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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)*

CONTINUING CONNECTED TRANSACTIONS SITE RESOURCE SERVICE TO CMC GROUP

THE SITE RESOURCE SERVICE FRAMEWORK AGREEMENT

As disclosed in the prospectus of the Company, the Company has in its ordinary and usual course of business provided site resource service to China Mobile Company and its subsidiaries on normal commercial terms to serve their customers by primarily addressing their needs for government and enterprise private communications networks and data collection (including but not limited to data collection in relation to surveillance for air quality, seismology, land, marine and prevention of forest fire). Such site resource service includes providing the Company's site resources to the customers of China Mobile Company and its subsidiaries to host certain equipment of them, and assisting them to maintain a smooth operation of such equipment through provision of the Company's maintenance and power services. Upon the listing of the H Shares of the Company on the Stock Exchange in August 2018, each of the applicable percentage ratios for such transactions calculated in accordance with the Listing Rules was below 0.1% on an annual basis and thus such transactions fell within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules and were fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the process of the Company's internal review on continuing connected transactions, it was noted that the transaction amount (unaudited) relating to the provision of site resource service to China Mobile Company and its subsidiaries reached approximately RMB66 million for the nine months ended 30 September 2019, and the transaction amount for each of the years of 2019 and 2020 is expected to exceed the de minimis threshold under Rule 14A.76 of the Listing Rules. The Company has therefore entered into the Site Resource Service Framework Agreement with CMCC.

LISTING RULES IMPLICATIONS

China Mobile Company is a substantial shareholder of the Company directly holding approximately 27.93% of the share capital of the Company. CMCC, through China Mobile, indirectly controls China Mobile Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Site Resource Service Framework Agreement constitutes continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the Site Resource Service Framework Agreement exceed 0.1% and all of the relevant percentage ratios are less than 5%, the transactions contemplated under the Site Resource Service Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

Mr. Dong Xin, a non-executive Director, has abstained from voting on the Board resolution for considering and approving the Site Resource Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof) due to his administrative positions in CMCC and/or its associates. Save for the above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has material interest in the Site Resource Service Framework Agreement and the transactions contemplated thereunder that will be required to abstain from voting on the relevant resolutions at the Board meeting.

INTRODUCTION

As disclosed in the prospectus of the Company, the Company has in its ordinary and usual course of business provided site resource service to China Mobile Company and its subsidiaries on normal commercial terms to serve their customers by primarily addressing their needs for government and enterprise private communications networks and data collection (including but not limited to data collection in relation to surveillance for air quality, seismology, land, marine and prevention of forest fire). Such site resource service includes providing the Company's site resources to the customers of China Mobile Company and its subsidiaries to host certain equipment of them, and assisting them to maintain a smooth operation of such equipment through provision of the Company's maintenance and power services. Upon the listing of the H Shares of the Company on the Stock Exchange in August 2018, each of the applicable percentage ratios for such transactions calculated in accordance with the Listing Rules was below 0.1% on an annual basis and thus such transactions fell within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules and were fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the process of the Company's internal review on continuing connected transactions, it was noted that the transaction amount (unaudited) relating to the provision of site resource service to China Mobile Company and its subsidiaries reached approximately RMB66 million for the nine months ended 30 September 2019, and the transaction amount for each of the years of 2019 and 2020 is expected to exceed the de minimis threshold under Rule 14A.76 of the Listing Rules. The Company has therefore entered into the Site Resource Service Framework Agreement with CMCC.

THE SITE RESOURCE SERVICE FRAMEWORK AGREEMENT

Date

19 December 2019

Parties

- (1) the Company; and
- (2) CMCC

Site Resource Service provided by the Company

Pursuant to the Site Resource Service Framework Agreement, the Company should provide CMC Group with (i) site resources which enable members of CMC Group to host non-telecommunications equipment (including but not limited to video surveillance and environmental surveillance equipment), and (ii) integrated services to maintain a smooth operation of the aforesaid equipment, such as equipment installation, site maintenance and power services.

Term

The Site Resource Service Framework Agreement becomes effective on the date of its execution and will expire on 31 December 2020.

Pricing

The price for the transactions under the Site Resource Service Framework Agreement shall be determined by both parties on an arms' length negotiation based on the market prices in accordance with the principle of fairness and justice and with reference to (i) the actual business needs of CMC Group including specific locations, sizes, quantities and periods, and (ii) the quality, costs and reasonable profits of the services provided by the Company.

The pricing mechanism and the price determined shall be in compliance with the applicable requirements of the Listing Rules and the guidance letters updated by the Stock Exchange from time to time.

