

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

**THE MATERIALS PROCUREMENT FRAMEWORK AGREEMENT AND
THE TRANSMISSION RESOURCE AND CLOUD RESOURCE LEASE
FRAMEWORK AGREEMENT WITH CMCC**

THE MATERIALS PROCUREMENT FRAMEWORK AGREEMENT WITH CMCC

As disclosed in the section headed “Connected Transactions – Fully-exempt Procurement of Materials from each of the Telecom Group Companies and their Respective Associates” in the Prospectus, the Company procures materials from CMCC and its associates such as software and accessories and parts required by its business on normal commercial terms in its ordinary and usual course of business, and each of the applicable percentage ratios for such transactions calculated in accordance with the Listing Rules for the years of 2018, 2019, 2020 and 2021 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.

Based on the internal review on its continuing connected transactions in 2022, the Company expects that the transaction amount of the transactions mentioned above with CMCC and its associates for each of the years of 2022 and 2023 is expected to exceed the *de minimis* threshold under Rule 14A.76 of the Listing Rules but be less than 5%. Therefore, the Board has approved the Company to enter into the Materials Procurement Framework Agreement with CMCC on 7 December 2022, taking effect from the date of signing and expiring on 31 December 2023. The principal terms of such agreement are set out below in this announcement.

As at the date of this announcement, the Materials Procurement Framework Agreement with CMCC has not been entered into yet. The Company will publish an update announcement upon the signing of such agreement.

THE TRANSMISSION RESOURCE AND CLOUD RESOURCE LEASE FRAMEWORK AGREEMENT WITH CMCC

In light of the increasing transaction amount and business scale of the transmission resource and cloud resource leasing services provided by CMCC and its associates to the Group, the Board has approved the Company to enter into the Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC on 7 December 2022, taking effect from the date of signing and expiring on 31 December 2023.

Pursuant to the Transmission Resource and Cloud Resource Lease Framework Agreement, the Group shall lease transmission resource and cloud resource from CMCC and its associates, including but not limited to (i) leasing of telecommunications electricity cables, cloud private line and telecommunications equipment; and (ii) leasing of cloud equipment. The principal terms of such agreement are set out below in this announcement.

As at the date of this announcement, the Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC has not been entered into yet. The Company will publish an update announcement upon the signing of such agreement.

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 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 each of the Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement 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 Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement exceeds 0.1% but is less than 5%, the transactions under the Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement, respectively, are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Gao Tongqing, a non-executive Director, has abstained from voting on the Board resolutions for considering and approving each of the Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement, and the transactions contemplated under such agreements, respectively (including the proposed annual caps thereof) due to his current 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 under such agreements (including the proposed annual caps) 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 Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement and the respective transactions contemplated under such agreements have been entered into in the ordinary and usual course of business of the Company. They are on normal commercial terms, and the terms, as well as the relevant proposed annual caps, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

THE MATERIALS PROCUREMENT FRAMEWORK AGREEMENT

As disclosed in the section headed “Connected Transactions – Fully-exempt Procurement of Materials from each of the Telecom Group Companies and their Respective Associates” in the Prospectus, the Company procures materials from CMCC and its associates such as software and accessories and parts required by its business on normal commercial terms in its ordinary and usual course of business, and each of the applicable percentage ratios for such transactions calculated in accordance with the Listing Rules for the years of 2018, 2019, 2020 and 2021 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.

Based on the internal review on its continuing connected transactions in 2022, the Company expects that the transaction amount of the transactions mentioned above with CMCC and its associates for each of the years of 2022 and 2023 is expected to exceed the *de minimis* threshold under Rule 14A.76 of the Listing Rules but be less than 5%. Therefore, the Board has approved the Company to enter into the Materials Procurement Framework Agreement with CMCC on 7 December 2022, taking effect from the date of signing and expiring on 31 December 2023.

