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

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

ANNOUNCEMENT
INITIAL GRANT UNDER RESTRICTED SHARE INCENTIVE SCHEME

We refer to the announcement and circular of China Tower Corporation Limited (the “**Company**”, together with its subsidiary, collectively the “**Group**”) both dated 4 March 2019 and the announcement on poll results of the AGM dated 18 April 2019 (the “**Restricted Share Incentive Scheme Related Disclosure**”), in relation to (inter alia) (i) the adoption of the first phase restricted share incentive scheme (the “**Restricted Share Incentive Scheme**”) and the Administrative Measures on the Restricted Share Incentive Scheme; and (ii) the authorization to the Board to implement the Restricted Share Incentive Scheme and grant Restricted Shares under the Restricted Share Incentive Scheme from time to time. Unless the context otherwise requires, the terms used in this announcement shall have the same meaning as defined in the Restricted Share Incentive Scheme Related Disclosure.

I. BACKGROUND

As (i) there are no circumstances on the part of the Group that would render the termination of the Restricted Share Incentive Scheme; (ii) the performance of the Group has met the conditions of the initial grant (the “**Initial Grant**”); and (iii) the individual performance assessment of all the Scheme Participants is rated at competent or above for the year 2018 pursuant to the relevant performance assessment measures of the Group and there are no circumstances in which the Scheme Participants are prohibited from participating in the initial grant proposal (the “**Initial Grant Proposal**”) of the Restricted Share Incentive Scheme pursuant to the Restricted Share Incentive Scheme, the Board considers that the conditions for the Initial Grant are fulfilled.

II. INITIAL GRANT

On 18 April 2019, the Board resolved to approve the Initial Grant Proposal to grant the Scheme Participants 1,212,437,500 Restricted Shares in aggregate (representing approximately 0.689% of the entire issued share capital of the Company as at the date of this announcement), among which, 100,000,000 shares (the “**Reserved Restricted Shares**”) (representing approximately 8.25% of the total number of Restricted Shares under the Initial Grant and approximately 0.06% of the entire issued share capital of the Company as at the date of this announcement) are reserved for further grant. The Restricted Shares under the Initial Grant will be granted in two tranches where the first tranche of Restricted Shares will be granted on the date of approving the Initial Grant Proposal by the Board (the “**First Tranche of Grant**”) and the Reserved Restricted Shares will be granted in the second tranche (the “**Second Tranche of Grant**”).

Details of the Initial Grant are as follows:

Grant Date

The Grant Date of the First Tranche of Grant is 18 April 2019.

The Board will determine the Grant Date of the Second Tranche of Grant as and when appropriate. In principle, the Reserved Restricted Shares shall be granted prior to the publication of the annual results announcement of the Group for 2019.

Number of Restricted Shares

The total number of Restricted Shares to be granted to the Scheme Participants is 1,212,437,500 shares, representing approximately 0.689% of the entire issued share capital of the Company as at the date of this announcement, among which, 100,000,000 shares are reserved for the Second Tranche of Grant, representing approximately 8.25% of the total number of shares under the Initial Grant and approximately 0.06% of the entire issued share capital of the Company as at the date of this announcement.

Scheme Participants

The number of Restricted Shares granted to the Scheme Participants is determined according to their level of positions with the Group. The Scheme Participants under the Initial Grant include those who participate in the First Tranche of Grant and those who will participate in the Second Tranche of Grant.

There are a total of 1,529 Scheme Participants under the First Tranche of Grant, representing approximately 8.48% of the total number of contract employees of the Group as at the end of 2018. Those Scheme Participants include Mr. Tong Jilu, chairman and general manager of the Company (granted with 1.80 million shares), three other senior management members (each granted with 1.55 million shares) and other key personnel.

The Scheme Participants under the Second Tranche of Grant will be determined by the Board based on the circumstances of the relevant personnel. The Scheme Participants under the two tranches mentioned above are mutually exclusive.

Grant Price

The Grant Price of the Restricted Shares granted under the Initial Grant (for both the First Tranche of Grant and Second Tranche of Grant) is RMB1.03 per Restricted Share (equivalent to approximately HK\$1.20 per Restricted Share), which equals the higher of (i) the audited net assets per share as of 31 December 2018 (i.e. RMB1.03) and (ii) 50% of the reference price.

The reference price shall be the higher of:

- (i) HK\$2.20, being the closing price of the Company's H Shares on the Stock Exchange on 18 April 2019; and
- (ii) HK\$2.09, being the average closing price of Company's H Shares for the five trading days as quoted on the Stock Exchange immediately preceding 18 April 2019.

The Grant Price of the Second Tranche of Grant shall be the same as the Grant Price of the First Tranche of Grant.

