growth engines of "5G+DAS", we will continue to realize stable growth of our TSP business.

Smart Tower business: As part of the state initiative of developing world-class specialized enterprises, we will actively integrate our enterprise strength into the development strategies of "Digital China" and "Beautiful China". We will fully leverage the advantages of our mid-to high-point positions and edge computing resources, transform "telecommunication towers" into "digital towers," and "telecommunication shelters" into "digital shelters". We will focus on digital spatial governance, forging core capabilities in platform, algorithms, terminals, operations, and security with "tower + big data + AI", providing strong support for the modernization of the national governance system and capabilities, and strive to excel in the Smart Tower business.

Chairman's Statement

Energy business: We will continue to deepen the consumer segment battery exchange market, vigorously expand logistics distribution and specialized network customers, increase user scale, optimize service systems, and consolidate our leading position in the light electric vehicle battery exchange market. We will actively explore opportunities in areas such as vehicle and battery integration, and shared electric bikes. We will gradually expand the scale of our low-speed charging business and expand the scope of the light electric vehicle mobility market. We will focus on key industry customers, promote standardized backup power products on a large scale, continuously optimize the core products of "power backup" and "monitoring+", enrich the comprehensive four-in-one solution that includes power backup, power generation, monitoring, and maintenance, continuously improve market competitiveness, and actively create an "energy butler" service model for our customers. This will help us specialize our Energy business.

In the future, the Company will continue to place technological innovation at the center of driving high-quality corporate development. We will build a strong enterprise through technology innovation in order to forge new development momentum. We will continue to increase research and development in key core technologies such as intelligent operations and maintenance, edge computing networks, video AI algorithms, mid-to high-point IoT, and energy interconnection, enhancing original innovation capabilities in key areas. We will optimize and improve the technological innovation system, increase research and development investment, enhance the overall efficiency of technological innovation, accelerate the transformation of technological achievements into practical productivity, and continue to enhance technological innovation capabilities. We will also respect our talent and advocate innovation, increase rewards and incentives, allowing the creativity and innovation of our technological talent to flourish to the fullest extent.

I would like to take this opportunity, on behalf of the board of directors (the "**Board**"), to extend a warm welcome to Mr. Tang Yongbo who has joined the Board as a new member. Mr. Tang has solid experience in management and operation, and he will be able to make significant contributions to the Board and the Company's development with his rich personal knowledge.

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



Zhang Zhiyong

Chairman

Beijing, China, 3 August 2023

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: 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 2023, the Company firmly grasped the development opportunities of the 5G new infrastructure, digital economy and “dual carbon” strategies, continued to deepen the “One Core and Two Wings” strategy, and maintained a steady and healthy growth in operating revenue. In the first half of 2023, the operating revenue reached RMB46,461 million, up by 2.2% over the same period last year, of which the revenue from TSP business reached RMB40,905 million, down by 1.1% over the same period last year; the revenue from Smart Tower business reached RMB3,386 million, up by 31.0% over the same period last year; the revenue from Energy business reached RMB1,975 million, up by 38.5% over the same period last year. The revenue structure continued to improve, the proportion to operating revenue of revenue from non-tower businesses, including the DAS business and the Two Wings business, increased from 15.1% over the same period last year to 19.3%.

In early 2023, the Company entered into a new round of five-year Commercial Pricing Agreements with the three major TSPs, so as to constantly provide customers with quality services at more attractive prices and further strengthen the Company’s market competitiveness. After excluding the impact of the Commercial Pricing Agreements, the revenue from TSP business increased by 3.4% on a comparable basis over the same period last year, and the overall operating revenue of the Company increased by 6.2% on a comparable basis over the same period last year.

OPERATING EXPENSES

The Company deeply carried out special campaigns in reducing cost by referencing to benchmarks and enhancing quality and efficiency, and the cost efficiency continued to improve. In the first half of 2023, the operating costs amounted to RMB39,047 million, up by 1.7% over the same period last year. The operating costs accounted for 84.0% of the operating revenue, down by 0.4 percentage point over the same period last year, of which:

- **Depreciation and amortisation**

The Company actively promoted the life extension and reusing of existing assets, while continuing to optimize the construction solutions and match the structural change in TSPs’ 5G construction demands, the depreciation and amortisation amounted to RMB24,607 million in the first half of 2023, down by 1.1% over the same period last year.

- **Repairs and maintenance expenses**

The Company ensured the operational safety of equipment and facilities and the customer service quality through continuously carrying out special campaigns, such as safety hazard inspection and maintenance of assets, with the increase in useful life of assets. At the same time, the Company accelerated the digital monitoring of asset operations and the promotion and application of intelligent operation and maintenance, and promoted the precise order dispatch and maintained the standardized management of operation, so as to manage the repairs and maintenance expenses effectively. The repairs and maintenance expenses amounted to RMB3,559 million in the first half of 2023, up by 2.1% over the same period last year.

