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China Tower Corporation Limited
中國鐵塔股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 0788)

ANNOUNCEMENT
PROPOSED ADOPTION OF RESTRICTED
SHARE INCENTIVE SCHEME

The Board hereby announces that, on 4 March 2019, the Board has resolved to propose the adoption of the Scheme to further improve corporate governance structure of the Company, establish and perfect the long-term incentive and constraint mechanism and fully mobilize the potentials and vitality of talents. Pursuant to the Scheme, the Board shall select the Scheme Participants and determine the number of Restricted Shares to be granted. The Trustee shall purchase from the secondary market certain number of H Shares to be granted as instructed by the Board. The Grant Price of Restricted Shares under the Scheme shall be no less than 50% of the reference price and the pricing reference date of the Grant Price is the Grant Date. The implementation of Scheme is subject to the approval by the Shareholders at the AGM and the consent by state-owned assets regulatory authorities.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Shareholders' approval will be sought at the AGM to approve, among other things, (i) the proposed adoption of the Scheme and the Administrative Measures on the Scheme; and (ii) the authorisation to the Board to implement the Scheme as well as to approve grants of Restricted Shares under the Scheme to the Scheme Participants from time to time. A circular containing, among other things, details of the Scheme will be despatched to the Shareholders on 4 March 2019.

PROPOSED ADOPTION OF THE SCHEME

The Board hereby announces that, on 4 March 2019, the Board has resolved to propose the adoption of the Scheme to further improve corporate governance structure of the Company, establish and perfect the long-term incentive and constraint mechanism and fully mobilize the potentials and vitality of talents. Pursuant to the Scheme, the Board shall select the Scheme Participants and determine the number of Restricted Shares to be granted. The Trustee shall purchase from the secondary market certain number of H Shares to be granted as instructed by the Board. The Grant Price of Restricted Shares under the Scheme shall be no less than 50% of the reference price and the pricing reference date of the Grant Price is the Grant Date. The implementation of Scheme is subject to the approval by the Shareholders at the AGM and the consent by state-owned assets regulatory authorities.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

As of the date of this announcement, the Company has not granted any Restricted Shares under the Scheme.

I. SUMMARY

Purpose

The Scheme aims at (i) improving the corporate governance structure of the Company, establishing and enhancing the interests of employees and the Shareholders as well as the interests of investors and the Company as a whole, and forming a good and balanced value distribution system; (ii) establishing benefits and risk sharing mechanisms for the Shareholders, the Company and employees, avoiding short-term behavior, and promoting the Company's performance improvement and long-term stable development; (iii) effectively attracting, retaining and motivating the core staff necessary for the development of the Company and reinforcing the long-term sustainable talent base for the Company.

Scope of Scheme Participants

In principle, Scheme Participants are limited to the Directors, senior management and core technical and management personnel contributing directly to the overall business performance and sustainable development of the Company. The assessment results of the Scheme Participants shall achieve competent or above according to the related measures for performance appraisal of the Company.

A person shall not be considered as a Scheme Participant under the Scheme if he:

- (i) is an independent non-executive Director, a supervisor, a Shareholder of the Company individually or in aggregate holding over 5% of the shares of the Company or the de facto controller of the Company and their spouses, parents or children;
- (ii) has been publicly censured or declared as an ineligible candidate by securities regulatory institutions in the last three years;
- (iii) has been imposed with administrative penalties by securities regulatory institutions during the last three years due to material non-compliance of laws or regulations;
- (iv) is prohibited from acting as a Director or a member of the senior management of the Company as required by the PRC Company Law;
- (v) is prohibited from participating in share incentive schemes as required by laws and regulations; or
- (vi) has committed other material violation of relevant requirements of the Company or caused material damage to the interest of the Company as determined by the Board.

Should any of the circumstances prohibiting participation in the Scheme applies to a Scheme Participant during the implementation of the Scheme occur, the Trustee shall purchase the locked Restricted Shares granted to the Scheme Participant and terminate his participation in the Scheme.

