

Building on resource sharing and multiple growth drivers China Tower's Net Profit surged 36% to RMB2.65 billion

(4 March 2019, Hong Kong) The world's largest telecommunications tower infrastructure service provider **China Tower Corporation Limited** ("China Tower", the "Company") (Stock Code : 0788.HK) is pleased to announce its annual results for the twelve months ended 31 December 2018.

Performance Highlights

RMB million	2018	2017	Change
Operating revenue	71,819	68,665	+4.6%
Operating profit	9,081	7,715	17.7%
EBITDA	41,773	40,357	+3.5%
Profit for the year	2,650	1,943	+36.4%
Earnings per share (RMB Yuan)	0.0179	0.0150	+19.3%
Dividends per share (RMB Yuan)	0.00225	N/A	N/A
Gearing Ratio	34.4%	53.8%	-19.4pp

Key Operating Data

Number of sites (thousand)	1,947.6	1,872.2	+4.0%
Number of tenants (thousand)	3,009.2	2,687.5	+12.0%
Tenancy ratio (tenant / site)	1.55	1.44	+7.6%

In 2018, the Company maintained a stable and healthy revenue growth momentum, recorded an operating revenue of RMB71.82 billion, up by 4.6% year-on-year. The revenue from tower business reached RMB68.60 billion, accounting for 95.5% of total operating revenue, representing an increase of 2.3% over 2017. Distributed antenna system ("DAS") business recorded revenue of RMB1.82 billion, accounting for 2.5% of total operating revenue, representing an increase of 41.7% from the previous year, while trans-sector site application and information ("TSSAI") business recorded revenue of RMB1.22 billion, accounting for 1.7% of total operating revenue, representing an increase of more than six times over a year ago. The revenue structure continued to improve. The company's profitability has further improved with a significant boost in profit level during the latest reporting period, with EBITDA reached RMB41.77 billion, up by 3.5% year-on-year. EBITDA margin was maintained at a satisfactory level of 58.2%. Net profit reached RMB2.65 billion, up by 36.4% year-on-year.

The cash flow continued to improve while debts were managed at a healthy and controllable level. Net cash generated from operating activities amounted to RMB45.54 billion while capital expenditure stood at approximately RMB26.47 billion, further improving the cash flow. As of 31 December 2018, the Company's total assets amounted to RMB315.36 billion, with a net gearing ratio of 34.4%. This is 19.4 percentage points lower compared to the previous year.

With an aim of creating higher returns to shareholders while taking into consideration our profitability, debt levels, cash flow and Capex for future development, the Board recommends the payment of a final dividend of RMB0.225 (pre-tax) per one hundred shares for the year ended 31 December 2018, equivalent to a payout ratio of 55% of the annual distributable net profit.

The Company continued to reinforce the leadership role in serving telecommunications service providers (TSPs) while building a multi-stream revenue structure to support our long-term growth and maximizing our resource sharing strategy. As of 31 December 2018, the Company was managing a total of 1.95 million sites and serving more than three million tenants, representing growth of 4% and 12% respectively from the previous year. The tenancy ratio increased from 1.44 in 2017 to 1.55, reflecting continued improvement in site co-location efficiency.

Adherence to sharing strategy, cementing our industry leadership in TSP market

The core strategy of the Company is to share and coordinate the use of telecommunications infrastructure. The Company strives to optimize the use of existing resources and prioritize co-location over new construction to satisfy the demands of new tenants. The Company has proven that by doing so, it is able to increase tenancy ratio and the efficiency of assets. The Company also leverages social assets to which it has access, such as lamp poles, electricity towers, surveillance poles and buildings, and coordinate the effective use of these to significantly reduce construction costs. Additionally, the Company has developed a new construction and service model with a holistic approach to combine macro and small cells, as well as indoor and outdoor network infrastructure, in order to respond to customers' needs. These integrated solutions have enabled the Company to provide comprehensive network infrastructure and services, helping customers reduce costs and achieve differentiated yet complementary mobile network coverage. Through delivering on these promises, the Company has consolidated its commanding market position in China's telecommunications tower infrastructure sector.

To speed up the growing of its DAS business, the Company has focused consistently clearly on identifying key scenarios and premises by providing customized and diverse network solutions for locations that include commercial buildings, large venues, subways and high-speed railways. As of the end of 2018, the Company covered commercial buildings with a total area of approximately 1,461 million square meters. The Company also covered a cumulative length of approximately 2,887 kilometers of subways and approximately 17,691 kilometers of high-speed railways in terms of telecommunications network coverage.

Building on resource sharing while strengthening multi-stream revenue structure

Building on its core strengths in resources and expertise, the Company continues to optimize its sharing strategy within the industry. While proactively extending this strategy across society, applying it to aid the process of digitization and enhancing data transmission. By taking a new perspective on some of its physical social assets (such as the extensive network of the sites, stable power supply, centralized operating and monitoring platform, as well as the ability to precisely and effectively gather and analyze data), the Company has been able to explore business opportunities beyond its core industry. The Company has expanded into areas such as site resources services, data information services, and field supervision and maintenance services. In addition, the Company has also achieved several successful breakthroughs in the application areas such as dedicated network services, security surveillance, environmental monitoring and field supervision.

“Looking to the future, the Internet, big data and artificial intelligence will become increasingly intertwined with the “real” economy, as the digital economy and smart society take hold. This development path will underscore the strategic importance of telecommunications infrastructure. In view of the new industry landscape and information technology revolution that will arise from the 5G era, we will strive to capture emerging opportunities, while also deepening our resource sharing strategy. Serving TSPs will remain our overarching focus, supplemented by the TSSAI and energy operation businesses. We are confident that this One Core and Two Wings strategy will enable the Company to develop into an enterprise with the greatest growth potential in terms of both growth and value creation amongst our global peers.” Said **the Chairman and General Manager, 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. As of the end of 2018, the company’s total assets amounted to RMB315.4 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 2018, China Tower managed 1.948 million sites across 31 provinces, municipalities and autonomous regions in the PRC, and served over 3.009 million tenants with tenancy ratio of 1.55.

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