- **Employee benefits and expenses**

In the first half of 2023, the employee benefits and expenses amounted to RMB4,001 million, up by 5.9% over the same period last year.

Financial Overview

(Expressed in RMB unless otherwise indicated)

- **Site operation and support expenses**

In the first half of 2023, the site operation and support expenses amounted to RMB2,519 million, up by 0.5% over the same period last year, of which IT service fees in respect of site operation increased by RMB158 million over the same period last year.

- **Other operating expenses**

In the first half of 2023, other operating expenses amounted to RMB4,361 million, up by RMB611 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 business development costs including technical supporting service fees, sales expenses, and utility fees for business operation increased by RMB743 million over the same period last year.

FINANCE COSTS

As the Company enhanced centralized fund management, the average interest-bearing liabilities in the first half of 2023 decreased by RMB11,195 million over the same period last year. Meanwhile, benefiting from multi-channel financing at low costs, the Company's overall finance costs maintained at a relatively low level. The Company's net finance costs amounted to RMB1,342 million in the first half of 2023, down by 16.3% over the same period last year.

PROFITABILITY

In the first half of 2023, the Company recorded an operating profit of RMB7,414 million. The net profit attributable to owners of the Company amounted to RMB4,841 million, up by 14.6% over the same period last year. In the first half of 2023, EBITDA reached RMB32,021 million, up by 0.2% over the same period last year, and accounted for 68.9% of the operating revenue, maintaining a relatively high level.

CAPITAL EXPENDITURES AND CASH FLOW

In the first half of 2023, the Company made proactive efforts to expand its investments effectively, and closely coordinated with TSPs' network construction plans, aiming to take up all new construction demands. It also expedited the conversion of demands into implementation and delivery. Furthermore, the Company carried out special campaigns in an orderly manner, including electric power improvement, battery remediation for key scenarios, addressing safety risks in towers and shelters, and upgrading and renovating intelligent operation and maintenance systems, so as to enhance the quality of asset operations and long-term service capabilities. The capital expenditures of the Company for the first half of 2023 amounted to RMB12,822 million, up by RMB3,737 million over the same period last year. Impacted by the implementation of the new phase of the Commercial Pricing Agreements, which involved the upgrade and adjustment of the charging system, data reconciliation and negotiation of service standards, the return of revenue was temporarily delayed in the first half of 2023, with the net cash generated from operating activities of RMB11,555 million and the free cash flow¹ of RMB-1,267 million.

BALANCE SHEET STATUS

As of 30 June 2023, the Company's total assets were RMB318,063 million and the total liabilities were RMB125,284 million, of which the net debts amounted to RMB89,083 million. The liabilities to assets ratio remained at a healthy level of 39.4%.

Note 1: Free cash flow is the net cash generated from operating activities minus the capital expenditures.

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT



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 report set out on pages 12 to 35 which comprises the consolidated statement of financial position of China Tower Corporation Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as of 30 June 2023 and the related consolidated statement of comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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, issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making enquiries, 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 report as at 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

KPMG

Certified Public Accountants

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

3 August 2023

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023
(Expressed in Renminbi ("RMB"))

	Note	Unaudited Six months ended 30 June	
		2023 RMB million	2022 RMB million
Operating revenue	5	46,461	45,479
Operating expenses			
Depreciation and amortisation		(24,607)	(24,869)
Repairs and maintenance		(3,559)	(3,486)
Employee benefits and expenses	6	(4,001)	(3,778)
Site operation and support expenses	7	(2,519)	(2,507)
Other operating expenses	8	(4,361)	(3,750)
		(39,047)	(38,390)
Operating profit		7,414	7,089
Other income/gains, net		283	76
Interest income		19	5
Finance costs	9	(1,361)	(1,608)
Profit before taxation		6,355	5,562
Income tax expenses	10	(1,514)	(1,338)
Profit for the period		4,841	4,224
Profit attributable to:			
– Owners of the Company		4,841	4,224
– Non-controlling interests		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive income for the period		4,841	4,224
Total comprehensive income attributable to:			
– Owners of the Company		4,841	4,224
– Non-controlling interests		–	–
		4,841	4,224
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	11	0.0277	0.0242

The notes on pages 18 to 35 are an integral part of this interim financial report.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023
(Expressed in RMB)

	Note	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Assets			
Non-current assets			
Property, plant and equipment	12	203,667	209,377
Right-of-use assets	13	30,890	31,578
Construction in progress	12	11,503	12,339
Deferred income tax assets		2,337	1,930
Other non-current assets		838	630
		249,235	255,854
Current assets			
Trade and other receivables	14	63,665	42,260
Prepayments and other current assets	15	2,023	2,329
Cash and cash equivalents	16	3,140	5,117
		68,828	49,706
Total assets		318,063	305,560
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	17	176,008	176,008
Reserves		16,771	17,583
Total equity attributable to owners of the Company		192,779	193,591
Non-controlling interests		–	–
Total equity		192,779	193,591

The notes on pages 18 to 35 are an integral part of this interim financial report.

