CHINA TOWER
中国铁塔

China Tower Corporation Limited
中國鐵塔股份有限公司

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

(Stock Code: 0788)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

Highlights

❖ Operating revenue maintained good growth, reaching RMB94,009 million, up by 2.0%, of which:

- Revenue from TSP business was RMB82,163 million, down by 1.0% over the same period last year, of which, revenue from Tower business was RMB75,023 million, down by 2.8%; revenue from indoor distributed antenna system ("**DAS**") business was RMB7,140 million, up by 22.5%

- Revenue from Smart Tower business was RMB7,283 million, up by 27.7%

- Revenue from Energy business was RMB4,214 million, up by 31.7%

❖ Site co-location efficiency improved continuously; tower tenancy ratio increased from 1.74 at the end of 2022 to 1.79.

❖ Operating efficiency enhanced steadily; EBITDA[2] was RMB63,551 million.

❖ Profitability enhanced constantly; profit attributable to owners of the Company was RMB9,750 million, up by 11.0%.

Note 1: The financial information in this announcement is prepared based on the consolidated financial information. The Company and its subsidiaries are collectively referred to as the Group.
Note 2: EBITDA is calculated by operating profit plus depreciation and amortization.

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

FINANCIAL PERFORMANCE

The Company's operating revenue maintained stable growth. During the year, our operating revenue grew by 2.0% to RMB94,009 million. EBITDA reached RMB63,551 million, an increase of 1.1% year-on-year, with an EBITDA margin[3] of 67.6%. Profit attributable to owners of the Company was RMB9,750 million, representing 11.0% year-on-year growth with a net profit margin of 10.4%, demonstrating further enhanced profitability.

Our net cash generated from operating activities for 2023 was RMB32,840 million. Capital expenditures stood at RMB31,715 million, with free cash flow[4] reaching RMB1,125 million. As of 31 December 2023, our total assets reached RMB326,007 million, with interest-bearing liabilities of RMB94,626 million and a gearing ratio[5] of 31.4%. Our capital structure remained healthy.

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

BUSINESS PERFORMANCE

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

Note 3: EBITDA margin is calculated by dividing EBITDA by operating revenue, and multiplying the resulting value by 100%.

Note 4: Free cash flow is the net cash generated from operating activities minus the capital expenditures.

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

Further strengthened market leadership in TSP business on a solid foundation

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

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

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

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

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

Strengthened core competencies to sustain rapid growth of Two Wings business

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

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

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

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

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

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

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

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

OUTLOOK

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

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

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

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

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

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

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

Zhang Zhiyong
Chairman

Beijing, China, 18 March 2024

GROUP RESULTS

China Tower Corporation Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 extracted from the audited consolidated financial statements of the Group as set out in its 2023 annual report to be published in due course.

Consolidated statement of comprehensive income
For the year ended 31 December 2023
(Expressed in RMB)

	Note	**Year ended 31 December** **2023** ***RMB million***	2022 *RMB million*
Operating revenue	*4*	**94,009**	92,170
Operating expenses			
Depreciation and amortisation		**(49,049)**	(49,532)
Repairs and maintenance		**(7,408)**	(7,593)
Employee benefits and expenses		**(8,844)**	(7,940)
Site operation and support expenses	*5*	**(5,393)**	(5,857)
Other operating expenses	*6*	**(8,813)**	(7,936)
		(79,507)	(78,858)
Operating profit		**14,502**	13,312
Other gains, net		**1,114**	1,095
Interest income		**43**	124
Finance costs		**(2,827)**	(3,003)
Profit before income taxation		**12,832**	11,528
Income tax expense	*7*	**(3,082)**	(2,741)
Profit for the year		**9,750**	8,787
Profit attributable to:			
Owners of the Company		**9,750**	8,787
Non-controlling interests		**–**	–

Consolidated statement of comprehensive income (continued)
For the year ended 31 December 2023
(Expressed in RMB)

