

China Tower's Profit Doubled to RMB2,548 Million in the First Half of 2019

(7 August 2019, 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 interim results for the six months ended 30 June 2019.

Performance Highlights

RMB million	Six months ended 30 June 2019		
	2019	2018	Change
Operating revenue	37,980	35,335	7.5%
EBITDA	27,815	20,907	33.0%
Profit attributable to the Company	2,548	1,210	110.6%
Earnings per share	0.0145	0.0094	54.3%
Key operating data			
Number of tower sites (thousand)	1,954	1,879	4.0%
Number of tower tenants (thousand)	3,082	2,758	11.7%
Tower tenancy ratio (tower tenants / tower sites)	1.58	1.47	7.5%

We maintained stable and healthy growth in the first half of 2019, recording an operating revenue of RMB37,980 million, up by 7.5% over the same period last year. Our operating efficiency enhanced steadily, with EBITDA reaching RMB27,815 million, EBITDA margin¹ was 73.2%. On a comparable basis², the EBITDA margin maintained at a satisfactory level of 58.0%. Net profit reached RMB2,548 million, up by 110.6% over the same period last year, demonstrating our improving profitability.

Our cash flow continued to improve steadily. In the first half of 2019, net cash generated from operating activities amounted to RMB20,798 million. Our capital expenditures amounted to RMB8,906 million, while our free cash flow reached RMB11,892 million. As of 30 June 2019, the Company's total assets reached RMB336,328 million and interest-bearing liabilities amounted to RMB120,536 million with a gearing ratio³ of 39.4%, representing a stable and controllable debt leveraging level.

Note ¹: EBITDA margin is calculated by dividing EBITDA by operating revenue, and multiplying the resulting value by 100%.

Note ²: The comparable basis represents the comparison of certain financial information in the first half of 2019 and corresponding financial information in the same period of 2018 excluding the impact of the adoption of IFRS 16.

Note ³: Gearing ratio is calculated as net debt 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.

As of 30 June 2019, we managed a total of 1,954 thousand tower sites⁴, representing an increase of 4.0% over the same period last year. The total number of tower tenants⁴ increased by 11.8% over the same period last year to 3,082 thousand. Average tenants per tower site⁴ increased to 1.58 from 1.55 at the end of 2018, showing further improvement in the level of site co-location.

Sharing Strategy Reinforces our Strong Leadership in the TSP Market

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, we have adopted an innovative construction model, continued to optimize sharing of existing resources while stepping up our efforts to acquire and utilize social resources, and promoted the implementation of integrated wireless communications coverage solutions. The measures that we have taken have met substantial demand from TSPs, reduced construction costs and continued to enhance our core competitiveness. In the first half of 2019, more than 80% of new tenancy demand from the three TSPs was satisfied through co-location. We achieved a net addition of 94 thousand TSP tower tenants, bringing the total to 2,931 thousand TSP tower tenants as of the end of June 2019. The tower business recorded revenue of RMB35,808 million, representing an increase of 5.1% over the same period last year.

With regard to the DAS business, we have striven to deploy diverse construction solutions to satisfy demand from TSPs and boosted the growth of our DAS business. By the end of June 2019, we had covered buildings with a cumulative area of approximately 1,910 million square meters, with an additional coverage of approximately 450 million square meters. We had also covered subways and high-speed railways with cumulative length of approximately 3,110 kilometers and 18,218 kilometers respectively, with additional coverage of approximately 223 kilometers and 527 kilometers respectively. Our DAS revenue for the first half of 2019 amounted to RMB1,254 million, representing an increase of 52.2% over the same period last year.

Focus on Key Sectors and strive to develop the Two Wings into New Drivers to Growth

To strengthen our multi-stream revenue structure to achieve business growth, we set up 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) in June 2019 to accelerate the development of our Two Wings businesses.

The TSSAI business maintained fast and healthy growth. In response to the booming demand for the application of informatization across society, we leveraged sharing of sites and social resources to broaden our service sectors and scope, from site resource services to higher value-added integrated information services, and launched three brands, Smart Sharing, Smart Connection and Smart Monitoring (智享、智聯、智控). We focused on developing key sectors and key customers, and made progress in launching pilot projects in areas such as ecological and environmental conservation, emergency response and satellite positioning in China to drive high-quality growth of TSSAI business. In the first half of 2019, the TSSAI business generated revenue of RMB843 million, up by 125.4% over the same period last year.

Note ⁴: DAS business was not taken into consideration when counting the number of tower sites, number of tower tenants and average tenants per tower site.

Implementation of the Restricted Stock Incentive Scheme

In the first half of 2019, we implemented the restricted share incentive scheme and granted a total of approximately 1.21 billion H shares to our core management team and key technical personnel for the first time. The long-term effective incentive and restraint mechanism aligns the interests of shareholders, the Company and the employees as a whole. The Company has remained committed to establishing sound governance systems and placed great emphasis on risk prevention and management to ensure sound corporate governance and safeguard the healthy and sustainable development of the Company.

“Tomorrow marks the first anniversary of China Tower’s listing and this year is also the first year of 5G development. Following the issue of 5G commercial licences, the mobile communications industry is developing towards 5G, which is creating more demand and valuable opportunities for the Company. Looking ahead, we will ride on the back of the development in areas such as in-depth 4G network coverage, 5G and Internet of Things to accelerate our progress towards high-quality, efficient and sustainable development.” Said **the Chairman, Mr. Tong Jilu**.

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About China Tower :

China Tower Corporation Limited (“China Tower”) incorporated on 15 July 2014, it has developed into the world’s largest telecommunications tower infrastructure service provider. China Tower was listed on the Main Board of Hong Kong Stock Exchange on 8 August 2018 (Stock Code: 0788.HK), raised approximately HK\$58.8 billion. The Company has three main business segments: the tower and indoor Distributed Antenna System (DAS) businesses mainly uses sites resources provide service to telecommunications service providers (TSPs). The Trans-sector Site Application and Information (TSSAI) business segment mainly uses the sites dispersed nationwide and provide tower site resource and data information services to different industries. 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 June 2019, the company’s total assets amounted to RMB336.328 billion. China Tower managed 1.954 million sites across 31 provinces, municipalities and autonomous regions in the PRC, and served over 3.082 million tenants with tenancy ratio of 1.58.

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