



Innovation and Sharing Drive High-Quality Development Net Profit Increases by 11%, Dividend Payout Increases by 15.7%

(18 March 2024, 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 2023.

Performance Highlights

RMB Million	2023	2022	Change
Operating revenue	94,009	92,170	2.0%
EBITDA	63,551	62,844	1.1%
Profit attributable to owners of the Company	9,750	8,787	11.0%
Basic earnings per share (RMB yuan)	0.0558	0.0503	10.9%
Dividend per share (RMB yuan)	0.03739	0.03232	15.7%
Key operating data			
Number of tower sites (thousand)	2,046	2,055	-0.4%
Number of tower tenants (thousand)	3,658	3,583	2.1%
Tenancy ratio (tenants / tower site)	1.79	1.74	2.9%

The Company's operating revenue maintained stable growth. During the year, our operating revenue grew by 2.0% to RMB94,009 million, after excluding the impact of the Commercial Pricing Agreements, revenue increased by 6.0% to RMB97,723 million on a comparable basis over the same period last year. EBITDA¹ reached RMB63,551 million, an increase of 1.1% year-on-year, with an EBITDA margin² 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.

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

Note 2: EBITDA margin is calculated by dividing EBITDA by operating revenue, and multiplying the resulting value by 100%.

Our net cash generated from operating activities for 2023 was RMB32,840 million. Capital expenditures stood at RMB31,715 million, with free cash flow³ 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 ratio⁴ 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 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.

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. However, after excluding the impact of the Commercial Pricing Agreements, our revenue increased by 2.0% year-on-year to RMB78,737 million on a comparable basis. 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.

Note 3: Free cash flow is the net cash generated from operating activities minus the capital expenditures.

Note 4: Gearing ratio is calculated as net debt divided by the sum of total equity and net debt, then multiplied by 100%.

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, 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%.

Mr. Zhang Zhiyong, Chairman of China Tower said, “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.”

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About China Tower (Stock Code: 0788.HK)

China Tower is the world’s largest telecommunications tower infrastructure service provider, and the Company always adheres to the philosophy of shared development and implements the “One Core and Two Wings” strategy. The Company is principally engaged in the construction, maintenance and operation of base station ancillary facilities such as telecommunications towers, public network coverage in high-speed railways and subways, and large-scale indoor Distributed Antenna Systems (DAS). Meanwhile, relying on unique resources to provide energy application services such as information application and intelligent battery exchange and power backup to the society, the Company strives to build itself into a world-class information and communications infrastructure service provider, and a highly competitive information and new energy applications provider. As of the end of December 2023, the Company’s total assets amounted to RMB326,007 million. China Tower operated and managed 2.046 million tower sites across 31 provinces, municipalities and autonomous regions in the PRC, and served over 3.658 million tenants with the tenancy ratio of 1.79.

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