As at the date of this announcement, the Materials Procurement Framework Agreement with CMCC has not been entered into yet. The Company will publish an update announcement upon the signing of such agreement.

Parties

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

Nature of Transactions

Pursuant to the Materials Procurement Framework Agreement, the Group procures materials and relevant supporting services from CMCC and its associates, including but not limited to (i) equipment hardware, installation materials, supporting cables, spare parts and related software licenses, technical documents and other related materials for the purpose of daily business operations of the Group, and (ii) equipment installation and commissioning, equipment-related technical trainings, technical services and related supporting services.

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

Term of Agreement

The Materials Procurement Framework Agreement will become effective on its signing date and will expire on 31 December 2023.

Pricing Policy

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

In particular, transaction terms, such as procurement fees, the 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 and relevant supporting services or, collect the information on market prices of such materials and relevant supporting services in the industry through channels such as from other providers of similar materials and relevant supporting services. The Company shall consider at least two comparable transactions entered into with the Independent Third Parties having the same qualifications and conditions as those of CMCC 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 the average profit margin in the market or a financial cost margin. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, finance costs and payable taxes and fees.

The Group shall determine the specific type of materials and relevant supporting services to be procured through bidding or other procurement processes. CMCC and its associates which participate in the bidding 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 and relevant supporting services 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 2021 and the nine months ended 30 September 2022, the aggregate amounts paid by the Group for the procurement of materials and relevant supporting services from CMCC and its associates were RMB62 million and RMB69 million (unaudited), respectively.

The proposed annual caps for transactions under the Materials Procurement Framework Agreement for the two years ending 31 December 2022 and 2023 shall be RMB240 million and RMB360 million, respectively.

Basis of Proposed Annual Caps

The proposed annual caps under the Materials Procurement Framework Agreement set out above are determined after taking into account of the following factors:

- (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 relevant business;
- (c) the expected increase in the price of materials and relevant supporting services to be procured; and
- (d) the preliminary cooperation intentions under negotiations currently and already agreed in various regions in the PRC between CMCC and its associates and the Group on future procurement of materials and relevant supporting services.

Reasons for and Benefits of Entering into the Materials Procurement Framework Agreement

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

The Board (including the independent non-executive Directors) is of the view that entering into of the Materials Procurement 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 proposed annual caps under the Materials Procurement Framework Agreement 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 TRANSMISSION RESOURCE AND CLOUD RESOURCE LEASE FRAMEWORK AGREEMENT

In light of the increasing transaction amount and business scale of the transmission resource and cloud resource leasing services provided by CMCC and its associates to the Group, the Board has approved the Company to enter into the Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC on 7 December 2022, taking effect from the date of signing and expiring on 31 December 2023.

Pursuant to the Transmission Resource and Cloud Resource Lease Framework Agreement, the Group shall lease transmission resource and cloud resource from CMCC and its associates, including but not limited to (i) leasing of telecommunications electricity cables, cloud private line and telecommunications equipment; and (ii) leasing of cloud equipment.

As at the date of this announcement, the Transmission Resource and Cloud Resource Lease Framework Agreement with CMCC has not been entered into yet. The Company will publish an update announcement upon the signing of such agreement.

Parties

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

Nature of Transactions

Pursuant to the Transmission Resource and Cloud Resource Lease Framework Agreement, to meet the needs of the Group for the transmission of monitoring data and related data analysis services for mid and high-point Internet-of-Things devices (including but not limited to camera videos, weather, radar and other sensors) in the Two Wings business, the Group leases transmission resource and cloud resource from CMCC and its associates, including but not limited to: (i) leasing of telecommunications electricity cables, cloud private line and telecommunications equipment; and (ii) leasing of cloud equipment.

Term of Agreement

The Transmission Resource and Cloud Resource Lease Framework Agreement will become effective on its signing date and will expire on 31 December 2023.

