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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 Caps for the 2014–2016 Telecommunications Services Agreement for the Three Years ending 31 December 2014, 31 December 2015 and 31 December 2016

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 are RMB5,000 million (equivalent to approximately HK\$6,283 million), RMB6,000 million (equivalent to approximately HK\$7,539 million) and RMB7,000 million (approximately HK\$8,796 million), respectively. Since CMCC was approved by the Ministry of Industry and Information Technology of the PRC in December 2013 to authorize the Company to operate the fixed-line telecommunications business, the Company has strengthened its cooperation with CMCC's subsidiary, TieTong, in order to achieve business synergies. As a result, the scope of maintenance services undertaken by TieTong has been expanding. Therefore, the amount of telecommunications services charges payable by the Group to CMCC and its subsidiaries will increase. Accordingly, the Board concluded on 14 August 2014 that the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 in respect of the 2014–2016 Telecommunications Services Agreement will not be sufficient and decided that the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 in respect of the 2014–2016 Telecommunications Services Agreement shall increase to RMB7,000 million (equivalent to approximately HK\$8,796 million), RMB8,000 million (equivalent to approximately HK\$10,053 million) and RMB9,000 million (equivalent to approximately HK\$11,309 million), respectively.

Renewal of Continuing Connected Transactions

The Board announces that on 14 August 2014:

- (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 2015;
- (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 2015;
- (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 2015; 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 2015.

Annual caps for the transactions contemplated under 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 year ending 31 December 2015 are set out as follow:

	For the year ending 31 December 2015
Telecommunications Services Cooperation Agreement (as renewed) – charges payable by the Company for the services to be provided by CMCC and its subsidiaries	RMB7,000 million (equivalent to approximately HK\$8,796 million)
Telecommunications Services Cooperation Agreement (as renewed) – charges receivable by the Company for the services to be provided to CMCC and its subsidiaries	RMB1,700 million (equivalent to approximately HK\$2,136 million)
Network Capacity Leasing Agreement (as renewed) – leasing fees payable by the Company to CMCC	RMB10,000 million (equivalent to approximately HK\$12,566 million)
Tripartite Agreement (as renewed) – settlement charges payable by the Company to TieTong	RMB800 million (equivalent to approximately HK\$1,005 million)
Network Assets Leasing Agreement (as renewed) – leasing fees payable by the Company to CMCC and its subsidiaries	RMB15,000 million (equivalent to approximately HK\$18,849 million)

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 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.25 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 2014–2016 Telecommunications Services Agreement, and in respect of the annual caps for the amounts payable or receivable by the Company under the Telecommunications Services Cooperation Agreement (as renewed), and for the amounts payable by the Company under each of 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.76(2) of the Listing Rules and is only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules. Details of 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.49, 14A.71 and 14A.72 of the Listing Rules.

Reference is made to the announcement dated 15 August 2013 of the Company where the Company announced, among others, that (i) the Company and CMCC entered into the 2014–2016 Telecommunications Services Agreement with a term of three years commencing on 1 January 2014, (ii) 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, (iii) 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, (iv) 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 (v) 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, and the relevant annual caps for the transactions under the 2014–2016 Telecommunications Services Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016, and the transactions under the Telecommunications Services Cooperation Agreement, the Network Capacity Leasing Agreement, the Tripartite Agreement and the Network Assets Leasing Agreement for the year ending 31 December 2014. Reference is also made to the announcement dated 4 December 2013 of the Company where the Company announced, among others, that on 4 December

2013 the Ministry of Industry and Information Technology of the PRC granted to CMCC the permission to operate LTE/fourth generation digital mobile telecommunications (TD-LTE) business, as well as the approval for CMCC to authorize the Company to operate the fixed-line telecommunications business.