Scheme Participants shall undertake to only accept incentive of the Company, not to become share incentive participants of other companies at the time of Restricted Shares being granted by the Company and not to accept any share incentives of other companies before the unlocking of the Restricted Shares granted. In the meantime, if a Scheme Participant becomes ineligible due to relevant laws and regulations and requirements of the Scheme during its implementation, he shall give up the rights to participate in the Scheme and not be compensated.

Matters such as the list of Scheme Participants and the number of Restricted Shares to be granted shall be proposed by the Remuneration and Assessment Committee of the Company, and considered and approved by the Board.

Restricted Shares

The Trustee shall purchase from the secondary market certain number of H Shares to be granted as instructed by the Board.

Duration

The Scheme will be effective for a term of ten years commencing from the date the Scheme approved by the Shareholders at the AGM, unless early terminated by relevant requirements of the Scheme. Unless otherwise required, the Restricted Shares of the Scheme Participants under the Scheme will remain valid and can be unlocked as provided in the Scheme.

Quantity of Grant, Grant Date and Interval of Grant

Maximum Grant

The maximum total number of Restricted Shares to be granted under the Scheme shall not exceed 10% of the total issued share capital of the Company as at the date the Scheme approved by the Shareholders at the AGM.

Without special approval of the general meeting, the total number of Restricted Shares granted or to be granted to any Scheme Participant shall not exceed 1% of the total issued share capital of the Company as at the date the Scheme approved by the Shareholders at the AGM.

If matters such as converting capital reserve into new shares, issue of bonus shares, share subdivisions, share consolidation or additional offering occur in the Company, prior to the unlocking of Restricted Shares, the number of Restricted Shares to be granted will be subject to adjustments in accordance with the relevant requirements of the Scheme.

The expected return of each Scheme Participant from the Restricted Shares granted shall not exceed 40% of his total salary level at the time of granting (including the expected returns from the Restricted Shares or any equity interests), assuming that the grant under the Scheme will be conducted every two years.

Grant Date

The Grant Date shall be determined by the Board through meetings as appropriate, after the Scheme is considered and approved by the Shareholders at the AGM and the conditions for grant are fulfilled.

The Grant Date must be a trading day, the determination of which shall comply with the relevant regulatory rules including, among others, the Listing Rules and should not post any significant risks (including but not limited to compliance risk) on the Company.

Interval of Grant

In principle, upon the fulfilment of the performance conditions for grant, the grant will be conducted every two years.

Conditions for Grant, Grant Price and Conditions for the Initial Grant

There are performance standards for both the grant and unlocking of Restricted Shares. The grant and unlocking of Restricted Shares are conditional upon the completion of actual performance standards.

Conditions for Grant

The Company may grant Restricted Shares to the Scheme Participants upon fulfillment of the following conditions for the Company and the Scheme Participants:

Conditions for Grant for the Company

- (i) The Scheme sets performance conditions for the grant. The grant is subject to the fulfillment of all performance targets; and
- (ii) the Company is not under any circumstances prescribed in the Scheme upon which it shall be terminated.

Conditions for Grant for Scheme Participants

- (i) According to the relevant measures for performance appraisal of the Company, the Scheme Participant should achieve competent and above in his individual performance appraisal in the financial year before the grant of Restricted Shares; and
- (ii) no Scheme Participants is under any circumstances prescribed in the Scheme upon which he/they shall not participate in the Scheme.

Grant Price

The Grant Price of the Restricted Shares under the Scheme shall be no less than 50% of the reference price and the pricing reference date of the Grant Price is the Grant Date. The pricing reference shall be the higher of:

- (i) the closing price of the H Shares on the Stock Exchange on the Grant Date; and
- (ii) the average closing price of the H Shares for the five trading days as quoted on the Stock Exchange immediately preceding the Grant Date.

If matters such as converting capital reserve into new shares, issue of bonus share, share subdivisions, share consolidation or additional offering occur in the Company prior to the unlocking of Restricted Shares, the Grant Price will be subject to adjustments in accordance with the relevant requirements of the Scheme.

