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中国移动通信  
CHINA MOBILE

**CHINA MOBILE LIMITED**  
**中國移動有限公司**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 941)**

**INCREASE OF ANNUAL CAPS FOR CONTINUING  
CONNECTED TRANSACTIONS  
AND  
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**Increase of Annual Cap for the 2011–2013 Property Leasing Agreement for the year ending 31 December 2013**

The annual cap for the rental and property management service charges payable by the Group to CMCC and its subsidiaries for the year ending 31 December 2013 under the 2011–2013 Property Leasing Agreement is RMB1,000 million (equivalent to approximately HK\$1,255 million). In accordance with the Company's development strategies, the Group has since 2011 established certain subsidiaries, branches and entities with specific purposes and these entities need to rent from CMCC and its subsidiaries various properties for use as retail outlets and business premises and need CMCC and its subsidiaries to provide property management services in relation to the properties. Also, in recent years, the PRC property market recorded rapid growth resulting in increasing rental prices. Therefore, the Board concluded that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Property Leasing Agreement will not be sufficient and decided that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Property Leasing Agreement shall be increased to RMB1,500 million (equivalent to approximately HK\$1,883 million).

### **Increase of Annual Cap for the 2011–2013 Telecommunications Services Agreement for the year ending 31 December 2013**

The annual cap for the charges payable by the Group to CMCC and its subsidiaries under the 2011–2013 Telecommunications Services Agreement for the year ending 31 December 2013 is RMB3,000 million (equivalent to approximately HK\$3,765 million). In order to obtain the network resources to satisfy the demand of operating a full-service business, the Group has strengthened its cooperation with CMCC and its subsidiaries, resulting in the increase in construction work for specific connection to the basic fixed-line network and therefore the amount of construction and assembly charges as well as maintenance fees that the Group shall pay will increase. Accordingly, the Board concluded that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Telecommunications Services Agreement will not be sufficient and decided that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Telecommunications Services Agreement shall be increased to RMB3,500 million (equivalent to approximately HK\$4,393 million).

### **Increase of Annual Cap for the Network Assets Leasing Agreement for the year ending 31 December 2013**

The annual cap for the assets leasing fees payable by the Group to CMCC and its subsidiaries for the year ending 31 December 2013 under the Network Assets Leasing Agreement is RMB8,000 million (equivalent to approximately HK\$10,040 million). In order to satisfy the Company's business demand, the Company has increased the extent and scope of network operating assets leased from CMCC and its subsidiaries, resulting in a substantial increase in the assets leasing fees payable by the Group. Accordingly, the Board concluded that the annual cap of RMB8,000 million (equivalent to approximately HK\$10,040 million) for the year ending 31 December 2013 in respect of the Network Assets Leasing Agreement will not be sufficient and has decided that the annual cap for the year ending 31 December 2013 in respect of the Network Assets Leasing Agreement shall be increased to RMB13,000 million (equivalent to approximately HK\$16,315 million).

### **Renewal of Continuing Connected Transactions**

The Board announces that on 15 August 2013:

- (i) the Company and CMCC entered into the 2014–2016 Property Leasing Agreement for a term of three years commencing on 1 January 2014, to govern the continuing connected transactions between the parties relating to properties leasing and provision of property management services previously governed by the 2011–2013 Property Leasing Agreement;
- (ii) the Company and CMCC entered into the 2014–2016 Telecommunications Services Agreement for a term of three years commencing on 1 January 2014, to govern the continuing connected transactions between the parties relating to the provision of telecommunications services previously governed by the 2011–2013 Telecommunications Services Agreement;

- (iii) the Company and CMCC agreed to renew the Telecommunications Services Cooperation Agreement according to its terms for a term of one year commencing on 1 January 2014;
- (iv) the Company and CMCC agreed to renew the Network Capacity Leasing Agreement according to its terms for a term of one year commencing on 1 January 2014;
- (v) the Company, CMCC and TieTong agreed to renew the Tripartite Agreement according to its terms for a term of one year commencing on 1 January 2014; and
- (vi) the Company and CMCC agreed to renew the Network Assets Leasing Agreement according to its terms for a term of one year commencing on 1 January 2014.

Annual caps for the transactions contemplated under the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) for the years ending 31 December 2014, 2015 and 2016 are set out as follow:

	<b>For the Year Ending 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
2014–2016 Property Leasing Agreement — rental and property management service charges payable by the Group to CMCC and its subsidiaries	RMB2,000 million (approximately HK\$2,510 million)	RMB2,200 million (approximately HK\$2,761 million)	RMB2,400 million (approximately HK\$3,012 million)
2014–2016 Telecommunications Services Agreement — telecommunications service charges payable by the Group to CMCC and its subsidiaries	RMB5,000 million (approximately HK\$6,275 million)	RMB6,000 million (approximately HK\$7,530 million)	RMB7,000 million (approximately HK\$8,785 million)
2014–2016 Telecommunications Services Agreement — telecommunications service charges receivable by the Group from CMCC and its subsidiaries	RMB2,300 million (approximately HK\$2,887 million)	RMB2,200 million (approximately HK\$2,761 million)	RMB2,200 million (approximately HK\$2,761 million)

**For the Year Ending 31 December**

**2014**

**2015**

**2016**

Telecommunications Services Cooperation Agreement — charges payable by the Company for the services to be provided by CMCC and its operating subsidiaries	RMB5,000 million (approximately HK\$6,275 million)	N/A	N/A
Telecommunications Services Cooperation Agreement — charges receivable by the Company for the services provided by the Group to CMCC and its subsidiaries	RMB1,200 million (approximately HK\$1,506 million)	N/A	N/A
Network Capacity Leasing Agreement — leasing fees payable by the Company to CMCC	RMB8,500 million (approximately HK\$10,668 million)	N/A	N/A
Tripartite Agreement — settlement charges payable by the Company to TieTong	RMB800 million (approximately HK\$1,004 million)	N/A	N/A
Network Assets Leasing Agreement — leasing fees payable by the Company to CMCC and its subsidiaries	RMB14,600 million (approximately HK\$18,323 million)	N/A	N/A

## **LISTING RULES IMPLICATIONS**

CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. As TieTong is a wholly-owned subsidiary of CMCC, TieTong is also a connected person of the Company. Accordingly, the transactions contemplated under the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement, the Network Assets Leasing Agreement, the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules.