Pricing Policy

The transaction terms, such as leasing 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 service, and collect the information on market prices of such service in the industry through channels such as from other providers of similar leasing service and shall determine the price based on average profit margin in the market or a financial cost margin, to make sure such prices offered are fair and reasonable. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, finance costs and payable taxes and fees.

The Company shall consider at least two comparable transactions entered into with the Independent Third Parties having the same qualifications and conditions as those of CMCC and its associates during the same period where practical.

Historical Figures and Proposed Annual Caps

For the year ended 31 December 2021 and the nine months ended 30 September 2022, the aggregate amounts of leasing service from CMCC and its associates by the Group were RMB74 million and RMB80 million (unaudited), respectively.

The proposed annual caps for transactions under the Transmission Resource and Cloud Resource Lease Framework Agreement for the two years ending 31 December 2022 and 2023 shall be RMB350 million and RMB520 million, respectively.

Basis of Proposed Annual Caps

The proposed annual caps under the Transmission Resource and Cloud Resource Lease 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 historical revenue, growth rate and the expected future development of the Two Wings business;
- (c) the expected demand for transmission of monitoring data and related data analysis services for mid and high-point Internet-of-Things devices (including but not limited to cameras, weather, radar and other sensors) in the Two Wings business; and
- (d) the preliminary cooperation intentions of the parties on future leasing of transmission resource and cloud resource.

Reasons for and Benefits of Entering into the Transmission Resource and Cloud Resource Lease Framework Agreement

The entering into of the Transmission Resource and Cloud Resource Lease Framework Agreement can help meet the needs of the Group for the transmission of monitoring data and related data analysis services for mid and high-point Internet-of-Things devices (including but not limited to camera videos, weather, radar and other sensors) in the Two Wings business and enable the Group to manage such transactions efficiently.

The Board (including the independent non-executive Directors) is of the view that the entering into of the Transmission Resource and Cloud Resource Lease 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 proposed annual caps under the Transmission Resource and Cloud Resource Lease Framework Agreement 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.

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 of the Board, comprising of all independent non-executive Directors, two executive Directors and one non-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), the provincial branches of the Company 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 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

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 each of the Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement 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 Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement exceeds 0.1% but is less than 5%, the transactions under the Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement, respectively, are subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Gao Tongqing, a non-executive Director, has abstained from voting on the Board resolutions for considering and approving each of the Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement, and the transactions contemplated under such agreements, respectively (including the proposed annual caps thereof) due to his current 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 under such agreements (including the proposed annual caps) 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 Materials Procurement Framework Agreement and the Transmission Resource and Cloud Resource Lease Framework Agreement and the respective transactions contemplated under such agreements have been entered into in the ordinary and usual course of business of the Company. They are on normal commercial terms, and the terms, as well as the relevant proposed annual caps, 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:

“associates”	has the meaning ascribed thereto in the Listing Rules
“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
“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
“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 and listed on the Hong Kong 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
“Director(s)”	the director(s) of the Company
“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)
“Materials Procurement Framework Agreement”	the Materials Procurement Framework Agreement between the Company and CMCC approved by the Company on 7 December 2022
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 25 July 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Smart Tower business”	The trans-sector site application and information business of the Company
“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
“Transmission Resource and Cloud Resource Lease Framework Agreement”	the Transmission Resource and Cloud Resource Lease Framework Agreement between the Company and CMCC approved by the Company on 7 December 2022
“Two Wings business”	The Smart Tower business and energy business of the Company
“%”	per cent

On behalf of the Board
China Tower Corporation Limited
Zhang Zhiyong
Chairman

Beijing, China, 7 December 2022

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

Executive directors : *Zhang Zhiyong (Chairman of the Board)*
Gu Xiaomin (General Manager) and Gao Chunlei

Non-executive directors : *Gao Tongqing, Liu Guiqing and Fang Xiaobing*

Independent non-executive directors : *Zhang Guohou, Dong Chunbo, Hu Zhanghong and Sin Hendrick*