

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

**RENEWAL OF THE 2020-2021 MATERIALS PROCUREMENT FRAMEWORK
AGREEMENT WITH CTC
ENTERING INTO THE 2021-2023 VALUE-ADDED SERVICE FRAMEWORK
AGREEMENT WITH CTC
AND
REVISION OF THE ANNUAL CAPS FOR THE 2021-2023 PROPERTY LEASE
FRAMEWORK AGREEMENT WITH CMCC**

**RENEWAL OF THE 2020-2021 MATERIALS PROCUREMENT FRAMEWORK
AGREEMENT WITH CTC**

We refer to the announcement of the Company dated 19 October 2020 in relation to, among other things, the 2020-2021 Materials Procurement Framework Agreement with CTC. The agreement mentioned above will expire on 31 December 2021.

The Board announces that the Company and CTC have entered into the 2022-2023 Materials Procurement Framework Agreement with CTC on 19 October 2021, taking effect from 1 January 2022 and expiring on 31 December 2023. The principal terms of the agreement are set out below in this announcement.

THE 2021-2023 VALUE-ADDED SERVICE FRAMEWORK AGREEMENT WITH CTC

In light of the increasing transaction amount of value-added services provided by the Group to CTC and/or its associates, the Board announces that the Company and CTC have entered into the 2021-2023 Value-added Service Framework Agreement with CTC on 19 October 2021, taking effect from the date of its execution and expiring on 31 December 2023. The principal terms of the agreement are set out below in this announcement.

REVISION OF THE ANNUAL CAPS FOR THE 2021-2023 PROPERTY LEASE FRAMEWORK AGREEMENT WITH CMCC

We refer to the announcement of the Company dated 19 October 2020 in relation to, among other things, the 2021-2023 Property Lease Framework Agreement with CMCC and the annual caps thereunder.

Due to the Company's increasing demand for properties with suitable location, price and quality held by CMCC with the Company's business expansion, the Board expects that the annual transaction amounts in respect of the lease of properties by the Company under the 2021-2023 Property Lease Framework Agreement with CMCC will increase and are expected to exceed the existing annual caps for the three years ending 31 December 2023. Therefore, the Board resolved to revise the existing annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC for the three years ending 31 December 2023. The other terms and conditions of the 2021-2023 Property Lease Framework Agreement with CMCC shall remain the same.

LISTING RULES IMPLICATIONS

Transactions with CTC

China Telecom is a substantial shareholder of the Company directly holding approximately 20.50% of the share capital of the Company as at the date of this announcement. CTC controls China Telecom and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2022-2023 Materials Procurement Framework Agreement with CTC and the 2021-2023 Value-added Service Framework Agreement with CTC will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the proposed annual caps of the transactions contemplated under each of the 2022-2023 Materials Procurement Framework Agreement with CTC and the 2021-2023 Value-added Service Framework Agreement with CTC exceeds 0.1% but is less than 5%, the transactions under the 2022-2023 Materials Procurement Framework Agreement with CTC and the 2021-2023 Value-added Service Framework Agreement with CTC, respectively, are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Transactions with CMCC

China Mobile Company is a substantial shareholder of the Company directly holding approximately 27.93% of the share capital of the Company as at the date of this announcement. 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 2021-2023 Property Lease Framework Agreement with CMCC constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

We refer to the announcement of the Company dated 19 October 2020 in relation to, among other things, the 2021-2023 Property Lease Framework Agreement with CMCC. The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. As allowed under IFRS 16, the Company has elected not to recognise right-of-use assets and lease liabilities for leases that at the commencement date have a lease term of 12 months or less and thus recognises the lease payments associated with such leases as an expense on a straightline basis over the lease term. As the terms of substantially all leases under the 2021-2023 Property Lease Framework Agreement with CMCC are 12 months or less, such leases and the property management services received or to be received by the Company under the 2021-2023 Property Lease Framework Agreement with CMCC are the continuing connected transactions of the Company and the transaction amounts and revised annual caps for such transactions represent the amount of rents and management fees to be paid by the Company under the relevant agreements on an annual basis. Where the terms of any leases under the 2021-2023 Property Lease Framework Agreement with CMCC are longer than 12 months, the Company will recognise right-of-use assets and lease liabilities for such leases.