Since each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps (as adjusted) for the amounts payable by the Company under the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement and the Network Assets Leasing Agreement, and in respect of the annual caps for the amounts payable or receivable by the Company under each of the 2014–2016 Telecommunications Services Agreement and the Telecommunications Services Cooperation Agreement (as renewed) and in respect of the annual caps for the amounts payable by the Company under each of the 2014–2016 Property Leasing Agreement, the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) is, on an annual basis, above 0.1% but below 5%, each of the transactions contemplated thereunder is classified as a continuing connected transaction under Rule 14A.34 of the Listing Rules and is only subject to the reporting, annual review and announcements requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules. Details of the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement, the Network Assets Leasing Agreement, the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) will be included in the annual report and accounts of the Company in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

Reference is made to the announcements dated 21 December 2010 and 18 August 2011 of the Company where the Company announced that the Company had entered into two agreements with CMCC, namely (i) the 2011–2013 Property Leasing Agreement with a term of three years commencing on 1 January 2011; and (ii) the 2011–2013 Telecommunications Services Agreement with a term of three years commencing on 1 January 2011, and the relevant annual caps (as revised) for the transactions under the 2011–2013 Property Leasing Agreement and the 2011–2013 Telecommunications Services Agreement. Reference is also made to the announcement dated 12 December 2012 where the Company announced, among others, that (i) the Company and CMCC agreed to renew the Telecommunications Services Cooperation Agreement according to its terms for a term of one year commencing on 1

January 2013, (ii) the Company and CMCC agreed to renew the Network Capacity Leasing Agreement according to its terms for a term of one year commencing on 1 January 2013, (iii) the Company, CMCC and TieTong agreed to renew the Tripartite Agreement according to its terms for a term of one year commencing on 1 January 2013, and (iv) the Company and CMCC agreed to renew the Network Assets Leasing Agreement according to its terms for a term of one year commencing on 1 January 2013, and the relevant annual caps for the transactions under the Telecommunications Services Cooperation Agreement, the Network Capacity Leasing Agreement, the Tripartite Agreement and the Network Assets Leasing Agreement in respect of the year ending 31 December 2013.

### **Increase of Annual Cap for the 2011–2013 Property Leasing Agreement for the year ending 31 December 2013**

Pursuant to the 2011–2013 Property Leasing Agreement, the Company rents from CMCC various properties for use as business premises and offices, retail outlets and machinery rooms of the Group, and CMCC and its subsidiaries provide property management services in relation to the properties let or sub-let under the agreement. In addition, if the Company so requests, CMCC and its subsidiaries will also provide property management services in relation to the properties owned by the Group. The properties rented under the 2011–2013 Property Leasing Agreement include (i) properties owned by CMCC and its subsidiaries; and (ii) properties let to CMCC and its subsidiaries from third parties and sub-let by CMCC and its subsidiaries to the Company.

The annual cap for the rental and property management service charges payable by the Group to CMCC and its subsidiaries for the year ending 31 December 2013 under the 2011–2013 Property Leasing Agreement is RMB1,000 million (equivalent to approximately HK\$1,255 million). In accordance with the Company's development strategies, the Group has since 2011 established certain subsidiaries, branches and entities with specific purposes and these entities need to rent from CMCC and its subsidiaries various properties for use as retail outlets and business premises and need CMCC and its subsidiaries to provide property management services in relation to the properties. Also, in recent years, the PRC property market recorded rapid growth resulting in increasing rental prices. Therefore, the Board concluded that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Property Leasing Agreement will not be sufficient and decided that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Property Leasing Agreement shall be increased to RMB1,500 million (equivalent to approximately HK\$1,883 million).

As of the date of this announcement, the total rental and property management service charges paid by the Group under the 2011–2013 Property Leasing Agreement has not exceeded the annual cap stated in the announcement of the Company dated 21 December 2010.

Save for the increase in the annual cap for the 2011–2013 Property Leasing Agreement for the year ending 31 December 2013, the terms and conditions of the 2011–2013 Property Leasing Agreement remain unchanged.

### **Increase of Annual Cap for the 2011–2013 Telecommunications Services Agreement for the year ending 31 December 2013**

Pursuant to the 2011–2013 Telecommunications Services Agreement, the Company provides telecommunications services to CMCC and its subsidiaries and also receives telecommunications services from CMCC and its subsidiaries. Telecommunications Services provided under the 2011–2013 Telecommunications Services Agreement include (i) telecommunications project planning, design and construction services; (ii) telecommunications line and pipeline construction services; (iii) telecommunications line maintenance services; and (iv) installation and maintenance services in respect of transmission towers. In addition, subsidiaries of the Company will provide transmission towers and spare parts to subsidiaries of CMCC.

The annual cap for the charges payable by the Group to CMCC and its subsidiaries under the 2011–2013 Telecommunications Services Agreement for the year ending 31 December 2013 is RMB3,000 million (equivalent to approximately HK\$3,765 million). In order to obtain the network resources to satisfy the demand of operating a full-service business, the Group has strengthened its cooperation with CMCC and its subsidiaries, resulting in the increase in construction work for specific connection to the basic fixed-line network and therefore the amount of construction and assembly charges as well as maintenance fees that the Group shall pay will increase. Accordingly, the Board concluded that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Telecommunications Services Agreement will not be sufficient and decided that the annual cap for the year ending 31 December 2013 in respect of the 2011–2013 Telecommunications Services Agreement shall be increased to RMB3,500 million (equivalent to approximately HK\$4,393 million).

As of the date of this announcement, the total telecommunications service charges paid by the Group under the 2011–2013 Telecommunications Services Agreement has not exceeded the annual cap (as adjusted) stated in the announcement of the Company dated 18 August 2011.