Unaudited Interim Consolidated Statement of Financial Position (Continued)

As at 30 June 2023
(Expressed in RMB)

	Note	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Liabilities			
Non-current liabilities			
Borrowings	18(a)	49,513	31,448
Lease liabilities	13	14,543	14,947
Deferred government grants	19	363	376
Employee benefit obligations		40	40
		64,459	46,811
Current liabilities			
Borrowings	18(a)	21,191	25,597
Lease liabilities	13	6,976	7,127
Accounts payable	20	26,566	26,646
Accrued expenses and other payables	21	5,860	5,510
Current income tax payable		232	278
		60,825	65,158
Total liabilities		125,284	111,969
Total equity and liabilities		318,063	305,560

The notes on pages 18 to 35 are an integral part of this interim financial report.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023
(Expressed in RMB)

	Attributable to owners of the Company									Total Equity RMB million
	Note	Share Capital RMB million	Share Premium RMB million	Shares Held under Restricted Share Incentive Scheme RMB million	Statutory Reserves RMB million	Other reserves RMB million	Retained Earnings RMB million	Total RMB million	Non- Controlling Interests RMB million	
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
Total comprehensive income for the period		-	-	-	-	-	4,224	4,224	-	4,224
Dividends paid	17	-	-	-	-	-	(4,550)	(4,550)	-	(4,550)
Balance at 30 June 2022		176,008	3,694	(1,954)	1,849	(1)	9,432	189,028	-	189,028

The notes on pages 18 to 35 are an integral part of this interim financial report.

Unaudited Interim Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2023
(Expressed in RMB)

	Attributable to owners of the Company									
	Note	Share Capital RMB million	Share Premium RMB million	Shares Held under Restricted Share Incentive Scheme RMB million	Statutory Reserves RMB million	Other reserves RMB million	Retained Earnings RMB million	Total RMB million	Non-Controlling Interests RMB million	Total Equity RMB million
Balance at 31 December 2022		176,008	3,694	(1,954)	2,735	(1)	13,109	193,591	-	193,591
Profit for the period		-	-	-	-	-	4,841	4,841	-	4,841
Total comprehensive income for the period		-	-	-	-	-	4,841	4,841	-	4,841
Dividends paid	17	-	-	-	-	-	(5,653)	(5,653)	-	(5,653)
Balance at 30 June 2023		176,008	3,694	(1,954)	2,735	(1)	12,297	192,779	-	192,779

The notes on pages 18 to 35 are an integral part of this interim financial report.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023
(Expressed in RMB)

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Cash flows from operating activities		
Cash generated from operations	13,502	32,995
Income tax paid	(1,966)	(1,694)
Interest income received	19	5
Net cash generated from operating activities	11,555	31,306
Cash flows from investing activities		
Payment for the construction of property and equipment	(15,514)	(11,886)
Payment for the purchase of land use right and other non-current assets	(2)	(10)
Proceeds from disposal of property and equipment	201	316
Net cash used in investing activities	(15,315)	(11,580)
Cash flows from financing activities		
Dividends paid to the owners of Company	(5,653)	(4,618)
Proceeds from borrowings	38,200	20,600
Repayments to employees for restricted share incentive scheme	(358)	(367)
Repayments of borrowings	(24,655)	(29,128)
Interest paid for borrowings	(679)	(1,087)
Payments of lease liabilities (including principal and interest)	(5,071)	(4,688)
Net cash generated from/(used in) financing activities	1,784	(19,288)
Net (decrease)/increase in cash and cash equivalents	(1,976)	438
Cash and cash equivalents at the beginning of period	5,117	6,471
Effect of changes in foreign exchange rates on cash and cash equivalents	(1)	(1)
Cash and cash equivalents at the end of period	3,140	6,908

The notes on pages 18 to 35 are an integral part of this interim financial report.

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

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

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

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

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in constructing and operating telecommunications towers, provision of telecommunications tower site space (the “**provision of Site Space**”); provision of maintenance services (“**Maintenance services**”) and power services (“**Power services**”); provision of indoor distributed antenna systems (“**DAS**”), other trans-sector site application and information services (“**Smart Tower business**”) and Energy business. 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 financial report is presented in RMB, unless otherwise stated. This unaudited interim financial report was approved by the board of directors (the “**Board**”) of the Company for issuance on 3 August 2023.

The Group’s interim financial report for the six months ended 30 June 2023 has been reviewed, not audited.

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION

This unaudited interim financial report for the six months ended 30 June 2023 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 financial report 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 2022. 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 2022 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by IASB to this interim financial report for the current accounting period:

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

5 OPERATING REVENUE

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

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Tower business (Note (i))	37,481	38,592
DAS business	3,424	2,753
Smart Tower business	3,386	2,584
Energy business	1,975	1,426
Others	195	124
	46,461	45,479

Note:

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

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Revenue from the provision of Site Space	31,674	32,813
Revenue from Services*	5,807	5,779
	37,481	38,592

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

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

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
CMCC Group	21,190	21,817
CTC Group	10,169	10,359
CUC Group	9,972	9,495
	41,331	41,671

For the six months ended 30 June 2023, the revenue generated from the Three TSPs accounted for 89.0% of the total revenue (for the six months ended 30 June 2022: 91.6%).