	Note	**Year ended 31 December**	
		2023	2022
		RMB million	*RMB million*
Other comprehensive income for the year, net of tax			
Item that will not be reclassified to profit or loss			
Remeasurements of post-retirement benefit obligations		**6**	–
Other comprehensive income for the year		**6**	–
Total comprehensive income for the year		**9,756**	8,787
Total comprehensive income for the year attributable to:			
Owners of the Company		**9,756**	8,787
Non-controlling interests		**–**	–
		9,756	8,787
Basic and diluted earnings per share (in RMB Yuan)			
Basic/diluted	*8*	**0.0558**	0.0503

Consolidated statement of financial position
As at 31 December 2023
(Expressed in RMB)

	Note	**As at 31 December** **2023** ***RMB million***	2022 *RMB million*
Assets			
Non-current assets			
Property, plant and equipment		**201,542**	209,377
Construction in progress		**12,313**	12,339
Right-of-use assets	*9*	**31,083**	31,578
Deferred income tax assets		**2,208**	1,930
Other non-current assets		**778**	630
		247,924	255,854
Current assets			
Trade and other receivables	*10*	**71,685**	42,260
Prepayments and other current assets		**2,443**	2,329
Cash and cash equivalents		**3,955**	5,117
		78,083	49,706
Total assets		**326,007**	305,560
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**176,008**	176,008
Reserves		**21,686**	17,583
Total equity attributable to owners of the Company		**197,694**	193,591
Non-controlling interests		**–**	–
Total equity		**197,694**	193,591

Consolidated statement of financial position (continued)
As at 31 December 2023
(Expressed in RMB)

		As at 31 December	
	Note	**2023**	2022
		RMB million	*RMB million*
Liabilities			
Non-current liabilities			
Borrowings		**49,329**	31,448
Lease liabilities	*9*	**14,647**	14,947
Deferred government grants		**368**	376
Employee benefit obligations		**35**	40
		64,379	46,811
Current liabilities			
Borrowings		**23,786**	25,597
Lease liabilities		**6,864**	7,127
Accounts payable	*12*	**28,286**	26,646
Accrued expenses and other payables		**4,825**	5,510
Current income tax payable		**173**	278
		63,934	65,158
Total liabilities		**128,313**	111,969
Total equity and liabilities		**326,007**	305,560

Notes to the Consolidated Financial Statements
(Expressed in RMB unless otherwise indicated)

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements of the Group have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where estimates are significant to the financial statements are disclosed in Note 4 of Notes to the Consolidated Financial Statements of the Group's 2023 Annual Report.

2. Summary of material accounting policies

2.1 New and amended standards adopted by the Group

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

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

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

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

3. Segment information

The executive directors and senior management, as a decision-making group has been identified as the Group's chief operating decision-maker ("**CODM**"). The Group has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The CODM reviews the revenue from revenue stream perspective including Tower business, DAS business, Smart Tower business and Energy business. However, the CODM does not make the decision related to resource allocation or performance evaluation solely based on the revenue generated from the different business. Rather, the CODM reviews the Group's performance and budget as a whole. Therefore, the CODM concludes that the Group has one operating segment.

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

The Group's revenue is primarily generated from the three telecommunications service providers in China ("**Three TSPs**"), namely China Mobile Communications Group Co., Ltd. and all their subsidiaries ("**CMCC Group**"), China United Network Communications Group Company Limited and all their subsidiaries ("**CUC Group**"), and China Telecommunications Corporation and all their subsidiaries ("**CTC Group**"), respectively.

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

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

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

4. Operating revenue

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

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

Note:

(i) Disaggregation of operating revenue:

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

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

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

5. Site operation and support expenses

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Site usage expenses	**1,456**	1,811
Costs of site power supply using diesel oil generation	**1,489**	1,566
IT service charge	**1,762**	1,471
Others	**686**	1,009
	5,393	5,857

6. Other operating expenses

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Technical support charges *(Note (i))*	**3,637**	2,661
Losses on write-off/disposal of property and equipment	**378**	1,345
Utilities in other business operation *(Note (ii))*	**704**	646
Credit loss allowance	**869**	637
Marketing expenses	**775**	602
Property management expenses and utilities	**494**	475
Cost of equipment sold	**521**	347
Other taxes and surcharges	**393**	278
Impairment of assets	**18**	103
Auditors' remuneration	**7**	9
Others	**1,017**	833
	8,813	7,936

Note:

(i) Technical support charges mainly are payment made to third-party service providers for building platforms for customers in Smart Tower business and Energy business, in which the Group was a primary obligator.

