

Press Release

[For Immediate Release]



“One Core and Two Wings” Strategy Makes Steady Progress Profitability Continuously Improving Distributes Interim Dividend for the First Time

(7 August 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 interim results for the six months ended 30 June 2024.

Performance Highlights

RMB Million	1H 2024	1H 2023	Change
Operating revenue	48,247	46,461	3.8%
EBITDA ¹	33,045	32,021	3.2%
Profit attributable to owners of the Company	5,330	4,841	10.1%
Basic earnings per share (RMB yuan)	0.0305	0.0277	10.1%
Dividend per share (RMB yuan)	0.01090	-	-
Key operating data			
Number of tower sites (thousand)	2,070	2,061	0.4%
Number of tower tenants (thousand)	3,731	3,647	2.3%
Tenancy ratio (tenants / tower site)	1.80	1.77	1.7%

Our operating revenue grew steadily in the first half of 2024 to RMB48,247 million, an increase of 3.8% year-on-year. EBITDA reached RMB33,045 million, an increase of 3.2% year-on-year, with an EBITDA margin² of 68.5%. Profit attributable to the owners of the Company was RMB5,330 million, an increase of 10.1% year-on-year and with a net profit margin of 11.0%, demonstrating further improved profitability.

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

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

Our cash flow improved significantly in the first half of 2024, with net cash generated from operating activities amounting to RMB32,830 million, an increase of RMB21,275 million year-on-year. Capital expenditures stood at RMB13,729 million, with free cash flow³ reaching RMB19,101 million, up by RMB20,368 million year-on-year. As of 30 June 2024, our total assets amounted to RMB316,747 million, with interest-bearing liabilities of RMB85,985 million and a gearing ratio⁴ of 29.4%, representing a decrease of 2.0 percentage points from the end of 2023. Our financial position remains healthy and stable.

We remain committed to providing stable returns to our shareholders. After considering our profitability, cash flow and future needs for development, the board of directors of the Company has recommended the payment of an interim dividend of RMB0.01090 per share (pre-tax) for the first time; full-year dividend to be distributed in cash in 2024 will not be less than 75% of the annual distributable net profit for the year under review. We will work towards realizing healthy growth in annual dividend payment per share and creating greater value for shareholders.

Reinforced advantages enabled stable growth in TSP business

We actively implemented the state strategies of “Cyberpower” and “Digital China”, strengthened resource coordination and sharing, and enhanced operational efficiencies. We worked closely with TSPs to increase 5G network construction to fully meet customer network construction needs, while continuing to promote the expansion of 5G network coverage in breadth and depth. This has solidified the foundation for our TSP business to achieve high-quality development. In the first half of 2024, our TSP business generated revenue of RMB42,121 million, an increase of 3.0% year-on-year.

Tower business. Through tackling the Dual-Gigabit network joint-entry and challenging projects, as well as special projects such as signal strength upgrade and extension of broadband coverage to all border areas, we used this core competency to help us generate business results. We focused on key scenarios such as high-speed railways and residential properties, as well as new construction needs for low-frequency network construction, relocation and reconstruction. We increased our efforts in tackling difficult sites, reduced entry barriers and costs, and were able to fully meet new construction demands from customers. By adhering to the philosophy of being client-focused across the entire process of demand matching and acquisition, order delivery, billing and payment collection, we consistently optimized our management mechanisms, enhanced service capabilities and customer satisfaction. We developed and deployed a 3D indoor and outdoor simulation support system to visualize the coverage of planned sites and construction solutions, helping TSPs accurately implement their 5G network plans. In the first half of 2024, our Tower business revenue reached RMB37,957 million, up by 1.3% year-on-year. As of 30 June 2024, the Company managed a total of 2.07 million tower sites, an increase of 24,000 sites compared to the end of 2023. We gained 69,000 new TSP tenants since the end of 2023, bringing the total number of TSP tenants to 3.493 million. Our TSP tenancy ratio increased from 1.68 at the end of 2023 to 1.71 as a result of further improvements achieved through site co-location.

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

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

DAS business. With the implementation of “co-build and co-share” policies and the “Technical Standard for Mobile Communications Infrastructure Engineering of Buildings” issued by fourteen ministries and committees as the starting point, we strengthened our coordination and sharing capabilities for key scenarios such as large transportation hubs, landmark buildings, subways, large venues, Grade 3A hospitals, and tertiary institutions. We collaborated with customers to carry out 5G upgrades on high-speed railways, expanded the scale of demand for high-value business scenarios, and effectively improved services to support new DAS segments. Leveraging our advantages of coordinated site entry and construction, and the co-built and co-share policies, we actively implemented special projects for covering elevators and underground parking lots to help TSPs quickly and efficiently improve network coverage in people’s livelihood scenarios and achieve signal strength upgrade. We continued to enhance product and solution design capabilities, capitalizing on our competitive advantages in cost, service quality as well as green and low-carbon operations. We enhanced our innovation of DAS shared products, which enabled us to provide customers with differentiated active and passive DAS sharing solutions, helping satisfy the demand for 5G upgrading of existing DAS. In the first half of 2024, our revenue from DAS business reached RMB4,164 million, an increase of 21.6% compared to the same period last year. As of 30 June 2024, we had covered buildings with a cumulative area of 11,540 million square meters, up by 30.8% year-on-year, while the coverage in high-speed railway tunnels and subways totaled a cumulative length of 26,385 kilometers, representing an increase of 19.2% over the same period last year.