Save for the increase in the annual cap for the 2011–2013 Telecommunications Services Agreement for the year ending 31 December 2013, the terms and conditions of the 2011–2013 Telecommunications Services Agreement remain unchanged.

### **Increase of Annual Cap for the Network Assets Leasing Agreement for the year ending 31 December 2013**

Based on the Network Assets Leasing Agreement, the Company and its operating subsidiaries on the one hand and CMCC and its subsidiaries on the other will lease their respective telecommunications network operation assets (the “**Network Assets**”) to each other in return for a leasing fee (the “**Assets Leasing Fees**”). By utilising the Network Assets of CMCC and its subsidiaries, the Company intends to offer its subscribers a complete telecommunications solution. The Network Assets include, among others, access network, transmission network, machinery rooms and equipment. The parties to the Network Assets Leasing Agreement have the right to adjust the scope of the Network Assets leased under the Network Assets Leasing Agreement to suit their respective business needs.

The annual cap for the assets leasing fees payable by the Group to CMCC and its subsidiaries for the year ending 31 December 2013 under the Network Assets Leasing Agreement is RMB8,000 million (equivalent to approximately HK\$10,040 million). In order to satisfy the Company's business demand, the Company has increased the extent and scope of network operating assets leased from CMCC and its subsidiaries, resulting in a substantial increase in the Assets Leasing Fees payable by the Group. Accordingly, the Board concluded that the annual cap for the year ending 31 December 2013 in respect of the Network Assets Leasing Agreement will not be sufficient and decided that the annual cap for the year ending 31 December 2013 in respect of the Network Assets Leasing Agreement shall be increased to RMB13,000 million (equivalent to approximately HK\$16,315 million).

As of the date of this announcement, the Assets Leasing Fees paid by the Group under the Network Assets Leasing Agreement has not exceeded the annual cap stated in the announcement of the Company dated 12 December 2012.

Save for the increase in the annual cap for the Network Assets Leasing Agreement for the year ending 31 December 2013, the terms and conditions of the Network Assets Leasing Agreement remain unchanged.

### **Renewal of Continuing Connected Transactions**

As the above-mentioned 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement, the Network Capacity Leasing Agreement, the Tripartite Agreement and the Network Assets Leasing Agreement will expire on 31 December 2013 and the Group intends to continue carrying out the various transactions contemplated under such agreements in the ordinary and usual course of business of the Group, the Board announces that on 15 August 2013:

- (i) the Company and CMCC entered into the 2014–2016 Property Leasing Agreement for a term of three years commencing on 1 January 2014, to govern the continuing connected transactions between the parties relating to properties leasing and provision of property management services previously governed by the 2011–2013 Property Leasing Agreement;
- (ii) the Company and CMCC entered into the 2014–2016 Telecommunications Services Agreement for a term of three years commencing on 1 January 2014, to govern the continuing connected transactions between the parties relating to the provision of telecommunications services previously governed by the 2011–2013 Telecommunications Services Agreement;
- (iii) the Company and CMCC agreed to renew the Telecommunications Services Cooperation Agreement according to its terms for a term of one year commencing on 1 January 2014;
- (iv) the Company and CMCC agreed to renew the Network Capacity Leasing Agreement according to its terms for a term of one year commencing on 1 January 2014;
- (v) the Company, CMCC and TieTong agreed to renew the Tripartite Agreement according to its terms for a term of one year commencing on 1 January 2014; and

(vi) the Company and CMCC agreed to renew the Network Assets Leasing Agreement according to its terms for a term of one year commencing on 1 January 2014.

Each of the transactions contemplated under the 2014-2016 Property Leasing Agreement, the 2014-2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) involves the provision of goods and/or services which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitutes a continuing connected transaction under the Listing Rules.

### ***The 2014-2016 Property Leasing Agreement***

The Company entered into the 2014-2016 Property Leasing Agreement with CMCC on 15 August 2013 for a term of three years commencing on 1 January 2014, pursuant to which the Company rents from CMCC various properties for use as business premises and offices, retail outlets and machinery rooms of the Group, and CMCC and its subsidiaries provide property management services in relation to the properties let or sub-let under the agreement. In addition, if the Company so requests, CMCC and its subsidiaries will also provide property management services in relation to the properties owned by the Group.

The properties to be rented under the 2014-2016 Property Leasing Agreement include (i) properties owned by CMCC and its subsidiaries; and (ii) properties let to CMCC and its subsidiaries from third parties and sub-let by CMCC and its subsidiaries to the Company.

The rental charges payable by the Company in respect of properties owned by CMCC and its subsidiaries are determined with reference to market rates, whilst the rental charges payable in respect of properties which CMCC or its subsidiaries lease from third parties and sub-let to the Company or its subsidiaries are determined according to the actual rent payable by CMCC or its subsidiaries to such third parties together with the amount of any tax payable. The Company has the right to adjust the number of leased properties under the 2014-2016 Property Leasing Agreement to suit its business needs.

The property management service charges payable by the Company under the 2014-2016 Property Leasing Agreement are determined with reference to market rates. The Company is entitled to withhold a certain amount of the service charges payable if the quality of the property management services provided by CMCC or its subsidiaries fails to meet the required standards as specified in the 2014-2016 Property Leasing Agreement.

The annual caps for the rental and property management service charges payable by the Company to CMCC and its subsidiaries for the two years ended 31 December 2011 and 31 December 2012 are RMB1,000 million (equivalent to approximately HK\$1,255 million) and RMB1,000 million (equivalent to approximately HK\$1,255 million), respectively, and the adjusted annual cap for the rental and property management service charges payable by the Company to CMCC and its subsidiaries for the

year ending 31 December 2013 is RMB1,500 million (equivalent to approximately HK\$1,883 million). For the two years ended 31 December 2011 and 31 December 2012, the aggregate rental and property management service charges paid by the Group to CMCC and its subsidiaries were RMB776 million (equivalent to approximately HK\$974 million) and RMB785 million (equivalent to approximately HK\$985 million), respectively. Based on the Group's unaudited management accounts, the aggregate rental and property management service charges paid and payable by the Group to CMCC and its subsidiaries for the six months ended 30 June 2013 amounted to approximately RMB347 million (equivalent to approximately HK\$435 million).