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

7. Income tax expenses

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

Taxation in the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Current tax		
Current tax on estimated taxable profits for the year	**3,360**	2,779
Deferred tax		
Origination/Reversal of temporary differences	**(278)**	(38)
Income tax expenses	**3,082**	2,741

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

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Profit before taxation	**12,832**	11,528
Tax at PRC statutory tax rate of 25%	**3,208**	2,882
Tax effect of preferential tax rate *(Note)*	**(201)**	(178)
Tax effect of non-deductible expenses	**105**	64
Others	**(30)**	(27)
Income tax expenses	**3,082**	2,741

Note:

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

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

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

8. Basic and diluted earnings per share

(a) Basic

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

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company (RMB million)	**9,750**	8,787
Weighted average number of ordinary shares in issue (million)	**174,812**	174,812
Basic earnings per share (in RMB Yuan)	**0.0558**	0.0503

(b) Diluted

Diluted earnings per share for the years ended 31 December 2023 and 2022 were computed by dividing the profit attribute to owners of the Company by the weighted average number of ordinary shares outstanding during the years, after adjusting for the effects of the dilutive potential ordinary shares. There were no dilutive potential ordinary shares for the years ended 31 December 2023 and 2022 as all restricted shares granted before were forfeited. Therefore, the diluted earnings per share was the same as basic earnings per share.

9. Lease

(a) The consolidated statement of financial position shows the following amounts relating to leases where the Group is a lessee:

	Sites *RMB million*	Buildings *RMB million*	Land use rights *RMB million*	Total *RMB million*
Right-of-use assets:				
As at 1 January 2022	77,956	973	1,377	80,306
Additions	10,481	309	23	10,813
Termination of lease contracts	(3,150)	(286)	(44)	(3,480)
As at 31 December 2022	85,287	996	1,356	87,639
Accumulated depreciation:				
As at 1 January 2022	(46,785)	(438)	(206)	(47,429)
Charge for the year	(11,220)	(239)	(54)	(11,513)
Write-off upon termination of lease contracts	2,771	109	1	2,881
As at 31 December 2022	(55,234)	(568)	(259)	(56,061)
Closing net book amount:				
As at 31 December 2022	30,053	428	1,097	31,578
Right-of-use assets:				
As at 1 January 2023	85,287	996	1,356	87,639
Additions	10,845	536	10	11,391
Termination of lease contracts	(3,488)	(216)	(3)	(3,707)
As at 31 December 2023	92,644	1,316	1,363	95,323
Accumulated depreciation:				
As at 1 January 2023	(55,234)	(568)	(259)	(56,061)
Charge for the year	(11,127)	(262)	(45)	(11,434)
Write-off upon termination of lease contracts	3,056	198	1	3,255
As at 31 December 2023	(63,305)	(632)	(303)	(64,240)
Closing net book amount:				
As at 31 December 2023	29,339	684	1,060	31,083

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Lease Liabilities		
– Current	**6,864**	7,127
– Non-current	**14,647**	14,947
	21,511	22,074

(b) The consolidated statement of comprehensive income shows the following amounts relating to leases where the Group is a lessee:

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Depreciation charge of right-of-use assets	**11,434**	11,513
Interest expense	**1,233**	1,193
Expense relating to short-term leases and low-value leases	**1,091**	1,467

(c) The total cash payment of principal and interest of lease liabilities for the year ended 31 December 2023 was RMB10,470 million (2022: RMB10,136 million).

(d) The Group's leasing activities:

The Group mainly leases buildings and site properties for its telecommunication towers (as lessee). Lease contracts of buildings and site properties are typically made for periods of 3 to 10 years, and generally do not have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Substantially all of the lease contracts held by the Group are with fixed lease payment.