The Company currently expects that the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the increasing value of the right-of-use assets and lease liabilities recognised for leases with a term of more than 12 months under the 2021-2023 Property Lease Framework Agreement with CMCC each year will be less than 0.1%. Therefore, any connected transactions or continuing connected transactions in relation to such leases will be *de minimis* transactions exempted under rule 14A.76(1)(a) of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the revised annual caps of the transactions contemplated under the 2021-2023 Property Lease Framework Agreement with CMCC (in relation to leases with a term of 12 months or less) exceeds 0.1% but is less than 5%, the transactions under the 2021-2023 Property Lease Framework Agreement with CMCC (in relation to leases with a term of 12 months or less) are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Gao Tongqing, a non-executive Director, has abstained from voting on the Board resolution for considering and approving the revision of annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC 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 above agreements and the transactions contemplated thereunder (including the proposed annual caps or revised annual caps (if applicable)) that will be required to abstain from voting on the relevant resolutions at the Board meeting.

The Board (including the independent non-executive Directors) is of the view that the 2022-2023 Materials Procurement Framework Agreement with CTC, the 2021-2023 Value-added Service Framework Agreement with CTC as well as the 2021-2023 Property Lease Framework Agreement with CMCC and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Company. They are on normal commercial terms or better and shall be or have been implemented (as applicable) in accordance with the relevant terms contained therein, and the terms, as well as the relevant proposed annual caps or revised annual caps (if applicable), are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

THE 2022-2023 MATERIALS PROCUREMENT FRAMEWORK AGREEMENT WITH CTC

The Company and CTC have entered into the 2022-2023 Materials Procurement Framework Agreement with CTC on 19 October 2021, taking effect from 1 January 2022 and expiring on 31 December 2023 to renew the 2020-2021 Materials Procurement Framework Agreement with CTC which will expire on 31 December 2021. The terms and conditions of the 2022-2023 Materials Procurement Framework Agreement with CTC are substantially the same as the 2020-2021 Materials Procurement Framework Agreement with CTC, pursuant to which, the Group will procure materials from CTC and/or its associates for the purposes of ordinary and usual course of business.

Nature of Transactions

The Group adopts a standard process of procurement of products from suppliers which include Independent Third Parties as well as the Group's connected persons through its "E-procurement Platform", which provides the information of suppliers, their products and prices of the products. The Group purchases products from CTC and its associates as listed on its "E-procurement Platform" from time to time.

Pursuant to the 2022-2023 Materials Procurement Framework Agreement with CTC, the Group procures materials from CTC and its associates such as equipment hardware, installation materials, supporting cables, spare parts, related software licenses and technical documents and receive related supporting services provided by them.

Pricing Policy

The prices for the purchase of materials shall be determined by the contracting parties in accordance with the requirements of applicable laws and regulations of the PRC and the relevant administrative rules of the Group.

In particular, transaction terms, such as procurement fees, payment schedule and method as well as miscellaneous expenses shall be determined in accordance with relevant market price. If there is no market price, the parties shall refer to historical prices related to the materials or, collect the information on market prices of such materials in the industry through channels such as from other providers of similar materials and consider at least two comparable transactions entered into with the Independent Third Parties holding the same qualifications and conditions as those of the CTC and its associates during the same period where practical. When neither historical prices nor comparable market transaction prices are available, in order to make sure such prices offered are fair and reasonable, the parties shall determine the price based on average profit margin in the market or financial cost margin. The average profit margin in the market and financial cost margin for similar materials are analysed based on the information of prices of similar materials in the industry through channels such as from other providers. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, financial fees and payable taxes and fees.

The Group shall determine the specific type of materials to be procured through bidding or other processes. CTC and its associates which participate in the bidding shall have the qualifications and conditions not inferior to those of the Independent Third Parties, and shall participate in the bidding or other procurement processes on equal terms with the Independent Third Parties. In such case, both parties shall determine the pricing in accordance with the final prices agreed in the bidding or other procurement processes.

If a governmental agency issues a governmental price for the materials to be traded under the agreement during the term of the agreement, the price shall be adjusted with reference to the governmental price.

Historical Figures and Proposed Annual Caps

For the year ended 31 December 2020 and the six months ended 30 June 2021, the aggregate amounts of materials procured from CTC and its associates by the Group were RMB104 million and RMB54 million (unaudited), respectively.

The proposed annual caps for transactions under the 2022-2023 Materials Procurement Framework Agreement with CTC for the two years ending 31 December 2022 and 2023 shall be RMB350 million and RMB500 million, respectively.