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

6 EMPLOYEE BENEFITS AND EXPENSES

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Salaries and welfare	3,102	2,838
Post-employment benefits	533	461
Contributions to medical insurance	114	260
Contributions to housing fund	252	219
	4,001	3,778

7 SITE OPERATION AND SUPPORT EXPENSES

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Site usage expenses	709	765
Costs of site power supply using diesel oil generation	713	739
IT service charge	794	636
Others	303	367
	2,519	2,507

8 OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Technical support charges (Note (i))	1,580	1,170
Losses on write-off/disposal of property and equipment	297	852
Credit loss allowance	505	363
Utilities in other business operation (Note (ii))	412	318
Property management expenses and utilities	245	233
Marketing expenses	309	222
Other taxes and surcharges	207	141
Cost of goods sold	280	132
Others	526	319
	4,361	3,750

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 other business operation incurred are mainly for providing battery exchange services and battery recharge services in Energy business.

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

9 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Interest expense on borrowings	790	1,069
Interest expense on lease liabilities (Note 13)	618	588
Less: Amounts capitalised in construction in progress (Note)	(47)	(49)
	1,361	1,608

Note:

The interest rate range for amounts capitalised in construction in progress for the six months ended 30 June 2023 were 2.52%-2.88% per annum (for the six months ended 30 June 2022: 2.89%-3.03% per annum).

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 consolidated statement of comprehensive income represents:

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Current tax		
Current tax on estimated taxable profits for the period	1,920	2,048
Deferred tax		
Origination of temporary differences	(406)	(710)
Income tax expenses	1,514	1,338

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

10 INCOME TAX EXPENSES (Continued)

Reconciliation between tax expenses and accounting profit at applicable tax rates:

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Profit before taxation	6,355	5,562
Tax at PRC statutory tax rate of 25%	1,589	1,391
Impact of preferential tax rate (Note)	(100)	(90)
Tax effect of non-deductible expenses	35	39
Others	(10)	(2)
Income tax expenses	1,514	1,338

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.

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.

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

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	
	2023	2022
Profit attributable to owners of the Company (in RMB million)	4,841	4,224
Weighted average number of ordinary shares in issue (million)	174,812	174,812
Basic earnings per share (in RMB Yuan)	0.0277	0.0242

(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. The restricted shares were not included in the calculation of diluted earnings per share for the six months ended 30 June 2023 and 2022 because the unlocking conditions of achieving certain performance conditions are not met. Therefore, the diluted earnings per share was the same as basic earnings per share.

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 2023, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB15,697 million (for the six months ended 30 June 2022: RMB8,423 million).

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

Property, plant and equipment with a net book value of approximately RMB486 million were written off/disclosed during the six months ended 30 June 2023 with RMB297 million write-off/disposal losses (Note 8) (for the six months ended 30 June 2022: approximately RMB1,168 million with RMB852 million write-off/disposal losses).

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

13 LEASE

- (i) The interim consolidated statement of financial position shows the following amounts relating to leases:

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Right-of-use assets		
– Sites and premises	29,918	30,481
– Land use rights	972	1,097
	30,890	31,578
Lease Liabilities		
– Current	6,976	7,127
– Non-current	14,543	14,947
	21,519	22,074

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

	Unaudited Six months ended 30 June 2023 RMB million	2022 RMB million
Depreciation charge of right-of-use assets	5,790	5,779
Interest expense	618	588
Expense relating to short-term leases and low-value leases	593	697

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

14 TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Trade receivables (Note (a))	59,654	38,350
Less: Credit loss allowance	(2,362)	(1,857)
Trade receivables, net	57,292	36,493
Payments on behalf of customers (Note (b)(i))	5,120	4,500
Deposits (Note (b)(ii))	1,151	1,200
Others	104	69
Less: Credit loss allowance	(2)	(2)
Other receivables, net	6,373	5,767
Trade and other receivables	63,665	42,260

As at 30 June 2023 and 31 December 2022, trade and other receivables were primarily denominated in RMB and their carrying amounts approximated their fair values.

For the six months ended 30 June 2023, no write-off in trade receivables (for the six months ended 30 June 2022: nil).

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

14 TRADE AND OTHER RECEIVABLES (Continued)

Note:

(a) Trade receivables

- (i) Aging analysis of the Group's gross trade receivables based on the billing, as of the end of the reporting period, are as follows:

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Within 3 months	23,562	19,752
3 to 6 months	20,679	8,686
6 months to 1 year	9,644	6,808
1 year to 3 years	4,672	2,524
Over 3 years	1,097	580
	59,654	38,350

- (ii) Trade receivables are analysed by customers:

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
CMCC Group	28,894	17,791
CTC Group	10,843	5,516
CUC Group	12,825	9,539
Others	7,092	5,504
	59,654	38,350

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.

