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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

**THE TRANSMISSION RESOURCE AND CLOUD RESOURCE LEASE
FRAMEWORK AGREEMENT WITH CUC
AND
THE TRANSMISSION RESOURCE AND CLOUD RESOURCE LEASE
FRAMEWORK AGREEMENT WITH CTC**

THE CUC FRAMEWORK AGREEMENT

On 7 August 2024, the Company entered into the CUC Framework Agreement with CUC. Pursuant to the CUC Framework Agreement, the Group shall lease transmission resource and cloud resource from the CUC Group, including but not limited to leasing of telecommunications electricity cables, telecommunications equipment, cloud private line and cloud equipment etc. for a term commencing from 7 August 2024 to 31 December 2026.

THE CTC FRAMEWORK AGREEMENT

On 7 August 2024, the Company entered into the CTC Framework Agreement with CTC. Pursuant to the CTC Framework Agreement, the Group shall lease transmission resource and cloud resource from the CTC Group, including but not limited to leasing of telecommunications electricity cables, telecommunications equipment, cloud private line and cloud equipment etc. for a term commencing from 7 August 2024 to 31 December 2026.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Unicom Corporation is a substantial shareholder of the Company directly holding approximately 20.65% of the share capital of the Company. CUC, through China Unicom Group Corporation (BVI) Limited, China United Network Communications Limited, China Unicom (BVI) Limited and China Unicom (Hong Kong) Limited, indirectly controls China Unicom Corporation and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the CUC Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, China Telecom is a substantial shareholder of the Company directly holding approximately 20.50% of the share capital of the Company. CTC controls China Telecom and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the CTC Framework Agreement constitute continuing connected transactions of the Company under 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 CUC Framework Agreement and the CTC Framework Agreement exceeds 0.1% but is less than 5%, the transactions under each of the CUC Framework Agreement and the CTC Framework Agreement 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, respectively.

Mr. Tang Yongbo, a non-executive Director, has abstained from voting on the Board resolutions for considering and approving the CUC Framework Agreement, and the transactions contemplated thereunder (including the proposed annual caps thereof) due to his current positions in CUC and/or its associates.

Mr. Liu Guiqing, a non-executive Director, has abstained from voting on the Board resolutions for considering and approving the CTC Framework Agreement, and the transactions contemplated thereunder (including the proposed annual caps thereof) due to his current positions in CTC and/or its associates.

Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has material interest in the above agreements and the transactions contemplated thereunder (including the proposed annual caps), and none of them has abstained from voting on the relevant Board resolutions.

The Board (including the independent non-executive Directors) is of the view that the CUC Framework Agreement and the CTC Framework Agreement are entered into (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms, the terms of each of the CUC Framework Agreement and the CTC Framework Agreement and the transactions contemplated thereunder (including the relevant proposed annual caps) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

(1) THE CUC FRAMEWORK AGREEMENT

In light of the increasing transaction amount and business scale of the transmission resource and cloud resource leasing services provided by the CUC Group to the Group, based on the internal review of the continuing connected transactions of the Company in 2024, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction amount of such transactions for each of the years ending 31 December 2024, 2025 and 2026 is expected to exceed the *de minimis* threshold under Rule 14A.76 of the Listing Rules but be less than 5%. Therefore, on 7 August 2024, the Company entered into the CUC Framework Agreement with CUC.

The principal terms of the agreement are set out below:

Parties

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

Nature of Transactions

Pursuant to the CUC 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 will lease transmission resource and cloud resource from the CUC Group, including but not limited to leasing of telecommunications electricity cables, telecommunications equipment, cloud private line and cloud equipment etc.

Term of Agreement

The CUC Framework Agreement will become effective on 7 August 2024 and will expire on 31 December 2026.

Pricing Policy

The transaction terms (such as service fees, payment schedule, payment method and miscellaneous expenses) shall be determined in accordance with relevant market price. Where there is no market price, the parties shall refer to the historical prices related to the service and collect information on market prices of such relevant service in the industry through channels such as other providers of similar leasing service. The parties shall determine the price based on average profit margin in the market or a financial cost margin, to ensure that such prices offered are fair and reasonable. Average profit margin in the market and financial cost margin are analysed based on pricing information for similar service in the industry, through sources such as other providers. Such costs include costs of raw materials, accessories, depreciation, labor, energy, management cost, finance costs and payable taxes and fees, etc. The Company shall consider at least two comparable transactions entered into with Independent Third Parties holding the same qualifications and conditions as those of the CUC Group during the same period where practical.

Historical Figures and Proposed Annual Caps

For the year ended 31 December 2023 and the six months ended 30 June 2024, the aggregate transaction amounts of relevant leasing service provided by the CUC Group to the Group were RMB73 million and RMB29 million, respectively.