INCREASE OF ANNUAL CAPS FOR THE 2014–2016 TELECOMMUNICATIONS SERVICES AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2014, 31 DECEMBER 2015 AND 31 DECEMBER 2016

Pursuant to the 2014–2016 Telecommunications Services Agreement, the subsidiaries of the Company provide telecommunications services to CMCC and its subsidiaries 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 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 are RMB5,000 million (equivalent to approximately HK\$6,283 million), RMB6,000 million (equivalent to approximately HK\$7,539 million) and RMB7,000 million (approximately HK\$8,796 million), respectively. Since CMCC was approved by the Ministry of Industry and Information Technology of the PRC in December 2013 to authorize the Company to operate the fixed-line telecommunications business, the Company has strengthened its cooperation with CMCC's subsidiary, TieTong, in order to achieve business synergies. As a result, the scope of maintenance services undertaken by TieTong has been expanding. Therefore, the amount of telecommunications services charges payable by the Group to CMCC and its subsidiaries will increase. Accordingly, the Board concluded on 14 August 2014 that the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 in respect of the 2014–2016 Telecommunications Services Agreement will not be sufficient and decided that the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 in respect of the 2014–2016 Telecommunications Services Agreement shall increase to RMB7,000 million (equivalent to approximately HK\$8,796 million), RMB8,000 million (equivalent to approximately HK\$10,053 million) and RMB9,000 million (equivalent to approximately HK\$11,309 million), respectively.

As of the date of this announcement, the total telecommunications services charge paid by the Group under the 2014–2016 Telecommunications Services Agreement has not exceeded the annual cap stated in the announcement of the Company dated 15 August 2013.

Save for the increase in the annual caps for the 2014–2016 Telecommunications Services Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016, the terms and conditions of the 2014–2016 Telecommunications Services Agreement remain unchanged.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

As the Telecommunications Services Cooperation Agreement, the Network Capacity Leasing Agreement, the Tripartite Agreement and the Network Assets Leasing Agreement will expire on 31 December 2014 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 14 August 2014:

- (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 2015;
- (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 2015;
- (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 2015; 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 2015.

Each of the transactions contemplated under 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.

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 subsidiaries on the one hand and CMCC and its 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 telecommunications 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 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, 12 December 2012 and 15 August 2013 for a term of one year commencing on 1 January 2011, 1 January 2012, 1 January 2013 and 1 January 2014, respectively. In view of the expiry of the Telecommunications Services Cooperation Agreement on 31 December 2014, the parties have again agreed to renew the Telecommunications Services Cooperation Agreement on 14 August 2014 for a term of one year commencing on 1 January 2015.

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. In view of the landscape of the telecommunications industry in China, the number of industry players which provide or demand the Agency Services are limited. In determining the market prices for the Agency Services, the Company takes into account the service fees payable by the Company and CMCC to other industry players as well as the services fees receivable by the Company and CMCC from other industry players. The service fees payable by the Company and CMCC shall, from the Company’s perspective, be no less favourable than the service fees charged to other industry players, being independent third parties, for the same Agency Services provided to such independent third parties.

Business Cooperation

In addition, pursuant to the Telecommunications Services Cooperation Agreement, the Company and CMCC and their respective 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.

Currently, there are no government fixed price or government guidance price for the Basic Telecommunications Services or the Value-Added Telecommunications Services. Accordingly, the charges payable by the Company and CMCC under the Telecommunications Services Cooperation Agreement for these services are determined with reference to the market price. In view of the landscape of the telecommunications industry in China, the number of industry players which provide or demand the Basic Telecommunications Services or the Value-Added Telecommunications Services are limited. In determining the market prices for the Basic Telecommunications Services and the Value-Added Telecommunications Services, the Company takes into account the charges payable by the Company and CMCC to other industry players and the charges receivable by the Company and CMCC from other industry players. Such charges payable by the Company and CMCC shall, from the Company's perspective, be no less favourable than the charges charged to other industry players, being independent third parties, for the same Basic Telecommunications Services or Value-Added Telecommunications Services.

The annual caps for the charges payable by the Company for the services provided by CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement for the two years ended 31 December 2012, 31 December 2013 and the year ending 31 December 2014 are RMB2,500 million (equivalent to approximately HK\$3,141 million), RMB4,000 million (equivalent to approximately HK\$5,026 million) and RMB5,000 million (equivalent to approximately HK\$6,283 million), respectively. For the two years ended 31 December 2012 and 31 December 2013, the charges payable by the Company for the services provided by CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement were RMB1,936 million (equivalent to approximately HK\$2,433 million) and RMB2,232 million (equivalent to approximately HK\$2,805 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 2014 amounted to approximately RMB1,258 million (equivalent to approximately HK\$1,581 million).