Lock-up Period and Unlocking Arrangement

The Restricted Shares granted under the Initial Grant shall be subject to an initial Lock-up Period of two years and the restrictions on disposal of those Restricted Shares shall be gradually lifted during the unlocking period per the following conditions:

Conditions for Unlocking for the Company

The Group shall fulfill the following conditions for its results for 2020, 2021 and 2022, and no circumstances that prescribed in the Restricted Share Incentive Scheme shall occur upon which the Restricted Share Incentive Scheme shall be terminated:

Unlocking Period	Conditions for Unlocking	Unlocking Time	Unlocking Percentage
First Unlocking Period	<p>As compared with 2018, the growth rate of the net profit of the Group for 2020 shall not be lower than:</p> <ul style="list-style-type: none"> – 92%; and – (i) 75-percentile of that of peer benchmark companies; or (ii) the growth rates of two of such companies. <p>As compared with 2018, the growth rate of the operating revenue of the Group for 2020 shall not be lower than:</p> <ul style="list-style-type: none"> – 15%; and – (i) 75-percentile of that of peer benchmark companies; or (ii) the growth rates of two of such companies. <p>The return on equity (ROE) of the Group for 2020 shall not be lower than 2.7%.</p>	From the first trading day after 24 months from the Grant Date and ending on the day which is the last trading day within 36 months from the Grant Date	40%
Second Unlocking Period	<p>As compared with 2018, the growth rate of the net profit of the Group for 2021 shall not be lower than:</p> <ul style="list-style-type: none"> – 122%; and – (i) 75-percentile of that of peer benchmark companies; or (ii) the growth rates of two of such companies. <p>As compared with 2018, the growth rate of the operating revenue of the Group for 2021 shall not be lower than:</p> <ul style="list-style-type: none"> – 23%; and – (i) 75-percentile of that of peer benchmark companies; or (ii) the growth rates of two of such companies. <p>The return on equity (ROE) of the Group for 2021 shall not be lower than 3.1%.</p>	From the first trading day after 36 months from the Grant Date and ending on the day which is the last trading day within 48 months from the Grant Date	30%

Third Unlocking Period	<p>As compared with 2018, the growth rate of the net profit of the Group for 2022 shall not be lower than:</p> <ul style="list-style-type: none"> - 161%; and - (i) 75-percentile of that of peer benchmark companies; or (ii) the growth rates of two of such companies. <p>As compared with 2018, the growth rate of the operating revenue of the Group for 2022 shall not be lower than:</p> <ul style="list-style-type: none"> - 32%, and - (i) 75-percentile of that of peer benchmark companies; or (ii) the growth rates of two of such companies. <p>The return on equity (ROE) of the Group for 2022 shall not be lower than 3.6%.</p>	From the first trading day after 48 months from the Grant Date and ending on the day which is the last trading day within 60 months from the Grant Date	30%
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Notes:

- (a) Unless otherwise specified, the above financial information and financial indicators refer to the consolidated financial information of the Group and the financial indicators calculated based on such financial information. Return of equity (ROE) = $\text{Net profit} \div [(\text{net assets at the beginning of the period} + \text{net assets at the end of the period}) \div 2] \times 100\%$. In calculating the growth rate of net profit, the growth rate of operating revenue and the return on equity (ROE), the influence of the non-comparable factors such as the adjustment of national industrial policy shall be excluded, and the specific amount shall be determined by the Board.
- (b) The above conditions on performance results are the conditions for the unlocking of Restricted Shares under the Initial Grant and do not represent any target or forecast of future performance of the Group.

Conditions for Unlocking for Scheme Participants

According to the relevant measures for performance assessment of the Group, the Scheme Participants should achieve a rating of competent or above in his individual performance assessment in the financial year before the unlocking of Restricted Shares, and no circumstances prescribed in the Restricted Share Incentive Scheme shall occur on the Scheme Participant upon which he shall be prohibited from participating in the Initial Grant Proposal.

During the Lock-up Period, the Scheme Participants shall not be entitled to the voting rights attached to such Restricted Shares and the voting rights shall be exercised by the Trustee at its discretion. During the Lock-up Period, the Scheme Participants shall not have the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment. After the Trustee has completed the purchase of shares on the secondary market which are to be granted as Restricted Shares under respective tranche, the Scheme Participants shall have rights of the Restricted Shares granted in such tranche for dividends and allotments.

For details of the Lock-up Period and unlocking arrangement, please refer to the Restricted Share Incentive Scheme Related Disclosure published earlier.

III. LISTING RULES IMPLICATIONS

The Restricted Share Incentive Scheme is a discretionary scheme of the Company and does not constitute a share option scheme under Chapter 17 of the Listing Rules.

The grant of Restricted Shares to Mr. Tong Jilu, a Director, was made in accordance with his service contract, which is exempt from reporting, announcement and independent Shareholders' approval requirements according to Rule 14A.95 of the Hong Kong Listing Rules.

Mr. Tong Jilu has abstained from voting on the Board resolution approving the grant of Restricted Shares to him. Save as disclosed above, no other Directors have any interest in the Initial Grant and shall abstain from voting on relevant resolutions at the Board meeting.

The Directors (including independent non-executive Directors) confirm that the Initial Grant is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole.

By Order of the Board
China Tower Corporation Limited
Tong Jilu
Chairman

Beijing, China, 18 April 2019

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

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