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.

(b) Other receivables

- (i) Payments on behalf of customers mainly represent the payments made by the Group on behalf of the Three TSPs to their suppliers for certain sites electric power 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.
- (ii) Deposits primarily include deposits for site ground lease, office premises lease, and equipment purchase. They are considered to be of low credit risk. The expected credit loss is not material.

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

15 PREPAYMENTS AND OTHER CURRENT ASSETS

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Input VAT recoverable – Current portion	481	802
Advance payments (Note)	1,529	1,517
Others	13	10
	2,023	2,329

Note:

As at 30 June 2023, 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.

16 CASH AND CASH EQUIVALENTS

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Cash at bank and on hand		
– RMB	3,097	5,068
– HKD	28	37
– USD	11	9
– LAK	4	3
	3,140	5,117

17 SHARE CAPITAL AND DIVIDENDS

(a) Share capital

Registered, issued and fully paid:

	Unaudited As at 30 June 2023		Audited As at 31 December 2022	
	Number of ordinary shares (million)	Share capital (RMB million)	Number of ordinary shares (million)	Share capital (RMB million)
At the beginning of period/year	176,008	176,008	176,008	176,008
At the end of period/year (RMB1.00, par value)	176,008	176,008	176,008	176,008

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

17 SHARE CAPITAL AND DIVIDENDS (Continued)

(b) Dividends

At the annual general meeting on 11 May 2023, the shareholders of the Company approved the payment of a final dividend of RMB0.03232 per share (equivalent to HK\$0.03666 per share) (pre-tax) for the year ended 31 December 2022 approximately RMB5,689 million in total.

As at 3 August 2023, the Board has resolved that no interim dividend is declared for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

(c) Shares held under restricted share incentive 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.

As instructed by the Board, a trustee (the "Trustee") is appointed to acquire certain number of H shares from the secondary market for the Scheme.

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

	Unaudited As at 30 June 2023		Audited As at 31 December 2022	
	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

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

18 BORROWINGS

(a) Borrowings

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Borrowings:		
Long-term borrowings (Note (i))		
– General Borrowings	58,551	43,401
– Preferential Borrowings	2,546	3,397
– Medium-term Notes (Note (iii))	4,104	4,042
Sub-total	65,201	50,840
Less: Current portion	(15,688)	(19,392)
Balance presented in non-current liabilities:	49,513	31,448
Short-term borrowings:		
Short-term loans (Note (ii))	5,503	6,205
Long-term borrowings – Current portion	15,688	19,392
Balance presented in current liabilities:	21,191	25,597

Note:

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

As at 30 June 2023, the carrying amount of the Preferential Borrowings amounted to RMB2,546 million (31 December 2022: RMB3,397 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.

For the six months ended 30 June 2023, the effective interest rates of long-term borrowings were 1.95% to 4.41% per annum (for the six months ended 30 June 2022: 2.10% to 4.41% per annum).

- (ii) As at 30 June 2023, all of the balances of short-term loans are borrowings obtained from commercial banks in the PRC. For the six months ended 30 June 2023, all short-term loans were unsecured, which bear interest rates ranging from 2.30% to 2.35% per annum (for the six months ended 30 June 2022: from 2.50% to 3.48% per annum).

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

18 BORROWINGS (Continued)

(a) Borrowings (Continued)

Note: (Continued)

- (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 2023 (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%	2,052
Total	4,000				4,104

(b) The repayment schedule of the borrowings

As at 30 June 2023, borrowings were repayable as follows:

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Within 1 year	21,191	25,597
Between 1 and 2 years	16,083	13,222
Between 2 and 5 years	33,430	18,226
	70,704	57,045

19 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 18 (a)(i)).

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

20 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 2023 RMB million	Audited As at 31 December 2022 RMB million
Within 6 months	19,337	20,392
6 months to 1 year	2,849	2,296
Over 1 year	4,380	3,958
	26,566	26,646

21 ACCRUED EXPENSES AND OTHER PAYABLES

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Deposits from vendors	1,361	1,526
Salary and welfare payables	1,061	364
Contract liabilities	1,950	2,264
Accrued expenses	981	773
Cash received from Scheme Participants under restricted share incentive scheme	–	358
Other tax payables	507	225
	5,860	5,510

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 Financial Report

(Expressed in RMB unless otherwise indicated)

22 CAPITAL COMMITMENTS

As at 30 June 2023 and 31 December 2022, the Group had capital commitments for construction expenditures and acquisition of properties as follows:

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Authorised and contracted for: Within 1 year	874	1,109

23 RELATED PARTY TRANSACTIONS

CMCC Group, CUC Group and CTC Group are considered as the Group's related parties.