The annual caps for the charges receivable by the Company for services provided to CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement for the two years ended 31 December 2012 and 31 December 2013 and for the year ending 31 December 2014 are RMB900 million (equivalent to approximately HK\$1,131 million), RMB1,000 million (equivalent to approximately HK\$1,257 million) and RMB1,200 million (equivalent to approximately HK\$1,508 million), respectively. For the two years ended 31 December 2012 and 31 December 2013, the charges received by the Company for the services provided to CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement amounted to RMB341 million (equivalent to approximately HK\$428 million) and RMB494 million (equivalent to approximately HK\$621 million), respectively. 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 2014 amounted to approximately RMB264 million (equivalent to approximately HK\$332 million).

In order to address the full-service business competitive landscape in the telecommunications market in China, the Group and CMCC and its 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 to be provided by CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement (as renewed) for the year ending 31 December 2015 will increase relatively substantially. 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 to be provided by CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement (as renewed) for the year ending 31 December 2015 will not exceed RMB7,000 million (equivalent to approximately HK\$8,796 million) and the total charges receivable by the Company for the services to be provided to CMCC and its subsidiaries under the Telecommunications Services Cooperation Agreement (as renewed) for the year ending 31 December 2015 will not exceed RMB1,700 million (equivalent to approximately HK\$2,136 million). Accordingly, such amounts are set as the annual caps for the charges payable and receivable by the Company, respectively, under the Telecommunications Services Cooperation Agreement (as renewed) for the year ending 31 December 2015.

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, 12 December 2012 and 15 August 2013 for a term of one year commencing on 1 January 2010, 1 January 2011, 1 January 2012, 1 January 2013 and 1 January 2014, respectively. In view of the expiry of the Network Capacity Leasing Agreement on 31 December 2014, the parties have again agreed to renew the Network Capacity Leasing Agreement on 14 August 2014 for a further term of one year commencing on 1 January 2015.

Pursuant to the Network Capacity Leasing Agreement, the Company and its 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 x 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 subsidiaries.

The annual caps for the transactions contemplated under the Network Capacity Leasing Agreement for the two years ended 31 December 2012 and 31 December 2013 and for the year ending 31 December 2014 are RMB3,500 million (equivalent to approximately HK\$4,398 million), RMB6,000 million (equivalent to approximately HK\$7,539 million) and RMB8,500 million (equivalent to approximately HK\$10,681 million), respectively. For the two years ended 31 December 2012 and 31 December 2013, the Capacity Leasing Fees paid by the Company to CMCC were RMB2,477 million (equivalent to approximately HK\$3,113 million) and RMB3,876 million (equivalent to approximately HK\$4,871 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 2014 amounted to approximately RMB2,382 million (equivalent to approximately HK\$2,993 million).

Due to the 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 (as renewed) 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 (as renewed).

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 2015 is expected not to exceed RMB10,000 million (equivalent to approximately HK\$12,566 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 2015.

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 initial term of 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, 12 December 2012 and 15 August 2013 for a term of one year commencing on 1 January 2010, 1 January 2011, 1 January 2012, 1 January 2013 and 1 January 2014, respectively. In view of the expiry of the Tripartite Agreement on 31 December 2014, the parties have again agreed to renew the Tripartite Agreement on 14 August 2014 for a further term of one year commencing on 1 January 2015.

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 receivable by the Company from TieTong under the Tripartite Agreement for the two years ended 31 December 2012 and 31 December 2013 were RMB253 million (equivalent to approximately HK\$318 million) and RMB241 million (equivalent to approximately HK\$303 million), respectively. The settlement charges received 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 2014 was approximately RMB111 million (equivalent to approximately HK\$139 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 2014 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 2015 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 2012 and 31 December 2013 and for the year ending 31 December 2014 are RMB700 million (equivalent to approximately HK\$880 million), RMB700 million (equivalent to approximately HK\$880 million) and RMB800 million (equivalent to approximately HK\$1,005 million), respectively. For the two years ended 31 December 2012 and 31 December 2013, the settlement charges paid by the Company to TieTong under the Tripartite Agreement was RMB472 million (equivalent to approximately HK\$593 million) and RMB500 million (equivalent to approximately HK\$628 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 2014 was approximately RMB221 million (equivalent to approximately HK\$278 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 2015 is expected not to exceed RMB800 million (equivalent to approximately HK\$1,005 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 2015.