Basis of Proposed Annual Caps

The proposed annual caps under the 2022-2023 Materials Procurement Framework Agreement with CTC set out above are determined based on the following:

- (a) the historical figures and the increase of transaction amount of relevant transactions;
- (b) the historical revenue, growth rate and the expected future development of the TSSAI business;
- (c) the expected increase in the price of materials to be procured; and
- (d) preliminary cooperation intentions under negotiations currently and already agreed in various regions in the PRC between CTC and its associates and the Group on future procurement of materials.

Reasons for and Benefits of Entering into the 2022-2023 Materials Procurement Framework Agreement with CTC

Due to the standard process of procurement of products mentioned above, the Company inevitably procures materials from CTC and its associates in the Company's ordinary and usual course of business from time to time. Entering into the 2022-2023 Materials Procurement Framework Agreement with CTC can streamline the procurement of materials by the Group from CTC and its associates and enable the Group to manage such transactions efficiently.

Entering into the 2022-2023 Materials Procurement Framework Agreement with CTC 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 proposed annual caps under the 2022-2023 Materials Procurement Framework Agreement with CTC for the two years ending 31 December 2022 and 2023 are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

THE 2021-2023 VALUE-ADDED SERVICE FRAMEWORK AGREEMENT WITH CTC

In light of the increasing transaction amount of value-added services provide by the Group to CTC and/or its associates, the Company and CTC have entered into the 2021-2023 Value-added Service Framework Agreement with CTC on 19 October 2021, taking effect from the date of its execution and expiring on 31 December 2023.

Service Provided

Pursuant to the 2021-2023 Value-added Service Framework Agreement with CTC, the Group should provide CTC and its associates with:

- (i) site resources service and data information service: site resources service includes the provision of site resources which enable CTC and its associates to host non-telecommunications equipment, and provides integrated services to maintain a smooth operation of such equipment, such as equipment installation, site maintenance and power services. Data information service refers to the provision of data collection, data transmission, data storage, data processing, data application and other data and information technology-driven services;
- (ii) energy service: related services under the energy business provided by the Group to CTC and its associates, including battery exchange service, power backup and generation service, battery charging service and other services; and
- (iii) integrated and comprehensive outsourcing maintenance service: provision of outsourcing maintenance services by the Group for wireless master facilities, antenna feeder systems, transmission facilities, DAS facilities and related facilities owned by CTC and its associates.

Pricing Policy

The prices for the value-added services shall be determined by the contracting parties in accordance with the requirements of applicable laws and regulations of the PRC and the relevant administrative rules of the Group.

Transaction terms, such as services fees, payment schedule and method as well as miscellaneous expenses shall be determined in accordance with relevant market price. If there is no market price, the parties shall refer to historical prices related to the services or, collect the information on market prices of such services in the industry through channels such as from other providers of similar services and consider at least two comparable transactions entered into with the Independent Third Parties holding the same qualifications and conditions as those of the CTC and its associates during the same period where practical. When neither historical prices nor comparable market transaction prices are available, in order to make sure such prices offered are fair and reasonable, the parties shall determine the price based on average profit margin in the market or financial cost margin. The average profit margin in the market and financial cost margin for similar services are analysed based on the information of prices of similar services in the industry through channels such as from other providers. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, financial fees and payable taxes and fees.

To provide services under the 2021-2023 Value-added Service Framework Agreement with CTC, the Company has established decision groups within the industry expansion departments and energy operation departments at the headquarters and provincial branches. The decision groups would review the proposed projects of the Company, including those transactions contemplated under the 2021-2023 Value-added Service Framework Agreement with CTC. In order to ensure the fairness and reasonableness of the service fees, the decision groups shall review, among other, the model of economic benefit assessment. The model includes several indicators such as revenue, cost, investment amount, funds under occupation and expenditure in cash. Where the calculation based on the factors shows that the gross profit margin for providing the service could not reach certain levels as prescribed by its internal management measures from time to time, such service could not proceed.

Historical Figures and Proposed Annual Caps

The historical figures of value-added services provided by the Company to CTC and its associates and proposed annual caps of transactions contemplated under the 2021-2023 Value-added Service Framework Agreement with CTC for the relevant periods are set out below:

<i>Historical figures</i>	For the year ended 31 December 2020 <i>RMB million</i>	For the six months ended 30 June 2021* <i>RMB million</i>
Value-added services	58	62

* Unaudited

<i>Proposed annual caps</i>	For the years ending 31 December		
	2021 <i>RMB million</i>	2022 <i>RMB million</i>	2023 <i>RMB million</i>
Value-added services	250	500	750

Basis of Proposed Annual Caps

The proposed annual caps under the 2021-2023 Value-added Service Framework Agreement with CTC set out above are determined based on the following:

- (a) the historical revenue, growth rate and the expected future development of the site resource service, data information service, energy service and integrated and comprehensive outsourcing maintenance service;
- (b) the explosive growth in the overall demand for informatization 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 the business scale of CTC and its associates, leveraging on the dedicated Internet access resources and integrated solution capabilities, CTC's and its associates' business of providing comprehensive information services for the informatization of various industries having been developing rapidly. As a result, their demands for the site resource service and data information service, energy service, and integrated and comprehensive outsourcing maintenance service provided by the Group are expected to increase rapidly as well; and
- (d) future preliminary cooperation intentions in negotiation and reached in various regions across the country between CTC and its associates and the Group on the site resource service, data information service, energy service and integrated and comprehensive outsourcing maintenance service at this stage.

Reasons for and Benefits of Entering into the 2021-2023 Value-added Service Framework Agreement with CTC

Entering into the 2021-2023 Value-added Service Framework Agreement with CTC can streamline the provision of (i) site resource service and data information service; (ii) energy service; and (iii) integrated and comprehensive outsourcing maintenance service by the Group to CTC and its associates and enable the Group to manage such transactions efficiently. Entering into the 2021-2023 Value-added Service Framework Agreement with CTC and its proposed annual caps will encourage the Group to maintain the provision of such value-added services to CTC and its associates, which is in the interest of the Company.

Entering into the 2021-2023 Value-added Service Framework Agreement with CTC 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 proposed annual caps under the 2021-2023 Value-added Service Framework Agreement with CTC for the three years ending 31 December 2021, 2022 and 2023 are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

REVISION OF THE ANNUAL CAPS FOR THE 2021-2023 PROPERTY LEASE FRAMEWORK AGREEMENT WITH CMCC

2021-2023 Property Lease Framework Agreement with CMCC

We refer to the announcement of the Company dated 19 October 2020 in relation to, among other things, the 2021-2023 Property Lease Framework Agreement with CMCC, the annual caps thereunder and the pricing policy. Pursuant to the 2021-2023 Property Lease Framework Agreement with CMCC, the Group may lease certain properties from CMCC and its associates, include buildings and land. CMCC and its associates also provide relevant property management services in relation to some of the properties leased to the Group.

CMCC and its associates shall enter into separate agreements with the Company or its relevant provincial branches, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the 2021-2023 Property Lease Framework Agreement with CMCC. The terms of substantially all leases under the 2021-2023 Property Lease Framework Agreement with CMCC are 12 months or less.

Due to the Company's increasing demand for properties with suitable location, price and quality held by CMCC with the Company's business expansion, the Board expects that the annual transaction amounts in respect of the lease of properties by the Company under the 2021-2023 Property Lease Framework Agreement with CMCC will increase and are expected to exceed the existing annual caps for the three years ending 31 December 2023.

Therefore, the Board resolved to revise the existing annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC for the three years ending 31 December 2023. The other terms and conditions of the 2021-2023 Property Lease Framework Agreement with CMCC shall remain the same.

Historical Figures, Existing Annual Caps and Revised Annual Caps

The historical figures, existing annual caps and revised annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC (in relation to leases with a term of 12 months or less) for the relevant periods are set out below:

<i>Historical figures</i>		For the year ended 31 December 2020 <i>RMB million</i>	For the six months ended 30 June 2021* <i>RMB million</i>
Office buildings	Rents and management fees	2	1
Sites	Rents	124	114
Total	Rents and management fees	<u>126</u>	<u>115</u>

* Unaudited

<i>Existing annual caps</i>	For the years ending 31 December		
	2021 <i>RMB million</i>	2022 <i>RMB million</i>	2023 <i>RMB million</i>
Office buildings	15	15	15
Sites	135	135	135
Total	<u>150</u>	<u>150</u>	<u>150</u>

<i>Revised annual caps</i>	For the years ending 31 December		
	2021 <i>RMB million</i>	2022 <i>RMB million</i>	2023 <i>RMB million</i>
Office buildings	15	15	15
Sites	275	275	275
Total	<u>290</u>	<u>290</u>	<u>290</u>

As set out above, for the six months ended 30 June 2021, the actual transaction amount in respect of leasing of the properties under the 2021-2023 Property Lease Framework Agreement with CMCC (in relation to leases with a term of 12 months or less) amounted to approximately RMB115 million. The Board confirms that as at the date of this announcement, the transaction amount for the 2021-2023 Property Lease Framework Agreement with CMCC has not exceeded the existing annual cap for the year ending 31 December 2021.