As mentioned above, in accordance with the Company's development strategies, the Group has since 2011 established certain subsidiaries, branches and entities with specific purposes and these entities need to rent from CMCC and its subsidiaries various properties for use as retail outlets and business premises and need CMCC and its subsidiaries to provide property management services in relation to the properties. Also, in recent years, the PRC property market recorded rapid growth resulting in increasing rental prices. Therefore, the aggregate annual rental and property management charges payable by the Group for each of the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are expected not to exceed RMB2,000 million (equivalent to approximately HK\$2,510 million), RMB2,200 million (equivalent to approximately HK\$2,761 million) and RMB2,400 million (equivalent to approximately HK\$3,012 million), respectively. Accordingly, such amounts have been set as the annual caps for the transactions under the 2014–2016 Property leasing Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016.

#### *The 2014–2016 Telecommunications Services Agreement*

The Company entered into the 2014–2016 Telecommunications Services Agreement with CMCC on 15 August 2013 with a term of three years commencing on 1 January 2014, pursuant to which subsidiaries of the Company provide telecommunications services to CMCC and its subsidiaries (the “**Telecommunications Services**”) and also receive telecommunications services from CMCC and its subsidiaries.

Telecommunications Services provided under the 2014–2016 Telecommunications Services Agreement include (i) telecommunications project planning, design and construction services; (ii) telecommunications line and pipeline construction services; (iii) telecommunications line maintenance services; and (iv) installation and maintenance services in respect of transmission towers. In addition, subsidiaries of the Company will provide transmission towers and spare parts to subsidiaries of CMCC.

The charges payable for the services provided under the 2014–2016 Telecommunications Services Agreement, the price of transmission towers and spare parts and the charges payable for installation and maintenance services in respect of transmission towers are determined with reference to and cannot exceed relevant standards laid down and revised from time to time by the government of the PRC. Where there are no government standards, the prices and charges are determined according to market rates.

The annual caps (as adjusted) for the charges payable by the Group to CMCC and its subsidiaries under the 2011–2013 Telecommunications Services Agreement for the two years ended 31 December 2011 and 31 December 2012 and for the year ending 31 December 2013 are RMB2,000 million (equivalent to approximately HK\$2,510 million), RMB2,500 million (equivalent to approximately HK\$3,138 million) and RMB3,500 million (equivalent to approximately HK\$4,393 million), respectively. For the two years ended 31 December 2011 and 31 December 2012, the aggregate amounts paid by the Group to CMCC and its subsidiaries for Telecommunications Services were RMB1,138 million (equivalent to approximately HK\$1,428 million) and RMB1,580 million (equivalent to approximately HK\$1,983 million), respectively. Based on the Group’s unaudited management accounts, the aggregate amounts paid and payable by the Group to CMCC and its subsidiaries for Telecommunications Services for the six months ended 30 June 2013 amounted to approximately RMB1,054 million (equivalent to approximately HK\$1,323 million).

The annual cap for the charges receivable by the Group from CMCC and its subsidiaries under the 2011–2013 Telecommunications Services Agreement for each of the two years ended 31 December 2011 and 31 December 2012 and the year ending 31 December 2013 is RMB2,400 million (equivalent to approximately HK\$3,012 million). For the two years ended 31 December 2011 and 31 December 2012, the charges paid by CMCC and its subsidiaries to the Group under the 2011–2013 Telecommunications Services Agreement were RMB1,709 million (equivalent to approximately HK\$2,145 million) and RMB2,113 million (equivalent to approximately HK\$2,652 million), respectively. Based on the Group’s unaudited management accounts, the amount paid and payable by CMCC and its subsidiaries to the Group for Telecommunications Services for the six months ended 30 June 2013 amounted to approximately RMB770 million (equivalent to approximately HK\$966 million).

As mentioned above, in order to obtain the network resources to satisfy the demand of operating a full-service business, the Group has strengthened its cooperation with CMCC and its subsidiaries, resulting in the increase in construction work for specific connection to the basic fixed-line network and therefore the amount of construction and assembly charges as well as maintenance fees that the Group shall pay will increase. Accordingly, the aggregate annual amounts payable by the Group to CMCC and its subsidiaries under the 2014–2016 Telecommunications Services Agreement for each of the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are expected not to exceed RMB5,000 million (equivalent to approximately HK\$6,275 million), RMB6,000 million (equivalent to approximately HK\$7,530 million) and RMB7,000 million (equivalent to approximately HK\$8,785 million), respectively. Accordingly, such amounts have been set as the annual caps for the charges payable by the Group to CMCC and its subsidiaries under the 2014–2016 Telecommunications Services Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016.

The Group’s business of provision of projects construction and design services to CMCC and its subsidiaries has remained relatively stable. The aggregate amounts payable by CMCC and its subsidiaries to the Group under the 2014–2016 Telecommunications Services Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are expected not to exceed RMB2,300 million (equivalent to approximately HK\$2,887 million), RMB2,200 million (equivalent to approximately HK\$2,761 million) and RMB2,200 million (equivalent to approximately HK\$2,761 million).

million), respectively. Accordingly, such amounts have been set as the annual caps for the charges receivable by the Group from CMCC and its subsidiaries under the 2014-2016 Telecommunications Services Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016.