(a) Significant transactions with related parties

	Unaudited Six months ended 30 June	
	2023 RMB million	2022 RMB million
Provision of Tower business, DAS and other services (i)	41,331	41,671
Purchases of various goods and services (ii)	2,817	2,698
Rental charges for property and site ground lease (iii)	179	180
Payments on behalf of related parties (iv)	14,468	13,905
Proceeds from payments on behalf of related parties (iv)	13,848	13,504
Short-term borrowings and interests	–	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 Telecom Shareholders, and set out in the individual site service agreements between the provincial branches of the Company and the provincial subsidiaries/branches of the Telecom Shareholders. The 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.

The original commercial pricing agreements and the service agreements entered into between the Company and each of the Telecom Shareholders expired on 31 December 2022. On 18 January 2023, the Company completed the signing arrangement of the 2023-2027 Service Framework Agreements with each of the Telecom Shareholders for a term of five years from 1 January 2023 to 31 December 2027.

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

(ii) Purchases of various goods and services

The Group purchases certain equipment, engineering design services, construction and supervision services, maintenance services, communications and IT services from CMCC Group, CUC Group and CTC Group. The transaction prices are mainly determined through mutual negotiation which are fair and reasonable.

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

23 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties (Continued)

Note (Continued):

(iii) Rental charges for property and site ground lease

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

For the six months ended 30 June 2023, rental charges for property and site ground lease include short-term leases and low-value leases charges for use of property and site ground, the depreciation of the right-of-use assets, and the finance cost associated with the lease liabilities in relation to the aforementioned leasing arrangements with CMCC Group, CUC Group and CTC Group.

(iv) Payments on behalf of related parties

As mentioned in Note 14 (b)(i), the Group paid certain sites electric power charges to electricity power companies or third parties, on behalf of the Three TSPs.

(b) Balances with related parties

(i) Amount due from related parties

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Trade and other receivables	57,943	35,998
Prepayments and other current assets	73	73
Right-of-use assets	441	429

(ii) Amount due to related parties

	Unaudited As at 30 June 2023 RMB million	Audited As at 31 December 2022 RMB million
Accounts payable	5,477	3,480
Accrued expenses and other payables	234	259
Lease liabilities	393	646

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

Notes to Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

23 RELATED PARTY TRANSACTIONS (Continued)

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

The Group is a government-related enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through government authorities, agencies, affiliations and other organization (collectively referred to as “**government-related entities**”). Apart from transactions with CMCC Group, CUC Group and CTC Group (Note 23 (a)), the Group has collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

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

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

24 FAIR VALUE ESTIMATION

As at 30 June 2023, 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 2023, 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 2023.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

Mr. Tang Yongbo was elected as a non-executive director of the Company (the "**Director(s)**") on 16 June 2023. His term of office will end on the date of the expiration of the third session of the Board. On the same day, Mr. Tang was appointed as a member of the Strategy Committee of the Board and a member of the Remuneration and Appraisal Committee of the Board. Please refer to the announcement of the Company dated 16 June 2023 for biographical details of Mr. Tang Yongbo and the change in the composition of Board committees.

Change of information of Directors and supervisors of the Company (the "**Supervisor(s)**") since the publication of the Company's 2022 annual report and the announcement of the Company dated 16 June 2023 is set out below:

- Mr. Gao Tongqing, a non-executive Director, no longer served as the vice chairman of True Corporation Public Company Limited (listed on the Stock Exchange of Thailand with the stock code: TRUE) since February 2023.
- Mr. Tang Yongbo, a non-executive Director, was appointed as a non-executive director of HKT Management Limited and HKT Limited (listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") with the stock code: 6823) on 2 August 2023; a non-executive director and the deputy chairman of the board of PCCW Limited (listed on the Hong Kong Stock Exchange with the stock code: 0008) on 3 August 2023.
- Mr. Sin Hendrick, an independent non-executive Director, was appointed as an independent non-executive director, member of each of the audit committee, the nomination committee and the investment committee of Tianjin Development Holdings Limited (listed on the Hong Kong Stock Exchange with the stock code: 0882) on 30 March 2023, and no longer served as a non-independent director of Suning.com Group Co., Limited (listed on Shenzhen Stock Exchange with the stock code: 002024) since April 2023. Mr. Sin currently serves as a deputy of the fourteenth National People's Congress in Hong Kong Special Administrative Region (香港特別行政區第十四屆全國人民代表大會代表).
- Mr. Liu Wei, a Supervisor, was appointed as a supervisor and the chairman of the supervisory committee of iFLYTEK Co., Ltd. (listed on the Shenzhen Stock Exchange with the stock code: 002230) since July 2022 and January 2023, respectively.
- Ms. Han Fang, a Supervisor, was appointed as the managing director of capital operation department of both China Telecommunications Corporation and China Telecom Corporation Limited, the chairlady of the board of China Telecom Group Investment Co., Ltd., the chairlady of the board of Tianyi Capital Holding Co., Ltd. since December 2022.
- Ms. Li Tienan, a Supervisor, was appointed as the general manager of the synergy department of China Reform Holdings Corporation Ltd., the director and general manager of China Reform Development Fund Management Co., Ltd. since April 2023.