Basis of Revised Annual Caps

The revised annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC were determined after taking into consideration the following principal factors:

- (a) approximately 11,300 sites were under leases¹ as at 30 June 2021 by the Group from CMCC and its associates, and the number of such leases is expected to increase due to the increasing sharing demand of the clients of the Group on certain properties;
- (b) 19 office buildings were under leases² as at 30 June 2021 by the Group from CMCC and its associates;
- (c) the actual transaction amount in respect of leasing of the properties under the 2021-2023 Property Lease Framework Agreement with CMCC was in the amount of approximately RMB115 million for the six months ended 30 June 2021; and
- (d) the fact that the Group will keep leasing properties including sites and facilities owned by CMCC and its associates, to operate relevant towers in certain co-location circumstances.

Reasons for and Benefits of Revision of the Annual Caps for the 2021-2023 Property Lease Framework Agreement with CMCC

Due to the Company's increasing demand for properties with suitable location, price and quality held by CMCC with the Company's business expansion, the Board resolved to revise the existing annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC for the three years ending 31 December 2023.

Entering into the 2021-2023 Property Lease Framework Agreement with CMCC 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 transactions contemplated under the 2021-2023 Property Lease Framework Agreement with CMCC (including the proposed revised annual caps) are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

Note 1: based on the number of site lease agreements entered into.

Note 2: based on the number of office building lease agreements entered into.

INTERNAL CONTROL MEASURES ON CONTINUING CONNECTED TRANSACTIONS

To safeguard the interests of the shareholders as a whole, including the minority shareholders, the Company has put in place internal approval and monitoring procedures relating to the connected transactions, which include the following:

- the pricing of the connected transactions should be no less favorable to the Company than the prices provided by the Independent Third Parties or provided to the Independent Third Parties in respect of similar products or services. If there is no market price or the pricing is restricted, relevant agreements shall set out the standard for the cost and profit of the relevant transactions;
- the Company has established the connected transaction committee, comprising of all independent non-executive Directors and one executive Director. The connected transaction committee will consider the connected transactions requiring approval from the Board and/or shareholders' general meeting, and provide opinion thereof to the Board;
- the independent non-executive Directors and auditors will conduct annual review of the non-exempt continuing connected transactions and provide annual confirmations in accordance with the Listing Rules (as applicable) that the non-exempt continuing connected transactions are conducted in accordance with the terms of the relevant agreements, on normal commercial terms and in accordance with the pricing policy and/or do not exceed the proposed applicable annual caps; and
- the Company has formulated internal guidelines according to the Listing Rules, which provide approval procedures for connected transactions including:
 - the finance departments of the provincial branches of the Company shall review the transaction amounts of relevant continuing connected transactions quarterly;
 - in respect of the connected transactions not governed by the existing framework agreements (if any), our provincial branches shall communicate with the headquarters in advance and provide necessary documents to facilitate related decision-making and disclosure process;
 - the Company shall collect the transaction amount information monthly and conduct analysis of the data quarterly to manage the connected transactions; and
 - additional approvals are required for transactions exceeding the proposed annual caps (if applicable).

INFORMATION OF THE PARTIES

Information of the Company

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

Information of CTC

CTC is a state-owned enterprise incorporated under the laws of the PRC. The principal business of CTC and its subsidiaries is providing wireline & mobile telecommunications services, Internet access services, information services and other value-added telecommunications services primarily in the PRC.

Information of CMCC

CMCC is a state-owned enterprise incorporated under the laws of the PRC. The business of CMCC and its subsidiaries primarily consists of mobile voice and data business, fixed broadband and other information and communications services.

LISTING RULES IMPLICATIONS

Transactions with CTC

China Telecom is a substantial shareholder of the Company directly holding approximately 20.50% of the share capital of the Company as at the date of this announcement. CTC controls China Telecom and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the 2022-2023 Materials Procurement Framework Agreement with CTC and the 2021-2023 Value-added Service Framework Agreement with CTC will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the proposed annual caps of the transactions contemplated under each of the 2022-2023 Materials Procurement Framework Agreement with CTC and the 2021-2023 Value-added Service Framework Agreement with CTC exceeds 0.1% but is less than 5%, the transactions under the 2022-2023 Materials Procurement Framework Agreement with CTC and the 2021-2023 Value-added Service Framework Agreement with CTC, respectively, are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Transactions with CMCC