10. Trade and other receivables

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Trade receivables *(Note (a))*	**67,543**	38,350
Allowance for expected credit losses	**(2,706)**	(1,857)
Trade receivables – net	**64,837**	36,493
Deposits *(Note (b)(ii))*	**1,228**	1,200
Payments on behalf of customers *(Note (b)(i))*	**5,518**	4,500
Others	**103**	69
Allowance for expected credit losses	**(1)**	(2)
Other receivables – net	**6,848**	5,767
Trade and other receivables	**71,685**	42,260

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

(a) Trade receivables

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

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
1 to 3 months	**32,918**	19,752
3 to 6 months	**14,375**	8,686
6 months to 1 year	**12,954**	6,808
1 year to 3 years	**6,301**	2,524
Over 3 years	**995**	580
	67,543	38,350

Trade receivables are analysed by customers:

	As at 31 December 2023	As at 31 December 2022
	RMB million	*RMB million*
CMCC Group	**34,869**	17,791
CUC Group	**16,111**	9,539
CTC Group	**8,390**	5,516
Others	**8,173**	5,504
	67,543	38,350

As at 31 December 2023, acceptance notes issued by banks and commercial acceptance bills included in trade receivables is RMB5,945 million and RMB18,922 million, respectively (2022: RMB1,528 million and RMB7,792 million, respectively), of which commercial acceptance bills discounted but not yet matured is RMB1,596 million.

(b) Other receivables

(i) Payments on behalf of customers mainly represent the payments made by the Group on behalf of the Three TSPs to their suppliers for certain sites electric power charges when the Group provides the services of power access to its customers and acts as an agent. Such customers usually make payment to the Group within 1-3 months.

(ii) Deposits primarily include deposits for site ground lease, office premises lease, and equipment purchase. They are considered to be of low credit risk. The expected credit losses are not material.

11. Dividends

(i) Dividends declared

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Ordinary shares:		
Final dividend declared for the year ended 31 December 2022 of RMB0.03232 (2021: RMB0.02624) per ordinary share	**5,653**	4,550

Shares held under the restricted share incentive scheme are not entitled to dividend.

(ii) Dividends proposed and not recognised as liabilities at the end of reporting period

On 18 March 2024, the Board of Directors of the Company proposed a dividend of RMB0.03739 per ordinary share to the shareholders for the year ended 31 December 2023, approximately RMB6,536 million in total. As the final dividend is declared after the end of the reporting periods, such dividend is not recognised as liability as at 31 December 2023.

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Dividends not recognised at the end of reporting period:		
Proposed final dividend after the end of the reporting periods: RMB0.03739 (2022: RMB0.03232) per ordinary share	**6,536**	5,653

12. Accounts payable

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

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

	As at 31 December 2023	As at 31 December 2022
	RMB million	*RMB million*
Within 6 months	**23,127**	20,392
6 months to 1 year	**2,675**	2,296
Over 1 year	**2,484**	3,958
	28,286	26,646

FINANCIAL OVERVIEW

(Expressed in RMB unless otherwise indicated)

1. Summary

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

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

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

2. Operating Revenue

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

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

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

Revenue from Tower business

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

Revenue from DAS business

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

Revenue from Smart Tower business

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

Revenue from Energy business

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

Revenue from other business

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

3. Operating Expenses

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

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

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

Depreciation and amortisation

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

Repairs and maintenance expenses

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

Employee benefits and expenses

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

Site operation and support expenses

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

Other operating expenses

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

4. Finance Costs

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

5. Profitability

Operating profit and EBITDA

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

Net profit

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

6. Capital Expenditures and Cash Flow

Capital expenditures

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

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

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

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

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

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

Cash flow generated from operating activities and free cash flow

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

7. Balance Sheet Status

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

OTHER INFORMATION

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

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

Audit Committee

The audit committee of the Board (the "**Audit Committee**"), together with the management of the Company, have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters, including the review of the audited consolidated financial statements for the financial year ended 31 December 2023.