### *Renewal of the Telecommunications Services Cooperation Agreement*

In order to better position the Group in the changing landscape of the telecommunications industry in China and to enable the Group to meet the subscribers' demand for one-stop shop telecommunications services, the Company and CMCC entered into the Telecommunications Services Cooperation Agreement on 6 November 2009, pursuant to which the Company and its operating subsidiaries on the one hand and CMCC and its operating subsidiaries on the other will provide subscriber development services to each other by utilising their respective existing sales channels and resources, such as sales outlets, Internet sales network, sales personnel and local sales units, and will cooperate in the provision of basic telecommunications services and value-added telecommunication services to subscribers of the other party, with a view to achieving integrated development of mobile telecommunications and fixed-line telecommunications services and enjoying the synergies created by complementing the services provided by the Company and CMCC and their respective operating subsidiaries. The initial term of the Telecommunications Services Cooperation Agreement expired on 31 December 2010. The Telecommunications Services Cooperation Agreement provides that upon expiry of its term, the agreement may be renewed for further terms of one year automatically if the parties so wish. The Company and CMCC agreed to renew the Telecommunications Services Cooperation Agreement on 21 December 2010, 6 December 2011 and 12 December 2012 for a term of one year commencing on 1 January 2011, 1 January 2012 and 1 January 2013, respectively. In view of the expiry of the Telecommunications Services Cooperation Agreement on 31 December 2013, the parties have again agreed to renew the Telecommunications Services Cooperation Agreement on 15 August 2013 for a term of one year commencing on 1 January 2014.

### *Agency Services*

Pursuant to the Telecommunications Services Cooperation Agreement, each party shall provide subscriber development services to the other party, including but not limited to installation and maintenance services, sales services, tariff collection services, business enquiries and other customer services to subscribers of the other party by utilising its existing sales channels and resources, such as sales outlets, Internet sales network, sales personnel and local sales units (collectively, the “**Agency Services**”).

The service fees payable by the Company and CMCC shall be determined with reference to market prices after taking into consideration the actual volume of Agency Services provided by the other party and performance indicators such as total sales being recognised and additional number of subscribers acquired as a result of the provision of Agency Services by the other party.

### *Business Cooperation*

In addition, pursuant to the Telecommunications Services Cooperation Agreement, the Company and CMCC and their respective operating subsidiaries shall cooperate in the provision of basic telecommunications services (such as fixed-line phone services, fixed-line IDD phone services, IP phone-to-phone calls services, 2G GSM and 3G TD-SCDMA mobile telecommunications services) (the “**Basic Telecommunications Services**”) and value-added telecommunications services (such as paging services, data transmission services, voice mailbox services and network connection services (the “**Value-Added Telecommunications Services**”), to subscribers of the other party by integrating and bundling its Basic Telecommunications Services and Value-Added Telecommunications Services with the services of the other party and providing necessary number and licence resources support to the other party, so as to enable the other party to offer a complete telecommunications solution to its subscribers.

The charges under the Telecommunications Services Cooperation Agreement are payable on a monthly basis in cash. The charges payable by the Company and CMCC are determined with reference to the following pricing principles after taking into account the actual volume of Basic Telecommunications Services and Value-Added Telecommunications Services provided by them and the resources and investment contributed by them:

- the government fixed price;
- where there is no government fixed price but a government guidance price exists, the government guidance price;
- where there is neither a government fixed price nor a government guidance price, the market price; or
- where none of the above is applicable, the price to be agreed between the parties and determined on a cost-plus basis.

The annual caps for the charges payable by the Company for the services provided by CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement for the two years ended 31 December 2011, 31 December 2012 and the year ending 31 December 2013 are RMB1,700 million (equivalent to approximately HK\$2,134 million), RMB2,500 million (equivalent to approximately HK\$3,138 million) and RMB4,000 million (equivalent to approximately HK\$5,020 million), respectively. For the two years ended 31 December 2011 and 31 December 2012, the charges paid by the Company for the services provided by CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement were RMB1,154 million (equivalent to approximately HK\$1,448 million) and RMB1,936 million (equivalent to approximately HK\$2,430 million), respectively. Based on the Group’s unaudited management accounts, the fees payable by the Company for the services provided by CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement for the six months ended 30 June 2013 amounted to approximately RMB986 million (equivalent to approximately HK\$1,237 million).

The charges received by the Company for the services provided to CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement for the year ended 31 December 2011 was RMB177 million (equivalent to approximately HK\$222 million) which is below 0.1% of each of the applicable ratios set out in Rule 14.07 of the Listing Rules. For the year ended 31 December 2012 and the year ending 31 December 2013, the annual caps for the charges receivable by the Company for the services provided to CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement are RMB900 million (equivalent to approximately HK\$1,130 million) and RMB1,000 million (equivalent to approximately HK\$1,255 million), respectively. For the year ended 31 December 2012, the charges received by the Company for the services provided to CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement amounted to RMB341 million (equivalent to approximately HK\$428 million). Based on the Group's unaudited management accounts, the fees receivable by the Company for the services provided to CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement for the six months ended 30 June 2013 amounted to approximately RMB225 million (equivalent to approximately HK\$282 million).

In order to address the full-service business competitive landscape in the telecommunications market in China, the Group and CMCC and its operating subsidiaries will need to better utilise each other's telecommunications licence and business brand resources to develop synergies in sales and marketing and further expand market share through promotion of business-bundling and joint marketing. Accordingly, it is expected that the total amount of charges payable by the Company for services provided by CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement for the year ending 31 December 2014 will increase. At the same time, the Group's revenue from telecommunications services is primarily derived from dedicated lines business and through the efforts of the Company in recent years, the revenue from dedicated lines business has maintained a stable growth momentum. Therefore, it is expected that the total charges payable by the Company for services provided by CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement for the year ending 31 December 2014 will not exceed RMB5,000 million (equivalent to approximately HK\$6,275 million) and the total charges receivable by the Company for services provided to CMCC and its operating subsidiaries under the Telecommunications Services Cooperation Agreement for the year ending 31 December 2014 will not exceed RMB1,200 million (equivalent to approximately RMB1,506 million). Accordingly, such amounts are set as the annual caps for the charges payable and receivable by the Company under the Telecommunications Services Cooperation Agreement (as renewed) for the year ending 31 December 2014.