China Mobile Company is a substantial shareholder of the Company directly holding approximately 27.93% of the share capital of the Company as at the date of this announcement. 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 2021-2023 Property Lease Framework Agreement with CMCC constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

We refer to the announcement of the Company dated 19 October 2020 in relation to, among which, the 2021-2023 Property Lease Framework Agreement with CMCC. The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. As allowed under IFRS 16, the Company has elected not to recognise right-of-use assets and lease liabilities for leases that at the commencement date have a lease term of 12 months or less and thus recognises the lease payments associated with such leases as an expense on a straightline basis over the lease term. As the terms of substantially all leases under the 2021-2023 Property Lease Framework Agreement with CMCC are 12 months or less, such leases and the property management services received or to be received by the Company under the 2021-2023 Property Lease Framework Agreement with CMCC are the continuing connected transactions of the Company and the transaction amounts and revised annual caps for such transactions represent the amount of rents and management fees to be paid by the Company under the relevant agreements on an annual basis. Where the terms of any leases under the 2021-2023 Property Lease Framework Agreement with CMCC are longer than 12 months, the Company will recognise right-of-use assets and lease liabilities for such leases.

The Company currently expects that the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the increasing value of the right-of-use assets and lease liabilities recognised for leases with a term of more than 12 months under the 2021-2023 Property Lease Framework Agreement with CMCC each year will be less than 0.1%. Therefore, any connected transactions or continuing connected transactions in relation to such leases will be *de minimis* transactions exempted under rule 14A.76(1)(a) of the Listing Rules.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the revised annual caps of the transactions contemplated under the 2021-2023 Property Lease Framework Agreement with CMCC (in relation to leases with a term of 12 months or less) exceeds 0.1% but is less than 5%, the transactions under the 2021-2023 Property Lease Framework Agreement with CMCC (in relation to leases with a term of 12 months or less) are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Gao Tongqing, a non-executive Director, has abstained from voting on the Board resolution for considering and approving the revision of annual caps under the 2021-2023 Property Lease Framework Agreement with CMCC 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 above agreements and the transactions contemplated thereunder (including the proposed annual caps or revised annual caps (if applicable)) that will be required to abstain from voting on the relevant resolutions at the Board meeting.

BOARD OPINION

The Board (including the independent non-executive Directors) is of the view that the 2022-2023 Materials Procurement Framework Agreement with CTC, the 2021-2023 Value-added Service Framework Agreement with CTC as well as the 2021-2023 Property Lease Framework Agreement with CMCC and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Company. They are on normal commercial terms or better and shall be or have been implemented (as applicable) in accordance with the relevant terms contained therein, and the terms, as well as the relevant proposed annual caps or revised annual caps (if applicable), are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

DEFINITIONS

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

“2020-2021 Materials Procurement Framework Agreement with CTC”	the materials procurement framework agreement dated 19 October 2020 between the Company and CTC
“2021-2023 Property Lease Framework Agreement with CMCC”	the property lease framework agreement dated 19 October 2020 between the Company and CMCC
“2021-2023 Value-added Service Framework Agreement with CTC”	the value-added service framework agreement dated 19 October 2021 between the Company and CTC
“2022-2023 Materials Procurement Framework Agreement with CTC”	the materials procurement framework agreement dated 19 October 2021 between the Company and CTC
“associates”	has the meaning ascribed thereto in the Listing Rules
“the Board”	the board of Directors
“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), which holds 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 holds approximately 27.93% equity interest in the Company and is a substantial shareholder of the Company as of the date of this announcement

“China Telecom”	China Telecom Corporation Limited (中國電信股份有限公司), a company incorporated under the laws of the PRC and listed on the Hong Kong Stock Exchange (stock code: 0728) and the Shanghai Stock Exchange (stock code: 601728), respectively, which holds approximately 20.50% 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
“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 shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0788)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“CTC”	China Telecommunications Corporation (中國電信集團有限公司), 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
“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
“Director(s)”	the director(s) of the Company
“the Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	an entity which is independent of and not connected to the Company or its connected persons, and which is not a connected person of the Company
“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
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules

“substantial shareholder”	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
Zhang Zhiyong
Chairman

Beijing, China, 19 October 2021

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

<i>Executive directors</i>	<i>: Zhang Zhiyong (Chairman of the Board) and Gu Xiaomin (General Manager)</i>
<i>Non-executive directors</i>	<i>: Gao Tongqing and Mai Yanzhou</i>
<i>Independent non-executive directors</i>	<i>: Fan Cheng, Tse Yung Hoi and Deng Shiji</i>