Conditions for the Initial Grant

The implementation of the Initial Grant shall be conditional upon fulfilment of the following conditions for grant by the Board:

Conditions for Grant for the Company

- (i) the fulfillment of the following performance standards of results by the Company; and

Performance Standards of Results

Conditions for Grant

Growth rate of the net profit

Growth rate of the net profit for 2018 shall be not lower than 30% as compared with 2017

Growth rate of operating income

Growth rate of operating income for 2018 shall be not lower than 4% as compared with 2017

Return on equity (ROE)

The return on equity (ROE) for 2018 shall be not lower than 1.4%

Note: Return of Equity (ROE) = $\text{Net profit} \div [(\text{net assets at the beginning of the period} + \text{net assets at the end of the period}) \div 2] \times 100\%$. In calculating the growth rate of net profit, the growth rate of operating income and the return on equity (ROE), the influence of the non-comparable factors such as the adjustment of national industrial policy has been excluded, and the specific amount shall be determined by the Board.

- (ii) the Company is not under any circumstances prescribed in the Scheme upon which it shall be terminated.

Conditions for Grant for Scheme Participants

- (i) according to the relevant measures for performance appraisal of the Company, the Scheme Participant should achieve competent and above in his individual performance appraisal in 2018; and
- (ii) no Scheme Participants is under any circumstances prescribed in the Scheme upon which he/they shall not participate in the Scheme.

Lock-up Period and Unlocking Arrangement

Lock-up Period

The Lock-up Period shall be for a period of 24 months, commencing from the Grant Date of Restricted Shares. After being granted the Restricted Shares, the Scheme Participants possess rights for dividends and allotments. During the Lock-up Period, the Restricted Shares granted to the Scheme Participants shall not possess the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment; bonus shares, conversion of capital reserve into new shares, allotment shares and shares placed to original Shareholders through additional offering granted to Scheme Participants as a result of Restricted Shares shall be subject to Lock-up Period simultaneously and shall not be disposed in secondary market or otherwise be transferred. The Lock-up Period of such shares shall be the same as that of the Restricted Shares. Cash dividend received by Scheme Participants as a result the Restricted Shares granted to them shall be under the custody of the Company and be paid to Scheme Participants as dividend payable upon unlocking.

Unlocking Period

The Unlocking Period shall be 24 months to 60 months from granting of the Restricted Shares, including the Lock-up Period. If the conditions for unlocking as required by the Scheme are reached during the Unlocking Period, the Restricted Shares granted shall be unlocked in three tranches.

Unlocking arrangement	Unlocking time	Unlocking percentage
First Unlocking Period	From the first trading day after 24 months from the Grant Date and ending on the day which is the last trading day within 36 months	40%
Second Unlocking Period	From the first trading day after 36 months from the Grant Date and ending on the day which is the last trading day within 48 months	30%
Third Unlocking Period	From the first trading day after 48 months from the Grant Date and ending on the day which is the last trading day within 60 months	30%

Transfer of the Restricted shares held by Scheme Participants after unlocking shall be subject to the following restrictions:

- (i) maturity of no less than 20% of the Restricted Shares granted to the executive directors and senior management of the Company shall be fixed at the expiry of their term of office; and
- (ii) other provisions of the Company's Articles of Association.

Conditions for Unlocking

Unlocking of the Restricted Shares granted to a Scheme Participant under the Scheme shall be conditional upon fulfilment of the following conditions by the Company and the Scheme Participants:

Conditions for Unlocking for the Company

- (i) requirements of results for unlocking Restricted Shares each time have been specified in the Scheme. Such requirements shall be enhanced based on the level of results at granting. Unlocking shall be satisfied provided that all the specified performance standards of results achieved the specified objectives determined for the current phase; and
- (ii) the Company is not under any circumstances prescribed in the Scheme upon which it shall be terminated.

Conditions for Unlocking for Scheme Participants

- (i) according to the relevant measures for performance appraisal of the Company, the Scheme Participants should achieve competent and above in his individual performance appraisal in the financial year before the unlocking of Restricted Shares; and
- (ii) no Scheme Participants is under any circumstances prescribed in the Scheme upon which he/ they shall not participate in the Scheme.

If the conditions for unlocking are not satisfied, the Restricted Shares of the corresponding proportion for the year shall not be unlocked and shall be purchased by the Trustee or other third parties at the Grant Price in accordance with laws and regulations.