#### ***Renewal of the Network Capacity Leasing Agreement***

For the operation of the TD-SCDMA business and to better utilise the resources of CMCC, the Company entered into the Network Capacity Leasing Agreement with CMCC on 29 December 2008. The term of the Network Capacity Leasing Agreement was one year effective from 1 January 2009, and unless the parties agree otherwise, upon expiry of the term, the Network Capacity Leasing Agreement shall automatically be renewed for further terms of one year. As a result of the Company actively developing and promoting the TD-SCDMA business, the Company and CMCC had agreed to renew the

Network Capacity Leasing Agreement on 6 November 2009, 21 December 2010, 6 December 2011 and 12 December 2012 for a term of one year commencing on 1 January 2010, 1 January 2011, 1 January 2012 and 1 January 2013, respectively. In view of the expiry of the Network Capacity Leasing Agreement on 31 December 2013, the parties have again agreed to renew the Network Capacity Leasing Agreement on 15 August 2013 for a further term of one year commencing on 1 January 2014.

Pursuant to the Network Capacity Leasing Agreement, the Company and its operating subsidiaries lease the TD-SCDMA network capacity (the “**TD Network Capacity**”) from CMCC and pay leasing fees (the “**Capacity Leasing Fees**”) to CMCC.

The Capacity Leasing Fees are payable on a monthly basis in cash. The Capacity Leasing Fees payable by the Company under the Network Capacity Leasing Agreement are determined on a basis that reflects the Group’s actual usage of CMCC’s TD Network Capacity and to compensate CMCC for the costs of such network capacity. The Capacity Leasing Fees shall be calculated using the following formula:

Capacity Leasing Fees = the costs of the related assets of the TD Network Capacity of CMCC during the period × the average usage of the TD-SCDMA network during the period;

The costs of the related assets of the TD Network Capacity of CMCC during the period = charges including the depreciation and amortisation charges of the TD network assets that are recorded as fixed assets or intangible assets of CMCC which have been realised into network capacity during the period; and

The average usage of the TD-SCDMA network during the period is calculated with reference to general practice for network construction and leasing and is based on the average actual usage of the base resource units of the TD-SCDMA network at peak hours by the operating subsidiaries.

The annual caps for the transactions contemplated under the Network Capacity Leasing Agreement for the two years ended 31 December 2011 and 31 December 2012 and for the year ending 31 December 2013 are RMB3,000 million (equivalent to approximately HK\$3,765 million), RMB3,500 million (equivalent to approximately HK\$4,393 million) and RMB6,000 million (equivalent to approximately HK\$7,530 million), respectively. For the two years ended 31 December 2011 and 31 December 2012, the Capacity Leasing Fees paid by the Company to CMCC was RMB1,092 million (equivalent to approximately HK\$1,370 million) and RMB2,477 million (equivalent to approximately HK\$3,109 million), respectively. Based on the Group’s unaudited management accounts, the Capacity Leasing Fees payable by the Company to CMCC for the six months ended 30 June 2013 amounted to RMB1,784 million (equivalent to approximately HK\$2,239 million).

Due to the rapid growth of TD-SCDMA terminals and number of subscribers of the TD-SCDMA business, it is expected that the usage of the TD-SCDMA network will continue to maintain a robust growth momentum. Accordingly, it is expected that the amount of Capacity Leasing Fees payable by the Company to CMCC under the Network Capacity Leasing Agreement will increase. Based on the

formula for calculating the Capacity Leasing Fees, any increase in the average usage of the TD-SCDMA network will in turn result in an increase in the Capacity Leasing Fees payable by the Company to CMCC under the Network Capacity Leasing Agreement.

Based on the existing scale of the TD-SCDMA network, the expected development of the TD-SCDMA business and the anticipated usage of the TD-SCDMA network, the amount of Capacity Leasing Fees payable by the Company to CMCC under the Network Capacity Leasing Agreement (as renewed) for the year ending 31 December 2014 is expected not to exceed RMB8,500 million (equivalent to approximately HK\$10,668 million). Accordingly, this amount is set as the annual cap for the transactions contemplated under the Network Capacity Leasing Agreement (as renewed) for the year ending 31 December 2014.

### ***Renewal of the Tripartite Agreement***

The Company entered into the Tripartite Agreement with CMCC and TieTong on 13 November 2008, pursuant to which the rights and obligations of CMCC under a series of interconnection settlement agreements entered into between CMCC and TieTong from January 2002 to December 2007 were transferred to the Company. Such interconnection settlement agreements regulate the interconnection of the networks of CMCC and TieTong and the settlement of charges for various telecommunications services, including IP phone calls, long distance calls, international telephone service and dial-up service. The Tripartite Agreement expired on 31 December 2009, and pursuant to the terms thereof unless the parties agree otherwise, upon the expiry of the term, the Tripartite Agreement shall automatically be renewed for further terms of one year. The Company, CMCC and TieTong agreed to renew the Tripartite Agreement on 6 November 2009, 21 December 2010, 6 December 2011 and 12 December 2012 for a term of one year commencing on 1 January 2010, 1 January 2011, 1 January 2012 and 1 January 2013, respectively. In view of the expiry of the Tripartite Agreement on 31 December 2013, the parties have again agreed to renew the Tripartite Agreement on 15 August 2013 for a further term of one year commencing on 1 January 2014.

Settlement payments are made on a monthly basis in cash. Details of the interconnection settlement arrangements between the Company and TieTong under the Tripartite Agreement are set out below:

- (i) For local network calls and long distance calls between GSM mobile call subscribers of the Company and trunk call subscribers of TieTong, the calling party makes a settlement payment to the called party at the rate of RMB0.06 per minute;
- (ii) For IP phone inter-network calls, TieTong makes a settlement payment to the Company at the rate of RMB0.06 per minute;

- (iii) For calls from subscribers of the Company to 102199 voice mailbox or 10261/10262 Call Centre of TieTong, the Company makes a settlement payment to TieTong at the rate of RMB0.06 per minute;
- (iv) For the use of TieTong's debit cards by subscribers of the Company and the use of certain specific numbers (such as 17995 and 17996) by the subscribers of TieTong to make calls to the subscribers of the Company, TieTong makes a settlement payment to the Company at the rate of RMB0.06 per minute;
- (v) In respect of IDD call service, 197 long distance call service and 197300 debit card call service, TieTong makes a settlement payment to the Company at the rate of RMB0.06 per minute.