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).

RESTRICTED SHARE INCENTIVE SCHEME

Purposes

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

Participants

The participants (the “**Participants**”) eligible for participation under the Restricted Share Incentive Scheme are Directors, senior management of the Company and core technical and management personnel contributing directly to the overall business performance and sustainable development of the Company.

Shares Available under the Restricted Share Incentive Scheme

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

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

Maximum Grant

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

Maximum Entitlement of Each Participant

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

Other Information

Unlocking Period

The period during which the Restricted Shares granted to the Participants may be conditionally transferred (the “**Unlocking Period**”) shall be 24 months to 60 months from granting of the Restricted Shares, including the period during which transfer of the Restricted Shares granted to the Participants is prohibited (the “**Lock-up Period**”). If the conditions for unlocking as required by the Restricted Share Incentive Scheme are met during the Unlocking Period, the Restricted Shares granted shall be unlocked in three tranches as follows.

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

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

Pursuant to the Restricted Share Incentive Scheme, the price per H Share for the grant of the Restricted Shares under the Restricted Share Incentive Scheme (the “**Grant Price**”) shall be no less than 50% of the reference price and the pricing reference date of the Grant Price is the grant date (the “**Grant Date**”). The reference price shall be the higher of:

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

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

Duration

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

Other Information

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

On 18 April 2019, the Board approved the initial grant (the “**Initial Grant**”) of 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.

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

The reference price shall be the higher of:

- (i) HK\$2.20, being the closing price of the Company’s H Shares on the Hong Kong Stock Exchange on 18 April 2019; and
- (ii) HK\$2.09, being the average closing price of Company’s H Shares for the five trading days as quoted on the Hong Kong Stock Exchange immediately preceding 18 April 2019.

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

The Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant under the Initial Grant entered the second unlocking period in 2022. As the operating revenue of the Group for the year of 2021 did not reach the target set out in the conditions for unlocking the Restricted Shares, such conditions for unlocking were not fulfilled and therefore the relevant Restricted Share could not be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interests of relevant Participants in such Restricted Shares have been bought out by the Trustee at the Grant Price in accordance with the terms of the Restricted Share Incentive Scheme and the laws and regulations, which represented 30% of interests in the Restricted Shares granted under the First Tranche of Grant and the Second Tranche of Grant mentioned above.

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

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

Other Information

Movements of the Restricted Shares granted under the Restricted Share Incentive Scheme during the six months ended 30 June 2023 are as follows:

Date of grant	Unlocking Period	Grant Price	Closing price of the Shares immediately before the date of grant	Number of Restricted Shares granted as at 1 January 2023	Number of Restricted Shares granted during the six months ended 30 June 2023	Number of Restricted Shares unlocked during the six months ended 30 June 2023	Number of Restricted Shares cancelled during the six months ended 30 June 2023 ⁽¹⁾	Number of Restricted Shares lapsed during the six months ended 30 June 2023 ⁽²⁾	Number of Restricted Shares granted as at 30 June 2023	
Directors										
Mr. Gu Xiaomin	18 April 2019	24 – 60 months ⁽³⁾	RMB1.03 ⁽⁴⁾	HK\$2.20	465,000	0	0	0	465,000	0
Mr. Gao Chunlei	18 April 2019	24 – 60 months ⁽³⁾	RMB1.03 ⁽⁴⁾	HK\$2.20	465,000	0	0	0	465,000	0
Five Highest Paid Individuals in Aggregate	18 April 2019 and 19 December 2019	24 – 60 months ⁽³⁾	RMB1.03 ⁽⁴⁾	HK\$2.20	2,025,000	0	0	0	2,025,000	0
Other grantees in aggregate	18 April 2019 and 19 December 2019	24 – 60 months ⁽³⁾	RMB1.03 ⁽⁴⁾	HK\$2.20	345,607,500	0	0	0	345,607,500	0

Notes:

- (1) The concept of “cancelled” under Rule 17.07(1)(e) of the Listing Rules does not apply to the Restricted Shares under the Restricted Share Incentive Scheme. No Restricted Share was cancelled during the six months ended 30 June 2023.
- (2) The concept of “lapsed” under Rule 17.07(1)(f) of the Listing Rules does not apply to the Restricted Shares under the Restricted Share Incentive Scheme either. Based on the particular circumstance of the Restricted Share Incentive Scheme and the Restricted Shares and corresponding to the requirements under Rule 17.07(1)(f) of the Listing Rules, this refers to the number of Restricted Shares bought back by the Trustee during the six months ended 30 June 2023 as a result of (i) failing to reach the target set out in the conditions for unlocking the relevant Restricted Shares during the relevant Unlocking Period; and (ii) resignation of certain employees of the Company which are Participants under the Restricted Share Incentive Scheme.
- (3) The Unlocking Period shall be 24 months to 60 months from granting of the Restricted Shares, including the Lock-up Period. For details, please refer to “Restricted Share Incentive Scheme – Unlocking Period” above in this interim report.
- (4) The Grant Price of the Restricted Shares granted under the Initial Grant (for both the First Tranche of Grant and Second Tranche of Grant) is RMB1.03 per Restricted Share, which is equivalent to approximately HK\$1.20 per Restricted Share.
- (5) Other Grantees are all employees of the Group other than the Directors, chief executive or substantial shareholders of the Company.