Termination

If any of the following circumstances occurs to the Company, the Scheme will be terminated, the unlocked Restricted Shares shall not be dealt with, and the outstanding Restricted Shares shall be purchased at the Grant Price by the Trustee or other third parties.

- (i) the issue of audit report on the Company's financial and accounting report for the most recent accounting year by the certified public accountant in which it gives a qualified opinion or indicates the inability to give an opinion;
- (ii) the imposition of administrative penalties by the securities regulatory authorities or other competent departments due to material non-compliance; or
- (iii) prohibition from implementation of share incentive schemes by laws and regulations.

If any of the following circumstances occurs to the Scheme Participants, the unlocked Restricted Shares shall not be dealt with except in item (iv) where the Company has the right to reclaim all or part of his benefits obtained from unlocked Restricted Shares based on the severity of the situations, and the outstanding Restricted Shares shall be purchased by the Trustee or other third parties at the lowest of “the Grant Price of the subject shares, the average closing price of the subject shares for the 30 trading days before the purchase and the closing price of the subject shares on the preceding trading day before the purchase”.

- (i) the Scheme Participant resigns during the term of the contract;
- (ii) the Scheme Participant is no longer within the scope under the Scheme due to his demotion for the reasons of failure to reach the passing grade in performance appraisal, negligence or incompetence in performing his duties;
- (iii) the occurrence of circumstances prescribed in the Scheme under which the Scheme Participant is prohibited from participating in the Scheme; or
- (iv) the Scheme Participant has change in his work position due to the acceptance and solicitation of a bribe, corruption, theft, divulgence of the operational and technological secrets of the Company, related party transactions, all of which infringe the benefits and reputation of the Company and bring material adverse effect to the image of the Company, or the Company terminates his employment for any of the above reasons.

If any of the following changes occurs in relation to the Scheme Participant, the unlocked Restricted Shares shall not be dealt with, and the outstanding Restricted Shares shall be purchased by the Trustee or other third parties at the Grant Price:

- (i) the Scheme Participant resigns after the term of the contract;
- (ii) the Scheme Participant resigns not due to injury on duty or loss of ability to work; or
- (iii) the Scheme Participant resigns passively due to reasons such as layoff by the Company and the Company not to renew his labour contract after expiry and does not fail in the performance appraisal or commit misconduct or breach of laws and disciplines.

If any of the following changes occurs in relation to the Scheme Participant, the unlocked Restricted Shares shall not be dealt with, and the outstanding Restricted Shares shall be purchased by the Trustee or other third parties at “the Grant Price plus the interests computed by the rate of time deposit published by the People’s Bank of China” by the Company.

- (i) the Scheme Participant passes away;
- (ii) the Scheme Participant resigns due to injury on duty or loss of ability to work; or
- (iii) the Scheme Participant acts as an independent non-executive Director, Supervisor of the Company or other positions due to dispatch that cannot hold the Restricted Shares of the Company.

When a Scheme Participant retires due to reaching the statutory retirement age, the Restricted Shares granted to him shall be processed according to the procedures stipulated in the Scheme relevant national regulations.

When the Company or the Scheme Participants has other circumstances not specified above, the general meeting of the Company shall authorize the Board to deal with the Restricted Shares held by them according to the above principles.

Amendment to the Scheme

The Board can revise to the Scheme as it considers necessary, and fulfilling state-owned assets supervision procedures in accordance with laws and regulations. If the terms of the Scheme differ from the requirements of relevant laws, regulations, agreements or the Stock Exchange, or the requirements of relevant laws and regulations are modified, requirements of relevant laws and regulations shall prevail. If approvals from the general meeting of the Company, state-asset regulatory authorities and the Stock Exchange are required for any amendments to the Scheme according to laws and regulations, the Board shall duly obtain such approvals in respect of those amendments to the Scheme.

II. AUTHORIZATION TO THE BOARD

The Board proposed to grant the following authorization to the Board to act as the executive body of the Scheme and be responsible for its implementation and administration upon seeking approval from the Shareholders at the AGM.