The settlement charges received by the Company from TieTong under the Tripartite Agreement for the two years ended 31 December 2011 and 31 December 2012 were RMB279 million (equivalent to approximately HK\$350 million) and RMB253 million (equivalent to approximately HK\$318 million), respectively. The settlement charges are below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules. Based on the Group's unaudited management accounts, the settlement charges receivable by the Company from TieTong under the Tripartite Agreement for the six months ended 30 June 2013 was RMB116 million (equivalent to approximately HK\$146 million) and it is expected that the settlement charges receivable by the Company from TieTong under the Tripartite Agreement for the year ending 31 December 2013 will be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules. Based on the historical level of the settlement payments made by TieTong to the Company, the aggregate amount of settlement charges receivable by the Company from TieTong under the Tripartite Agreement (as renewed) for the year ending 31 December 2014 is expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules.

The annual caps for the settlement charges payable by the Company to TieTong under the Tripartite Agreement for the two years ended 31 December 2011 and 31 December 2012 and for the year ending 31 December 2013 are RMB500 million (equivalent to approximately HK\$628 million), RMB700 million (equivalent to approximately HK\$879 million) and RMB700 million (equivalent to approximately HK\$879 million), respectively. For the two years ended 31 December 2011 and 31 December 2012, the settlement charges paid by the Company to TieTong under the Tripartite Agreement were RMB446 million (equivalent to approximately HK\$560 million) and RMB472 million (equivalent to approximately HK\$592 million), respectively. Based on the Group's unaudited management accounts, the aggregate settlement charges payable by the Company under the Tripartite Agreement for the six months ended 30 June 2013 were RMB248 million (equivalent to approximately HK\$311 million).

As the Company's business continue to grow and the overall subscriber numbers and business volume grow in a steady pace, it is expected that the amount of interconnection settlement from the Company to TieTong will increase moderately. The settlement charges payable by the Company to TieTong under the Tripartite Agreement (as renewed) for the year ending 31 December 2014 are expected not to exceed RMB800 million (equivalent to approximately HK\$1,004 million). Accordingly, this amount is set as the annual cap for the transactions contemplated under the Tripartite Agreement (as renewed) for the year ending 31 December 2014.

### ***Renewal of the Network Assets Leasing Agreement***

In order to better position the Group in the changing landscape of the telecommunications industry in China and to enable the Group to meet the subscribers' demand for one-stop shop telecommunications services, the Company entered into the Network Assets Leasing Agreement with CMCC on 18 August 2011, pursuant to which the Company and its operating subsidiaries on the one hand and CMCC and its subsidiaries on the other will lease their respective telecommunications network operation assets (the "**Network Assets**") to each other in return for a leasing fee (the "**Assets Leasing Fees**"). By utilising the Network Assets of CMCC and its subsidiaries, the Company intends to offer its subscribers a complete telecommunications solution. The initial term of the Network Assets Leasing Agreement expired on 31 December 2011, and pursuant to the terms thereof unless the parties agree otherwise, upon expiry of the term, the Network Assets Leasing Agreement shall automatically be renewed for further terms of one year. The Company and CMCC agreed to renew the Network Assets Leasing Agreement on 6 December 2011 and 12 December 2012 for a term of one year commencing on 1 January 2012 and 1 January 2013, respectively. In view of the expiry of the Network Assets Leasing Agreement on 31 December 2013, the parties have agreed to renew the Network Assets Leasing Agreement on 15 August 2013 for a term of one year commencing on 1 January 2014.

The Network Assets include, among others, access network, transmission network, machinery rooms and equipment. The parties to the Network Assets Leasing Agreement have the right to adjust the scope of the Network Assets leased under the Network Assets Leasing Agreement to suit their respective business needs.

The Assets Leasing Fees are payable on a monthly basis in cash. The Assets Leasing Fees shall be determined with reference to the prevailing market rates but in any event shall not be more than the leasing fees charged to any independent third party for same kinds of Network Assets.

The Assets Leasing Fees received by the Group from CMCC and its subsidiaries under the Network Assets Leasing Agreement for the two years ended 31 December 2011 and 31 December 2012 amounted to RMB47 million (equivalent to approximately HK\$59 million) and RMB109 million (equivalent to approximately HK\$137 million), respectively, which is below 0.1% of each of the applicable ratios set out in Rule 14.07 of the Listing Rules. Based on the Group's unaudited management accounts, the Assets Leasing Fees receivable by the Group from CMCC and its subsidiaries under the Network Assets Leasing Agreement for the six months ended 30 June 2013 amounted to RMB48 million (equivalent to approximately HK\$60 million), and the amount of Assets Leasing Fees receivable from CMCC and its subsidiaries for the year ending 31 December 2013 is

expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules. The amount of Assets Leasing Fees receivable by the Group from CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2014 is also expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules.

The annual caps for the Assets Leasing Fees payable by the Group to CMCC and its subsidiaries under the Network Assets Leasing Agreement (as adjusted) for the two years ended 31 December 2011 and 31 December 2012 and the year ending 31 December 2013 are RMB1,200 million (equivalent to approximately HK\$1,506 million), RMB3,500 million (equivalent to approximately HK\$4,393 million) and RMB13,000 million (equivalent to approximately HK\$16,315 million), respectively. For the two years ended 31 December 2011 and 31 December 2012, the Assets Leasing Fees paid by the Group to CMCC and its subsidiaries under the Network Assets Leasing Agreement were RMB328 million (equivalent to approximately HK\$412 million) and RMB2,950 million (equivalent to approximately HK\$3,702 million), respectively. Based on the Group's unaudited management accounts, the Assets Leasing Fees payable by the Group to CMCC and its subsidiaries for the six months ended 30 June 2013 amounted to RMB4,672 million (equivalent to approximately HK\$5,863 million).