Seized opportunities to maintain healthy growth of Two Wings business

In the first half of 2024, we seized opportunities brought by the development of the “Digital Economy” and the “Dual Carbon” goals. We focused on product innovation, optimized business planning, continuously improved our core competencies, and strengthened the scale and quality of the development of our Two Wings business. In the first half of 2024, the revenue of the Two Wings business reached RMB6,005 million and accounted for 12.4% of our overall operating revenue, an increase of 0.9 percentage point over the same period last year.

Smart Tower business. Leveraging our resource of mid-to-high point sites, we continued the upgrading of “telecommunication towers” to “digital towers” and “telecommunication shelters” to “digital shelters”. This enabled us to better support the development strategies of “Digital China” and “Beautiful China”, while driving rapid growth in our business. **We enhanced our Smart Tower business across vertical businesses**, expanding our mid-to-high point site resources to serve and support more than 40 industry segments including environmental protection, land, forestry and grassland, water resources, and emergency response. We maintained our market leadership in scenario-based solutions including straw-burning prohibition, supervision of oil and gas pipelines, and farmland protection. **We enhanced product innovation**, improved core competencies in platforms, algorithms, industry applications and products, and fortified the distributed deployment on our platform and centralized data operations. The resourceful open algorithm warehouse provides 160 mid-to-high point site-specific algorithms to serve multiple segmented scenarios. **We intensified collaboration within the ecosystem.** We carried out in-depth collaboration with partners along the industry chain in various aspects such as algorithm, platform, applications, and terminals, and actively built up an ecosystem of win-win collaboration. The ecosystem effectively drove resource circulation and led industry development. **We enhanced our “companion” service system**, developing and upgrading products and applications to meet customer needs. We improved our professional network management platform, scaled the promotion of intelligent terminal monitoring and integrated distribution units (IDU), reinforced our localized support and services, responded to customer demands in a timely manner, and continuously improved customer satisfaction. In the first half of 2024, the Smart Tower business achieved revenue of RMB3,982 million, a year-on-year increase of 17.6%, of which RMB2,509 million or 63.0% was generated from Tower Monitoring business.

Energy business. We focused on key business segments such as battery exchange and power backup, exercising refined operation, leveraging product, service, and platform advantages, continuously building core competitiveness and promoting the healthy development of our Energy business. For our **battery exchange business**, we continued to optimize our service quality through product developments and upgrades, achieving steady expansion of our customer base. As of 30 June 2024, we had approximately 1.217 million battery exchange users, an increase of 72,000 from the end of 2023, further maintaining our leading position in the market for battery exchange for low-speed electric vehicles. In addition, the Company leveraged the opportunities brought by national policies on safe charging and our own capabilities and advantages, promoted the economic and efficient layout of community charging infrastructure and provided safe and convenient battery charging services for low-speed electric vehicles to the community and laid the foundation for expanding the customer base of battery exchange business. In our **power backup business**, we tapped into key sectors, focused on typical scenarios, and vigorously expanded “service-oriented” power backup model. With standardized power backup products as its core, we combined digital monitoring, energy consumption, and safety services to form a comprehensive “power backup +” solution and build “energy butler” service brand. In the first half of 2024, our Energy business achieved revenue of RMB2,023 million, a year-on-year increase of 2.4%, of which the battery exchange business accounted for RMB1,163 million, with its contribution to the Energy business reaching 57.5%.

Increased research and development to drive rapid improvement of scientific and technological innovation

The Company further promoted the working mechanisms including the “four lists” of competencies and capabilities, task and project planning, resource allocation, and the commercialization of research outcomes, and accelerated improvements in scientific and technological innovation. **We increased R&D in key core technologies**, focused on cutting-edge technologies and industry advancement, laid out ten major research tasks for areas including future sectors and intelligent operation and maintenance, established a list of key core technologies, intensified our R&D efforts, and made progress in various ITU international standards-setting projects. **We further promoted scientific and technological achievements.** We carried out classified management and policies to promote the transformation of scientific and technological achievements, and accelerated the transformation of technological achievements into practical productivity. **We set up six scientific and technological innovation centers** focusing on specific fields such as 5G/6G, IoT and edge computing. These facilities contributed to accelerating the building of innovation highlands that integrate product R&D, achievements transformation, industry incubation, and talent cultivation. **We continuously expanded the ecosystem of technological innovation**, gathering high-quality innovation resources to carry out cooperation on integration and innovation. We also constantly expanded innovation cooperation with key tertiary institutions, scientific research institutions, and technology companies in the fields of AI, 5G/6G, edge computing, energy saving and carbon reduction, and network information security.

Mr. Zhang Zhiyong, Chairman of China Tower said, “During the first half of 2024, we continued to seize the development opportunities resulting from the state strategies of ‘Cyberpower’, ‘Digital China’, and ‘Dual Carbon’ goals. By working together as one team, we continuously strengthened resource coordination and sharing capabilities, while enhancing reforms and innovations, and pursuing business development underscored by effective improvement in operations and coordinated growth in scale. In the second half of the year, under the guidance of our established strategy, we will seek to further enhance our core competitiveness in order to achieve steady growth in our enterprise value, while creating greater returns for shareholders, customers, and society.”

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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 integrated digital infrastructure service provider, and a highly competitive information and new energy applications provider. As of the end of June 2024, the Company's total assets amounted to RMB316,747 million. China Tower operated and managed 2.070 million tower sites across 31 provinces, municipalities and autonomous regions in the PRC, and served over 3.731 million tenants with the tenancy ratio of 1.80.

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