

China Tower Furthered Resource Sharing Net Profit Grew Rapidly Payout Ratio Increased to 60%

(18 March 2020, Hong Kong) The world's largest telecommunications infrastructure service provider **China Tower Corporation Limited** ("China Tower", or the "Company") (Stock Code: 0788.HK) is pleased to announce its annual results for the year ended 31 December 2019.

Performance Highlights

RMB million	2019	2018	Change
Operating revenue	76,428	71,819	6.4%
EBITDA	56,696	41,773	35.7%
Profit attributable to owners of the Company	5,222	2,650	97.1%
Earnings per share (RMB yuan)	0.0297	0.0179	65.9%
Key operating data			
Number of tower sites (thousand)	1,994	1,925	3.6%
Number of tower tenants (thousand)	3,239	2,978	8.8%
Tower tenancy ratio (tower tenants / tower sites)	1.62	1.55	4.5%

In 2019, China Tower maintained stable and healthy growth, recording an operating revenue of RMB76,428 million, up by 6.4% year-on-year. The operating efficiency enhanced steadily, with EBITDA¹ achieved RMB56,696 million and EBITDA margin reached 74.2%. On the comparable basis², the EBITDA margin maintained at a satisfactory level of 57.9%. Profit attributable to owners of the Company reached RMB5,222 million, up by 97.1% year-on-year, demonstrating its improving profitability.

The Company's cash flow remained at a sound and healthy level while debt leveraging level was stable and controlled. Net cash generated from operating activities amounted to RMB49,935 million in 2019. Capital expenditures were RMB27,123 million, while free cash flow reached RMB22,812 million. As of 31 December 2019, the Company's total assets reached RMB338,067 million and interest-bearing liabilities amounted to RMB120,353 million with a gearing ratio³ of 38.5%.

China Tower strive to create good returns to shareholders. After taking into consideration the Company's profitability, debt levels, cash flow and capital needed for future development, the Board recommends to pay a final dividend of RMB0.01455 (pre-tax) per share for the year ended 31 December 2019, equivalent to a payout ratio of 60% of the annual distributable net profit.

By the end of 2019, the Company has managed a total of 1,994 thousand tower sites, representing an increase of 3.6% year-on-year. The total number of tower tenants increased by 8.8% year-on-year to 3,239 thousand. Tenancy ratio increased to 1.62 from 1.55 at the end of 2018, showing further improvement in the level of site co-location.

Note1: EBITDA is calculated by operating profit plus depreciation and amortization.

Note2: The comparable basis represents the comparison of certain financial information in 2019 and corresponding financial information in 2018, excluding the impact of the adoption of IFRS 16.

Note3: Gearing ratio is calculated as net debt, which is the net value of interest-bearing liabilities less cash and cash equivalents, divided by the sum of total equity and net debts multiplied by 100%.

Adhering to resource sharing and maintaining stable growth in TSP business

The demand for in-depth 4G network coverage and the scaling of 5G infrastructure created plenty of opportunities in the market. In view of this, China Tower reinforced its sharing strategy by optimizing the sharing of existing resources while stepping up its efforts to acquire and utilize social resources to enhance efficiency and create collaborative value. In addition, the Company has developed an innovative construction and service model, which promoted the implementation of integrated wireless communications coverage solutions to satisfy customers' demand for network coverage, thus further strengthened its core competencies. With a net addition of 69 thousand sites, China Tower managed a total of 1,994 thousand tower sites as at the end of 2019. The total number of tower tenants increased by approximately 226 thousand over the last year and reached to 3,063 thousand. More than 80% of new tenancy demands were satisfied through co-location. The full-year revenue of tower business increased by 4.1% year-on-year to RMB71,406 million.