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 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, 12 December 2012 and 15 August 2013 for a term of one year commencing on 1 January 2012, 1 January 2013 and 1 January 2014, respectively. In view of the expiry of the Network Assets Leasing Agreement on 31 December 2014, the parties have again agreed to renew the Network Assets Leasing Agreement on 14 August 2014 for a term of one year commencing on 1 January 2015.

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. In view of the landscape of the telecommunications industry in China, the number of industry players which own and operate Network Assets are limited. In determining the market rates for the Assets Leasing Fees, the Company takes into account the charges payable by the Company and CMCC to other industry players as well as the charges receivable by the Company and CMCC from other industry players. The Assets Leasing Fees payable by the Company to CMCC shall not be more than the leasing fees charged to other industry players, being independent third parties, 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 2012 and 31 December 2013 were RMB109 million (equivalent to approximately HK\$137 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 2014 was approximately RMB82 million (equivalent to approximately HK\$103 million), and the amount of Assets Leasing Fees receivable from CMCC and its subsidiaries 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 amount of Assets Leasing Fees receivable by the Group from CMCC and its subsidiaries under the Network Assets Leasing Agreement (as renewed) for the year ending 31 December 2015 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 2012 and 31 December 2013 and for the year ending 31 December 2014 are RMB3,500 million (equivalent to approximately HK\$4,398 million), RMB13,000 million (equivalent to approximately HK\$16,336 million) and RMB14,600 million (equivalent to approximately HK\$18,346 million), respectively. For the two years ended 31 December 2012 and 31 December 2013, the Assets Leasing Fees paid by the Group to CMCC and its subsidiaries under the Network Assets Leasing Agreement were RMB2,950 million (equivalent to approximately HK\$3,707 million) and RMB9,837 million (equivalent to approximately HK\$12,361 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 2014 amounted to approximately RMB5,382 million (equivalent to approximately HK\$6,763 million).

In order to satisfy the Company's business demand, the Company will continue to lease Network Assets from CMCC and its subsidiaries and the scale of the Network Assets leased will increase moderately, resulting in a mild 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 2015 are expected not to exceed RMB15,000 million (equivalent to approximately HK\$18,849 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 2015.

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 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.25 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 2014–2016 Telecommunications Services Agreement, and in respect of the annual caps for the amounts payable or receivable by the Company under the Telecommunications Services Cooperation Agreement (as renewed), and for the amounts payable by the Company under each of 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.76(2) of the Listing Rules and is only subject to the reporting, annual review and announcements requirement set out in the Listing Rules but is exempt from the independent shareholders' approval requirement under the Listing Rules. Details of 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.49, 14A.71 and 14A.72 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 2014–2016 Telecommunications Services Agreement, the Telecommunications Services Cooperation Agreement (as renewed), the Network Capacity Leasing Agreement (as renewed), the Tripartite Agreement (as renewed) or the Network Assets Leasing Agreement (as renewed) under Rule 14A.81 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 of annual caps for the 2014–2016 Telecommunications Services Agreement, and on the board resolution approving the transactions under 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 2014–2016 Telecommunications Services Agreement for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are fair and reasonable and are in the interests of the Company and the Company's shareholders as a whole. The Directors (including independent non-executive Directors but excluding the Directors who abstained from voting) of the Company are also of the view that 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) and in the ordinary and usual course of business of the Group, reflect normal commercial terms and are in the interests of the shareholders of the Company and the Company as a whole, and 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 73.16% 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 RMB0.79581 = 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:

“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, 14 August 2014

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 and Dr. Lo Ka Shui, Mr. Frank Wong Kwong Shing, Dr. Moses Cheng Mo Chi and Mr. Paul Chow Man Yiu as independent non-executive directors.