- (i) to grant Restricted Shares to the Scheme Participants upon fulfilment of grant conditions by the Company and the Scheme Participants, and to deal with all matters necessary for the grant of Restricted Shares;
- (ii) to formulate the unlocking conditions of the Restricted Shares, to examine and verify if the Company and the Scheme Participants fulfil the unlocking conditions of Restricted Shares, and to deal with all matters necessary for the unlocking for the Scheme Participants;
- (iii) to adjust the number and price of Restricted Shares pursuant to the provisions of the Scheme upon conversion of capital reserve into shares, issue of bonus shares, share subdivisions, share consolidation, share allotment or issuance of additional shares as stated under the Scheme;
- (iv) to handle the matters in relation to the unlocked or outstanding Restricted Shares pursuant to the provisions of the Scheme if special circumstances stated under the Scheme, such as resignation, retirement and death occurs to the Scheme Participants;
- (v) to decide pursuant to the provisions of the Scheme whether to recover the gains of the Scheme Participants from unlocking the Restricted Shares; and
- (vi) to administer other matters necessary for the Scheme.

APPLICATION OF LISTING RULES

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

AGM

Shareholders' approval will be sought at the AGM to approve, among other things, (i) the proposed adoption of the Scheme and the Administrative Measures on the Scheme; and (ii) the authorization to the Board to implement the Scheme as well as to approve grants of Restricted Shares under the Scheme to the Scheme Participants from time to time. A circular containing, among other things, details of the Scheme will be despatched to the Shareholders on 4 March 2019.

DEFINITIONS

“Administrative Measures on the Scheme”	“The Administrative Measures on the First Phase Restricted Share Incentive Scheme” to be proposed by the Board at the AGM
“AGM”	the annual general meeting of the Company to be convened on 18 April 2019 or any adjournment thereof to approve, among other things, (i) the proposed adoption of the Scheme and the Administrative Measures on the Scheme; and (ii) the authorization to the Board to implement the Scheme as well as to approve grants of Restricted Shares under the Scheme from time to time
“Board”	the board of directors of the Company
“Company”	China Tower Corporation Limited (中國鐵塔股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on 15 July 2014
“Director(s)”	the director(s) of the Company
“Grant Date”	the date the Restricted Shares are formally granted to the Scheme Participants by the Board pursuant to the Scheme, which must be a trading day
“Grant Price”	the price per H Share for the grant of the Restricted Shares under the Scheme
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas-listed foreign Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Stock Exchange
“Initial Grant”	the initial grant of the Restricted Shares under the Scheme to the Scheme Participants
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Period”	the period during which transfer of the Restricted Shares granted to the Scheme Participants under the Scheme is prohibited

“PRC”	the People’s Republic of China which excludes Hong Kong, the Macau Special Administrative Region and Taiwan Region for the purpose of this announcement
“Restricted Share(s)”	the incentive instrument of the Scheme, which would, subject to the fulfilment of the conditions as required by Scheme, entitle the Scheme Participants to be granted or subscribe for the restricted shares of the Company and the related shares newly issued as a result of the bonus issue or conversion shares of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	“China Tower Corporation Limited First Phase Restricted Share Incentive Scheme” to be proposed by the Board at the AGM, pursuant to which the Company will grant H Shares to the Scheme Participants (such H Shares will be purchased by the Trustee)
“Scheme Participant(s)”	Directors, senior management and employees of the Company who are eligible for participation under the Scheme
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	the trustee to be determined by the Company for the administration of the Scheme, which will hold the Restricted Shares for the benefit of the Scheme Participants, subject to the terms and conditions of the trust deed
“Unlocking Period”	the period during which the Restricted Shares granted to the Scheme Participants under the Scheme may be conditionally transferred

On behalf of the Board
China Tower Corporation Limited
Tong Jilu
Chairman

Beijing, China
4 March 2019

As at the date of this announcement, the Board of Directors of the Company comprises:
Executive director : *Tong Jilu (Chairman of the Board and General Manager)*
Non-executive directors : *Dong Xin, Shao Guanglu and Zhang Zhiyong*
Independent non-executive directors : *Su Li, Fan Cheng and Tse Yung Hoi*