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance. For the year ended 31 December 2023, the Company had complied with the code provisions set out in the Corporate Governance Code as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the followings:

On 6 December 2023, Mr. Gu Xiaomin ("**Mr. Gu**") has resigned from his positions as an executive director, the general manager of the Company, a member of the strategy committee and the connected transaction committee of the Board, by reason of age. Following the resignation of Mr. Gu, there was a vacancy in the position of the Company's general manager and the Company fails to comply with the requirement of Code Provision C.2.1 of the Corporate Governance Code.

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

The Company is in the course of identifying the suitable candidates and the Board have taken measures to comply with those requirements as soon as practicable. Further announcement(s) will be made in relation to the above-mentioned appointments as and when appropriate.

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 C3 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 year ended 31 December 2023.

Restricted Share Incentive Scheme

The Company adopted China Tower Corporation Limited First Phase Restricted Share Incentive Scheme (the "**Restricted Share Incentive Scheme**") at the 2018 annual general meeting of the Company held on 18 April 2019 (the "**2018 AGM**"). For details, please refer to the announcement and circular of the Company dated 4 March 2019, the announcement of the Company on the poll results of the 2018 AGM and the announcement on the initial grant dated 18 April 2019, and the announcement of the Company on the second tranche of grant dated 19 December 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 scheme 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 financial impact of failure to unlock such restricted shares has been disclosed in the Company's 2020 annual report, 2021 interim report and 2021 annual report.

The restricted shares granted under the first tranche of grant and the second tranche of grant under the initial grant entered the second unlocking period in 2022. As the operating revenue of the Group for the year of 2021 did not reach the target set out in the conditions for unlocking the restricted shares, such conditions for unlocking were not fulfilled and therefore the relevant restricted shares could not be unlocked according to the terms and conditions of the Restricted Share Incentive Scheme. The interests of relevant scheme 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 financial impact of failure to unlock such restricted shares has been disclosed in the Company's 2021 annual report, 2022 interim report and 2022 annual report.

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 interests of relevant scheme 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 financial impact of failure to unlock such restricted shares has been disclosed in the Company's 2022 annual report, 2023 interim report and will be further disclosed in the 2023 annual report.

For further details of the Restricted Share Incentive Scheme, please refer to the Company's 2023 annual report to be published in due course.

Contingent Liabilities

As at 31 December 2023, the Company had no contingent liabilities.

Material Legal Proceedings

For the year ended 31 December 2023, the Company was not involved in any material litigation or arbitration, and as far as the Company is aware, no material litigation or claims were pending or threatened or made against the Company.

Annual General Meeting

The Company will hold the annual general meeting on 20 May 2024 (the "**2023 AGM**"). Notice of the 2023 AGM will be published on the website of the Company (www.china-tower.com) and the website of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (www.hkexnews.hk), and will be dispatched to the shareholders of the Company (the "**Shareholder(s)**") in due course.

Final Dividend

The Board proposes a final dividend of RMB0.03739 (pre-tax) per share for the year ended 31 December 2023. The dividend proposal will be proposed to the 2023 AGM for the Shareholders' consideration. The proposed final dividends, if approved, will be denominated and declared in Renminbi, which are expected to be paid on or around 28 June 2024 upon approval at the 2023 AGM.

Dividends will be paid in Renminbi for holders of domestic shares and the Southbound Shareholders, and dividends for H share Shareholders other than the Southbound Shareholders will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the mid-point rates of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of approval of declaration of dividends by the 2023 AGM. The record date for entitlement to the Shareholders' rights and the relevant arrangements of dividend distribution for Southbound Shareholders are the same as those for the Company's H share Shareholders.

Under the requirements of the Law of the People's Republic of China on Enterprise Income Tax 《中華人民共和國企業所得税法》, the Regulations for the Implementation of the Law of the People's Republic of China on Enterprise Income Tax《中華人民共和國企業所得税法實施條例》 implemented in 2008, the Company has the obligation to withhold enterprise income tax at a rate of 10% on dividends when it pays the proposed final dividend for 2023 to its H share Shareholders who are overseas non-resident enterprises (including HKSCC Nominees Limited, other institutional nominees and trustees, or other organizations or groups) listed on the H share register of members on 30 May 2024.