Historical Figures and Proposed Annual Caps

The tables below set out the historical figures of site resource service provided by the Company to CMC Group, and the proposed annual caps under the Site Resource Service Framework Agreement:

| <i>Historical figures</i> | Year ended 31 December 2018 | Nine months ended 30 September 2019 |
|---|---|--|
| | <i>RMB 'million</i> | <i>RMB 'million</i> |
| Revenue of the Company generated from provision of site resource service to CMC Group | 59 | 66 |
| <i>Proposed annual caps</i> | Year ending 31 December 2019 | Year ending 31 December 2020 |
| Revenue of the Company generated from provision of site resource service to CMC Group | 100 | 180 |

Basis of Proposed Annual Caps

The proposed annual caps under the Site Resource Service Framework Agreement set out above are determined based on the following:

- (a) the historical figures and the increase of transaction amount of relevant transactions;
- (b) the explosive growth in the overall demand for informatization construction and information transmission across the industry brought by the rapid development of technologies such as Internet of Things, big data and AI;
- (c) against the background of the above industry development, due to the continuous growth of CMC Group's own business scale, leveraging on its dedicated Internet access resources and integrated solution capabilities, CMC Group's business of providing comprehensive information services for the information construction of various industries has been developing rapidly, resulting in the increasing expected market demand for site resource service provided by the Company; and
- (d) future preliminary cooperation intentions in negotiation and reached in various regions across the country between CMC Group and the Company on the provision of site resource service at this stage.

Reasons for and Benefits of Entering into the Site Resource Service Framework Agreement

The Directors believe that entering into the Site Resource Service Framework Agreement can streamline the provision of site resource service by the Company to CMC Group and enable the Company to manage such transactions efficiently. The Directors are of the view that entering into the Site Resource Service Framework Agreement with the proposed annual caps would encourage CMC Group to obtain such service from the Company and would therefore be beneficial to the Company.

The Directors (including the independent non-executive Directors) consider that entering into the Site Resource Service Framework Agreement is (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) fair and reasonable, and in the interests of the Company and its shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps under the Site Resource Service Framework Agreement for the two years ending 31 December 2019 and 31 December 2020 are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE COMPANY

The Company, as the world's largest telecommunications tower infrastructure service provider, is primarily engaged in tower business, DAS business and trans-section site application and information business.

INFORMATION OF CMCC

CMCC is the leading provider of telecommunication services in the PRC. The business of China Mobile and its subsidiaries primarily consists of mobile voice and data business, fixed broadband and other information and communications services.

LISTING RULES IMPLICATIONS

China Mobile Company is a substantial shareholder of the Company directly holding approximately 27.93% of the share capital of the Company. CMCC, through China Mobile, indirectly controls China Mobile Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Site Resource Service Framework Agreement constitutes continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the Site Resource Service Framework Agreement exceed 0.1% and all of the relevant percentage ratios are less than 5%, the transactions contemplated under the Site Resource Service Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

Mr. Dong Xin, a non-executive Director, has abstained from voting on the Board resolution for considering and approving the Site Resource Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof) due to his administrative positions in CMCC and/or its associates. Save for the above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has material interest in the Site Resource Service Framework Agreement and the transactions contemplated thereunder that will be required to abstain from voting on the relevant resolutions at the Board meeting.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

| | |
|------------------------|--|
| “associates” | has the meaning ascribed thereto in the Listing Rules |
| “Board” | the board of Directors of the Company |
| “China Mobile” | China Mobile Limited (中國移動有限公司), a company incorporated under the laws of Hong Kong and listed on the Hong Kong Stock Exchange (stock code: 0941) and the New York Stock Exchange (stock code: CHL), respectively, which held the entire equity interest in China Mobile Company as of the date of this announcement and is a substantial shareholder of the Company |
| “China Mobile Company” | China Mobile Communication Company Limited (中國移動通信有限公司), a company incorporated under the laws of the PRC which held 27.93% equity interest in the Company and is a substantial shareholder of the Company as of the date of this announcement |
| “CMCC” | China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司), a state-owned enterprise incorporated under the laws of the PRC which is a substantial shareholder of the Company as of the date of this announcement |
| “CMC Group” | China Mobile Company and its associates (excluding the Company and its subsidiaries) |
| “the 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, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0788) |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules |
| “DAS” | indoor distributed antenna system, which is a system comprising of facilities for reception, emission and transmission of wireless communications signal for covering buildings, tunnels or other specific areas |

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|--|--|
| “Director(s)” | the director(s) of the Company |
| “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 Hong Kong dollars and listed on the Stock Exchange |
| “Hong Kong” | The Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Site Resource Service Framework Agreement” | the agreement dated 19 December 2019 entered into between the Company and CMCC in relation to the provision of site resource service by the Company to CMC Group |
| “Stock Exchange” or “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto in the Listing Rules |
| “tower” | a high-erected steel structure or a pole for hosting antennas or other equipment |
| “%” | per cent |

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

Beijing, China, 19 December 2019

As at the date of this announcement, the Board of Directors of the Company comprises:

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|--|---|
| <i>Executive directors</i> | : Tong Jilu (Chairman of the Board) and Gu Xiaomin (General Manager) |
| <i>Non-executive directors</i> | : Dong Xin, Shao Guanglu and Zhang Zhiyong |
| <i>Independent non-executive directors</i> | : Su Li, Fan Cheng and Tse Yung Hoi |