The proposed annual caps for transactions under the CUC Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 shall be RMB120 million, RMB150 million and RMB180 million, respectively.

Basis of Proposed Annual Caps

The proposed annual caps under the CUC Framework Agreement are determined after taking into account the following factors:

- (a) the historical figures and the increase in 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;
- (d) the preliminary cooperation intentions of the parties on future leasing of transmission resource and cloud resource; in particular, based on internal feedback on the Group's cooperation intentions in the first half of 2024, business operations related to such cooperation intentions are expected to commence in the second half of 2024; and
- (e) reasonable buffer to cater for unanticipated service needs of the Group.

Reasons for and Benefits of Entering into the CUC Framework Agreement

The entering into of the CUC 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.

Besides, due to the long-term cooperation between the Group and the CUC Group, the CUC Group has developed a comprehensive and deep understanding of the business requirements of the Group, which contributes to high-quality leasing services provided by the CUC Group. Additionally, due to a long-standing and cooperative relationship between the CUC Group and the Group, the CUC Group is able to meet the needs of the Group and to provide responsive leasing services in a speedy and stable manner compared to third parties, thereby achieving effective business cooperation and synergies.

The Board (including the independent non-executive Directors) is of the view that the CUC Framework Agreement is entered into (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms; and the terms of the CUC Framework Agreement and the transactions contemplated thereunder (including the relevant proposed annual caps) are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

(2) THE CTC FRAMEWORK AGREEMENT

In light of the increasing transaction amount and business scale of the transmission resource and cloud resource leasing services provided by the CTC Group to the Group, based on the internal review of the continuing connected transactions of the Company in 2024, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction amount of such transactions for each of the years ending 31 December 2024, 2025 and 2026 is expected to exceed the *de minimis* threshold under Rule 14A.76 of the Listing Rules but be less than 5%. Therefore, on 7 August 2024, the Company entered into the CTC Framework Agreement with CTC.

The principal terms of the agreement are set out below:

Parties

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

Nature of Transactions

Pursuant to the CTC 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 will lease transmission resource and cloud resource from the CTC Group, including but not limited to leasing of telecommunications electricity cables, telecommunications equipment, cloud private line and cloud equipment etc.

Term of Agreement

The CTC Framework Agreement will become effective from 7 August 2024 and will expire on 31 December 2026.

Pricing Policy

The transaction terms (such as service fees, payment schedule, payment method and miscellaneous expenses) shall be determined in accordance with relevant market price. Where there is no market price, the parties shall refer to the historical prices related to the service, or collect information on market prices of such services in the industry through channels such as bids from other providers of similar services. The Company shall at least consider two comparable transactions entered into with Independent Third Parties holding the same qualifications and conditions as those of the CTC Group during the same period where practical. When neither historical prices nor comparable market transaction prices are available, the parties shall determine the price based on average profit margin in the market or a financial cost margin, to ensure that 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, etc.

Historical Figures and Proposed Annual Caps

For the year ended 31 December 2023 and the six months ended 30 June 2024, the aggregate transaction amounts of relevant leasing service provided by the CTC Group to the Group were RMB84 million and RMB36 million, respectively.

The proposed annual caps for transactions under the CTC Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 shall be RMB150 million, RMB190 million and RMB230 million, respectively.

Basis of Proposed Annual Caps

The proposed annual caps under the CTC Framework Agreement are determined after taking into account the following factors:

- (a) the historical figures and the increase in 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;
- (d) the preliminary cooperation intentions of the parties on future leasing of transmission resource and cloud resource; in particular, based on internal feedback on the Group's cooperation intentions in the first half of 2024, business operations related to such cooperation intentions are expected to commence in the second half of 2024; and
- (e) reasonable buffer to cater for unanticipated service needs of the Group.

Reasons for and Benefits of Entering into the CTC Framework Agreement

The entering into of the CTC 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.

Besides, due to the long-term cooperation between the Group and the CTC Group, the CTC Group has developed a comprehensive and deep understanding of the business requirements of the Group, which contributes to high-quality leasing services provided by the CTC Group. Additionally, due to a long-standing and cooperative relationship between the CTC Group and the Group, the CTC Group is able to meet the needs of the Group and to provide responsive leasing services in a speedy and stable manner compared to third parties, thereby achieving effective business cooperation and synergies.