According to the requirement under Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation (國家稅務總局國稅函[2011]348 號規定) and the relevant laws and regulations, for individual H share Shareholders who are Hong Kong or Macau residents and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold the individual income tax at the rate of 10%. For individual H share Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate lower than 10%, the Company will withhold the individual income tax at a tax rate of 10% of dividend. For individual H share Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 10% but lower than 20%, the Company will withhold the individual income tax at the effective tax rate under the relevant tax treaty. For individual H share Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate higher than 20%, or a country which has not entered into any tax treaties with PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H share Shareholders.

The Company will determine the country of domicile of the individual H share Shareholders based on the registered address as recorded in the H share register of members of the Company on 30 May 2024. If the country of domicile of an individual H share Shareholder is not the same as the registered address or if the individual H share Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the individual H share Shareholder shall notify and provide relevant supporting documents to the Company on or before 24 May 2024. Upon examination of the supporting documents by the relevant tax authorities, the Company will follow the guidance given by the tax authorities to implement relevant tax withholding and payment provisions and arrangements. Individual H share Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the tax treaties notice if they do not provide the relevant supporting documents to the Company within the time period stated above.

For Southbound Investors (including enterprises and individuals), the Shanghai branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the Shareholders of the Southbound Trading, will receive all dividends distributed by the Company and will distribute the dividends to the relevant Shareholders under the Southbound Trading through its depositary and clearing system. According to the relevant provisions under the "Notice on Taxation Policies for Shanghai-Hong Kong Stock Connect Pilot Programme (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》)" and "Notice on Taxation Policies for Shenzhen-Hong Kong Stock Connect Pilot Programme (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》)", the Company shall withhold individual income tax at the rate of 20% with respect to dividends received by the Mainland individual investors for investing in the H shares of the Company listed on the Hong Kong Stock Exchange through the Southbound Trading. In respect of the dividends for the investment of Mainland securities investment funds in the H shares of the Company listed on Hong Kong Stock Exchange through the Southbound Trading, the tax levied on dividends derived from such investment shall be ascertained by reference to the rules applicable to the treatment of individual income tax. The Company is not required to withhold income tax on dividends derived by the Mainland enterprise investors under the Southbound Trading, and such enterprises shall report the income and make tax payment by themselves. The record date for entitlement to the Shareholders' rights and the relevant arrangements of dividend distribution for the Southbound Investors are the same as those for the Company's H share Shareholders.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the H share Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the H share Shareholders or any disputes relating to the tax withholding and payment mechanism or arrangements.

Closure of Register of Members

For the purpose of ascertaining the H share Shareholders' rights to attend and vote at the 2023 AGM (and any adjournment thereof), and H share Shareholders' entitlement to the 2023 final dividend, the H share's register of members of the Company will be closed. Details of such closures are set out below:

(1) For ascertaining the H share Shareholders' rights to attend and vote at the 2023 AGM (and any adjournment thereof)

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

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

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

During the above closure periods, no transfer of H shares will be registered. To be eligible to attend and vote at the 2023 AGM, and to qualify for the 2023 final dividend, all transfer documents, accompanied by the relevant certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than the aforementioned latest times.

Publication of Annual Results Announcement and Annual Report

This announcement is published on the website of the Company (www.china-tower.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

The 2023 annual report will be published on the website of the Company (www.china-tower.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk), and will be dispatched to the Shareholders in due course.

Forward Looking Statements

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

By Order of the Board
China Tower Corporation Limited
Zhang Zhiyong
Chairman

Beijing, China, 18 March 2024

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

Executive directors	:	*Zhang Zhiyong (Chairman of the Board) and Gao Chunlei*
Non-executive directors	:	*Gao Tongqing, Tang Yongbo, Liu Guiqing and Fang Xiaobing*
Independent non-executive directors	:	*Dong Chunbo, Hu Zhanghong and Sin Hendrick*