With regard to DAS business, the Company fully leveraged its advantages on providing coordinated one-stop solutions. By strengthening collaboration with external parties and offering diverse network solutions, it achieved rapid market expansion and boosted the growth of DAS business. As of the end of 2019, China Tower had covered buildings with a cumulative area of approximately 2,570 million square meters, with an additional coverage of approximately 1,110 million square meters. It also covered subways and high-speed railway tunnels with a cumulative length of approximately 3,370 kilometers and 5,318 kilometers, respectively, with additional coverage of approximately 483 kilometers and 942 kilometers, respectively. The full-year DAS revenue increased by 46.1% year-on-year to RMB2,658 million.

Striving for innovation and developing growth momentum in Two Wings

Building on the abundance of resources and expertise, China Tower extended the sharing philosophy from within the industry to the wider society. In June 2019, the Company established two fully-owned subsidiaries, namely Smart Tower Corporation Limited (鐵塔智聯技術有限公司) and Energy Tower Corporation Limited (鐵塔能源有限公司) to accelerate the development of the Two Wings business. TSSAI and energy operation business recorded revenue of RMB2,080 million, a year-on-year growth of 70.2%.

TSSAI business maintained fast and healthy growth. Responding to the demand raised from the evolution of the digital economy and smart society, the Company leveraged its capabilities on the sites resources and expertise advantage to broaden service sectors and scope, from site resource services to higher value-added integrated information services. It promoted the development of digitalization and informatization of the society. Focusing on developing key sectors and key customers, centered on the three brands, Smart Sharing, Smart Connection and Smart Monitoring (智享、智聯、智控), China Tower has launched innovative projects to explore and break new ground in areas such as video surveillance, edge computing, field supervision, information and data collection and smart community. As a result, TSSAI business achieved high-quality growth. As of the end of 2019, the total number of TSSAI tenants reached 176 thousand, increased by approximately 35 thousand over the last year.

The layout of our energy operation business was launched effectively. In view of the demand across society for reliable energy services, by leveraging its experience in ensuring base-station power supply and operating traction batteries, the Company has proactively explored and formulated plans to scale up its energy operation business in the wider society. Focusing on key products and key sectors, China Tower commenced pilot projects and built up a comprehensive product portfolio, comprising power backup and generation, charging and battery exchange. The Company has cultivated its capabilities

and laid a good foundation for starting our energy operation business to take off.

Mr Tong Jilu, Chairman of China Tower said, “The fast-approaching 5G era is driving the transformation and upgrading of the whole information and communications industry, accelerating the progress of Cyberpower, Digital China and smart society. This presents enormous opportunities and market space for the Company. Looking ahead, as an infrastructure services provider for the information and communications sector, we will continue to uphold our strategy of resource sharing and strive for high-quality growth. As we persist with our ‘One Core and Two Wings’ strategy, we have confidence in achieving healthy and sustainable development.”

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About China Tower:

Since its incorporation on 15 July 2014, China Tower Corporation Limited (“China Tower”) has developed into the world’s largest telecommunications tower infrastructure service provider with compelling market advantage under the national strategy of Cyberpower. China Tower was listed on the Main Board of Hong Kong Stock Exchange on 8 August 2018 (Stock Code: 0788.HK), raising approximately HK\$58.8 billion. The Company implements the strategy of “One Core and Two Wings”. “One core” refers to the traditional tower business and indoor Distributed Antenna System (DAS) business, which provide services to the TSPs based on site resources; while “Two Wings” refers to the Trans-sector Site Application and Information (TSSAI) business which mainly provides tower site resources and data information services to different industries, as well as energy operation business to satisfy the growing demands on energy services in the society, such as power backup and generation, charging, battery exchange and echelon use of batteries. China Tower adheres to the “sharing” philosophy for business development. It promotes site co-location and provides a wide range of services to fulfill the specific needs of its customers. As of the end of December 2019, the Company’s total assets amounted to RMB338,067 million. China Tower operated and managed 1,994 thousand tower sites across 31 provinces, municipalities and autonomous regions in the PRC, and served over 3,239 thousand tenants with the tenancy ratio of 1.62.

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