The Board (including the independent non-executive Directors) is of the view that the CTC Framework Agreement is entered into (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms; and the terms of the CTC Framework Agreement and the transactions contemplated thereunder (including the relevant proposed annual caps) are fair and reasonable, and 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 of the Company 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 Company has formulated the Risk and Internal Control Management Manual, among other internal rules and regulations, to maintain a long-term sustainable and healthy development of the Company;
- the pricing of the connected transactions should be no less favorable to the Company than the prices provided by Independent Third Parties or provided to Independent Third Parties in respect of similar products or services, and will be determined in accordance with the pricing policy principles set out in the respective agreements;
- the Company has established the connected transaction committee of the Board, comprising an independent non-executive Director as the chairman, and all other independent non-executive Directors, one executive Director and one non-executive Director as members. 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, in the ordinary and usual course of business of the Group, on normal commercial terms, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole 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 relevant 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 principally engaged in the construction, maintenance and operation of base station ancillary facilities such as telecommunication towers, public network coverage in high-speed railways and subways, the provision of large-scale indoor DAS, trans-sector site application and information services, and energy business.

Information of CUC

CUC is a state-owned enterprise incorporated under the laws of the PRC. The CUC Group is principally engaged in telecommunications and related businesses in the PRC, including the provision of fixed-lined telephone, mobile, broadband and Internet-based services.

Information of CTC

CTC is a state-owned enterprise incorporated under the laws of the PRC. Its principal business is integrated information services including mobile communications, Internet access and application, wireline communications, satellite communications and ICT integration.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Unicom Corporation is a substantial shareholder of the Company directly holding approximately 20.65% of the share capital of the Company. CUC, through China Unicom Group Corporation (BVI) Limited, China United Network Communications Limited, China Unicom (BVI) Limited and China Unicom (Hong Kong) Limited, indirectly controls China Unicom Corporation and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the CUC Framework Agreement will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, China Telecom is a substantial shareholder of the Company directly holding approximately 20.50% of the share capital of the Company. CTC controls China Telecom and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the CTC Framework Agreement will constitute continuing connected transactions of 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 CUC Framework Agreement and the CTC Framework Agreement exceeds 0.1% but is less than 5%, the transactions under each of the CUC Framework Agreement and the CTC Framework Agreement, 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, respectively.

Mr. Tang Yongbo, a non-executive Director, has abstained from voting on the Board resolutions for considering and approving the CUC Framework Agreement, and the transactions contemplated thereunder (including the proposed annual caps thereof) due to his current positions in CUC and/or its associates.

Mr. Liu Guiqing, a non-executive Director, has abstained from voting on the Board resolutions for considering and approving the CTC Framework Agreement, and the transactions contemplated thereunder (including the proposed annual caps thereof) due to his current positions in CTC and/or its associates.

Save as disclosed above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has material interest in the above agreements and the transactions contemplated thereunder (including the proposed annual caps) and has abstained from voting on the relevant Board resolutions.

BOARD OPINION

The Board (including the independent non-executive Directors) is of the view that the CUC Framework Agreement and the CTC Framework Agreement are entered into (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms, the terms of each of the CUC Framework Agreement and the CTC Framework Agreement and the transactions contemplated thereunder (including the relevant proposed annual caps) are fair and reasonable and 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 Telecom”	China Telecom Corporation Limited (中國電信股份有限公司), a joint stock limited company incorporated under the laws of the PRC, with its H shares listed on the main board of the Hong Kong Stock Exchange (stock code: 0728) and its A shares listed on the Shanghai Stock Exchange (stock code: 601728). It directly holds approximately 20.50% of the share capital of the Company and 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, the H 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
“China Unicom Corporation”	China United Network Communications Corporation Limited (中國聯合網絡通信有限公司), a company incorporated under the laws of the PRC, which directly holds approximately 20.65% of the share capital of the Company and is a substantial shareholder of the Company as of the date of this announcement

“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
“CTC Framework Agreement”	the transmission resource and cloud resource lease framework agreement dated 7 August 2024 entered into between the Company and CTC, pursuant to which the Group shall lease transmission resource and cloud resource from the CTC Group, including but not limited to the leasing of telecommunications electricity cables, telecommunications equipment, cloud private line and cloud equipment etc.
“CTC Group”	CTC and its associates (other than the Group)
“CUC”	China United Network Communications Group Company Limited (中國聯合網絡通信集團有限公司), 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
“CUC Framework Agreement”	the transmission resource and cloud resource lease framework agreement dated 7 August 2024 entered into between the Company and CUC, pursuant to which the Group shall lease transmission resource and cloud resource from the CUC Group, including but not limited to the leasing of telecommunications electricity cables, telecommunications equipment, cloud private line and cloud equipment etc.
“CUC Group”	CUC and its associates (other than the Group)
“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)”	a third party independent of and not connected to the Company and its connected persons
“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
“Two Wings business”	the trans-sector site application and information business (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 August 2024

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

*Executive Directors : Zhang Zhiyong (Chairman of the Board),
Chen Li (General Manager) and Gao Chunlei*

*Non-executive Directors : Gao Tongqing, Tang Yongbo, Liu Guiqing and
Fang Xiaobing*

Independent non-executive Directors : Dong Chunbo, Hu Zhanghong and Sin Hendrick