In order to satisfy the Company's business demand, the Company has increased the extent and scope of network operating assets leased from CMCC and its subsidiaries and therefore the scale of the network assets leased by the Company from CMCC from its subsidiaries will increase, resulting in a substantial increase in the Assets Leasing Fees payable by the Group. The Assets Leasing Fees payable by the Group under the Network Assets Leasing Agreement (as renewed) for the lease of Network Assets for the year ending 31 December 2014 are expected not to exceed RMB14,600 million (equivalent to approximately HK\$18,323 million). Accordingly, this amount is set as the annual cap for the Assets Leasing Fees payable by the Group to CMCC and its subsidiaries under the Network Assets Leasing Agreement (as renewed) for the year ending 31 December 2014.

## **LISTING RULES IMPLICATIONS**

CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. As TieTong is a wholly-owned subsidiary of CMCC, TieTong is also a connected person of the Company. Accordingly, the transactions contemplated under the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement, the Network Assets Leasing Agreement, the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules.

Since each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual caps (as adjusted) for the amounts payable by the Company under the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement and the Network Assets Leasing Agreement, and in respect of the annual caps for the amounts payable or receivable by the

Company under each of the 2014–2016 Telecommunications Services Agreement and the Telecommunications Services Cooperation Agreement (as renewed) and in respect of the annual caps for the amounts payable by the Company under each of the 2014–2016 Property Leasing Agreement, the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) is, on an annual basis, above 0.1% but below 5%, each of the transactions contemplated thereunder is classified as a continuing connected transaction under Rule 14A.34 of the Listing Rules and is only subject to the reporting, annual review and announcements requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules. Details of the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement, the Network Assets Leasing Agreement, the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) will be included in the annual report and accounts of the Company in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

The Group had no other prior transactions with CMCC or TieTong (as the case may be) and their respective associates which required aggregation with the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement, the Network Assets Leasing Agreement, the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) under Rule 14A.25 of the Listing Rules.

As all the executive Directors also hold executive positions at CMCC, all the executive Directors abstained from voting on the board resolution approving the increase in annual caps for the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement and the Network Assets Leasing Agreement and on the board resolution approving the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed).

The Directors (including independent non-executive Directors but excluding the Directors who abstained from voting) of the Company are of the view that the revised annual caps for the 2011–2013 Property Leasing Agreement, the 2011–2013 Telecommunications Services Agreement and the Network Assets Leasing Agreement for the year ending 31 December 2013 are fair and reasonable and are in the interests of the shareholders of the Company as a whole. The Directors (including independent non-executive Directors but excluding the Directors who abstained from voting) of the Company are of the view that the 2014–2016 Property Leasing Agreement, the 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) and the Network Assets Leasing Agreement (as renewed) were entered into after arm's length negotiation between the Company, CMCC and TieTong (as the case may be), reflect normal commercial terms and are in the

interests of the shareholders of the Company and the Company as a whole. The Directors (including independent non-executive Directors but excluding the Directors who abstained from voting) are also of the view that the terms as well as the proposed annual caps for the transactions thereunder are fair and reasonable.

## **GENERAL INFORMATION**

CMCC is a State-owned company established under the laws of the PRC and the ultimate controlling shareholder of the Company holding indirectly approximately 74.08% of the total issued and outstanding share capital of the Company. Through the Group, CMCC is the leading provider of mobile telecommunications services in the PRC.

TieTong is a fixed-line telecommunications operator in China.

The Group is the leading mobile services provider in China, which operates nationwide mobile telecommunications networks in all thirty-one provinces, autonomous regions and directly-administered municipalities in Mainland China and in Hong Kong. The Company is an investment holding company.

This announcement contains translations between Renminbi and Hong Kong dollars at RMB0.7968=HK\$1.00. The translations are not representations that the Renminbi and Hong Kong dollar amounts could actually be converted at such rate, if at all.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2011–2013 Property Leasing Agreement”	the 2011–2013 property leasing and management services agreement dated 21 December 2010 and entered into between the Company and CMCC
“2011–2013 Telecommunications Services Agreement”	the 2011–2013 telecommunications services agreement dated 21 December 2010 and entered into between the Company and CMCC
“2014–2016 Property Leasing Agreement”	the 2014–2016 property leasing and management services agreement dated 15 August 2013 and entered into between the Company and CMCC
“2014-2016 Telecommunications Services Agreement”	the 2014–2016 telecommunications services agreement dated 15 August 2013 and entered into between the Company and CMCC

“Board”	the board of Directors of the Company
“CMCC”	China Mobile Communications Corporation, a state-owned enterprise established under the laws of the PRC, the ultimate controlling shareholder of the Company
“Company”	China Mobile Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange and American Depositary Shares are listed on the New York Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Network Assets Leasing Agreement”	the telecommunications network operation assets leasing agreement dated 18 August 2011 and entered into between the Company and CMCC, as renewed from time to time
“Network Capacity Leasing Agreement”	the TD-SCDMA network capacity leasing agreement dated 29 December 2008 and entered into between the Company and CMCC, as renewed from time to time
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Telecommunications Services Cooperation Agreement”	the telecommunications services cooperation agreement dated 6 November 2009 and entered into between the Company and CMCC, as renewed from time to time

“TieTong”	China TieTong Telecommunications Corporation, a company incorporated in the PRC and a wholly-owned subsidiary of CMCC
“Tripartite Agreement”	the tripartite agreement dated 13 November 2008 and entered into between the Company, CMCC and TieTong, as renewed from time to time
“%”	per cent.

By Order of the Board  
**China Mobile Limited**  
**Xi Guohua**  
*Chairman*

Hong Kong, 15 August 2013

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Xi Guohua, Mr. Li Yue, Mr. Xue Taohai, Madam Huang Wenlin, Mr. Sha Yuejia and Mr. Liu Aili as executive directors, Dr. Lo Ka Shui, Mr. Frank Wong Kwong Shing and Dr. Moses Cheng Mo Chi and Mr. Paul Chow Man Yiu as independent non-executive directors.*