As at 30 June 2023, (i) Mr. Gu Xiaomin and Mr. Gao Chunlei as the Directors, (ii) the five highest paid individuals during the six months ended 30 June 2023, and (iii) other grantees who are not Directors, chief executive or substantial shareholders of the Company do not hold any Restricted Shares.

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

Other Information

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

As at 30 June 2023, none of the Directors, Supervisors and chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the 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.

As at 30 June 2023, 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.

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

As at 30 June 2023, the interests or short position of persons who are entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings (excluding the Directors and Supervisors) in the shares or underlying shares of equity derivatives of the Company as recorded in the register required to be maintained under Section 336 of the provisions of Division 6 of Part XV of the SFO are as follows:

Name of shareholder	Nature of interest	Class of shares	Number of shares held ⁽¹⁾	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司) ("CMCC") ⁽²⁾	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) ⁽²⁾	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) ⁽²⁾	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") ⁽²⁾	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) ⁽²⁾	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 ⁽¹⁾	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Mobile Communication Company Limited (中國移動通信有限公司) ("China Mobile Company") ⁽²⁾	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") ⁽³⁾	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") ⁽³⁾	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) ⁽³⁾	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) ⁽³⁾	Interest held by controlled corporations	Domestic shares	36,345,836,822 (L)	28.10%	20.65%
China Unicom (Hong Kong) Limited (中國聯合網絡通信(香港)股份有限公司) ("China Unicom") ⁽³⁾	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") ⁽³⁾	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") ⁽⁴⁾	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") ⁽⁴⁾	Legal and beneficial owner	Domestic shares	36,087,147,592 (L)	27.90%	20.50%

Other Information

Name of shareholder	Nature of interest	Class of shares	Number of shares held ⁽¹⁾	Percentage of shares in the relevant class of shares of the Company	Percentage of shares in the total shares in issue of the Company
China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司) ("China Reform") ⁽⁵⁾	Legal and beneficial owner/Interest held by controlled corporations	Domestic shares	7,760,676,901 (L)	6.00%	4.41%
Citigroup Inc.	Interest held by controlled corporations/ Approved lending agent	H shares	4,210,607,433 (L)	9.02%	2.39%
			41,127,916 (S)	0.08%	0.02%
			4,129,383,389 (P)	8.84%	2.35%
GIC Private Limited	Investment manager	H shares	3,275,058,000 (L)	7.02%	1.86%
BlackRock, Inc.	Interest held by controlled corporations	H shares	2,819,328,993 (L)	6.04%	1.60%
			89,924,000 (S)	0.19%	0.05%

Notes:

- (1) (L) – Long position; (S) – Short position; (P) – Interest in a lending pool
- (2) By virtue of the SFO, each of CMCC, China Mobile (Hong Kong) Group Limited, China Mobile Hong Kong (BVI) Limited, China Mobile Communication (BVI) Limited and China Mobile is deemed to have an interest in the Shares held by China Mobile Company.
- (3) By virtue of the SFO, each of CUC, China Unicom A Share Company, China Unicom (BVI) Limited, China Unicom Group Corporation (BVI) Limited and China Unicom is deemed to have an interest in the shares held by China Unicom Corporation.
- (4) By virtue of the SFO, CTC is deemed to have an interest in the shares held by China Telecom.
- (5) China Reform indirectly holds 4,000,676,901 domestic Shares through China Reform Development Fund Management Co., Ltd. (國新發展投資管理有限公司) and 3,760,000,000 domestic Shares are held through its wholly-owned subsidiary, 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 2023, in the register required to be maintained under Section 336 of the SFO, no other persons were recorded to hold any interests or short positions in the shares or underlying shares of equity derivatives of the Company.

Other Information

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 financial report for the six months ended 30 June 2023.

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 2023, 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.

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 2023.

CONTINGENT LIABILITIES

As at 30 June 2023, the Company had no contingent liabilities.

MATERIAL LEGAL PROCEEDINGS

For the six months ended 30 June 2023, the Company was not involved in any material litigation or arbitration, and as far as the Company is aware, no material litigation or claims were pending or threatened or made against the Company.

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 2022 annual report.

FORWARD LOOKING STATEMENTS

The performance and the results of the operations of the Company contained in this 2023 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 2023 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 2023 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.