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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 CAP FOR CONTINUING CONNECTED
TRANSACTIONS – NETWORK ASSETS LEASING AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
TELECOMMUNICATIONS SERVICES**

**INCREASE OF ANNUAL CAP FOR THE NETWORK ASSETS LEASING
AGREEMENT FOR THE YEAR ENDING 31 DECEMBER 2019**

The annual cap for the leasing fees payable by the Company to CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2019 is RMB3,500 million (equivalent to approximately HK\$3,918 million). The MIIT granted the basic telecommunications service operating permit for 5G to CMCC in June this year. In order to lay a solid foundation for the Company's 5G development, the scale of Network Assets leased, especially convergence rooms and transmission pipelines for 5G business applications, will increase. Despite the acquisition of the telecommunication network operation assets related to the "Village Connect" project by the subsidiaries of the Company from the subsidiaries of CMCC pursuant to the Assets Transfer Agreements will eliminate the leasing fees for the remaining part of 2019 in respect of such assets, the annual cap for the year ending 31 December 2019 in respect of the Network Assets Leasing Agreement will still not be sufficient and therefore the Board decided that the annual cap for the year ending 31 December 2019 shall increase to RMB5,000 million (equivalent to approximately HK\$5,598 million).

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO TELECOMMUNICATIONS SERVICES

The Board announces that on 9 August 2019, the Company and CMCC entered into the Telecommunications Services Agreement which shall expire on 31 December 2019, to govern the provision of telecommunications services by the Group to CMCC and its subsidiaries.

The annual cap for the transactions contemplated under the Telecommunications Services Agreement for the year ending 31 December 2019 is set out as follow:

	For the Year Ending 31 December 2019
Telecommunications Services Agreement – telecommunications services charges receivable by the Group from CMCC and its subsidiaries	RMB2,000 million (approximately HK\$2,239 million)

LISTING RULES IMPLICATIONS

CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions contemplated under the Network Assets Leasing Agreement and the Telecommunications Services Agreement 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 each of the annual cap (as adjusted) for the amounts payable by the Company under the Network Assets Leasing Agreement for the year ending 31 December 2019 and the annual cap for the amounts receivable by the Group under the Telecommunications Services Agreement for the year ending 31 December 2019 is above 0.1% but below 5%, the transactions contemplated thereunder are classified as continuing connected transactions under Rule 14A.76(2) of the Listing Rules which are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from the independent shareholders' approval requirement under the Listing Rules. Details of the Network Assets Leasing Agreement and the Telecommunications Services Agreement 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 9 August 2018 of the Company where the Company announced, among others, that 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 2019, and the annual cap for the transactions under the Network Assets Leasing Agreement for the year ending 31 December 2019.

Reference is also made to the announcement dated 9 August 2019 of the Company where the Company announced that the subsidiaries of the Company in 26 provinces, autonomous regions and directly-administered municipality entered into the Assets Transfer Agreements with the subsidiaries of CMCC in such provinces, autonomous regions and directly-administered municipality for the acquisition of the telecommunication network operation assets related to the “Village Connect” project.

INCREASE OF ANNUAL CAP FOR THE NETWORK ASSETS LEASING AGREEMENT FOR THE YEAR ENDING 31 DECEMBER 2019

Pursuant to the Network Assets Leasing Agreement, 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**”).

The annual cap for the Assets Leasing Fees payable by the Company to CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2019 is RMB3,500 million (equivalent to approximately HK\$3,918 million). The MIIT granted the basic telecommunications service operating permit for 5G to CMCC in June this year. In order to lay a solid foundation for the Company’s 5G development, the scale of Network Assets leased, especially convergence rooms and transmission pipelines for 5G business applications, will increase. Despite the acquisition of the telecommunication network operation assets related to the “Village Connect” project by the subsidiaries of the Company from the subsidiaries of CMCC pursuant to the Assets Transfer Agreements will eliminate the leasing fees for the remaining part of 2019 in respect of such assets, the annual cap for the year ending 31 December 2019 in respect of the Network Assets Leasing Agreement will still not be sufficient and therefore the Board decided that the annual cap for the year ending 31 December 2019 shall increase to RMB5,000 million (equivalent to approximately HK\$5,598 million).

The amounts of Assets Leasing Fees payable by the Company to CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ended 31 December 2018 and for the six months ended 30 June 2019 were RMB2,308 million (equivalent to approximately HK\$2,584 million) and RMB857 million (equivalent to approximately HK\$959 million), respectively.

As at the date of this announcement, the total 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 9 August 2018.

Save for the increase in the annual cap for the Network Assets Leasing Agreement for the year ending 31 December 2019, the terms and conditions of the Network Assets Leasing Agreement remain unchanged.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO TELECOMMUNICATIONS SERVICES

The Telecommunications Services Agreement

The Board announces that on 9 August 2019, the Company and CMCC entered into the Telecommunications Services Agreement to govern the provision of telecommunications services by the Group to CMCC and its subsidiaries. The Telecommunications Services Agreement has a term expiring on 31 December 2019.

Telecommunications services provided by the Group under the Telecommunications Services Agreement include (i) telecommunications project planning, design and consultation services; (ii) telecommunications project construction services; and (iii) maintenance services in respect of telecommunications facilities and equipment.

The provision of telecommunications services by the Group to CMCC and its subsidiaries in respect of individual projects will be subject to public tender process. The selection of contractor in the public tender process will be based on a number of factors including price, technical skills and overall capability and the telecommunications services charges will be determined in such public tender process. The pricing for the telecommunications services will be primarily based on market rates as determined through the public tender process and the relevant standards laid down in applicable regulations including “Budgets for Buildings and Buildings Complex Cabling System, Budgets for Installation of Mobile Telecommunications Equipment (as amended) (Xin Bu Gui [2000] No.904)” 《建築與建築群綜合布線系統預算定額·安裝移動通信設備預算定額(修訂)》(信部規 [2000] 904號), “Notice on Further Relaxation on Professional Services Charges for Construction Projects (Fa Gai Jia Ge [2015] No.299)” 《進一步放開建設項目專業服務價格的通知》(發改價格 [2015] 299號) and “Notice on the Publication of Budgets, Fee Rates and Budget Planning Procedures for Information and Telecommunications Construction Projects (Gong Xin Bu Tong Xin [2016] No.451)” 《關於印發信息通信建設工程預算定額·工程費用定額及工程概預算編製規程的通知》(工信部通信 [2016] 451號)” will be complied with. For individual projects where the public tender process is not applicable, the selection criteria and price determination mechanism will be similar to that applied in a public tender process.

Services charges for telecommunications project planning, design and consultation services will be payable by instalments or upon completion of provisions of services. Services charges for telecommunications project construction services will be payable by instalments, typically with 10% payable upon signing of relevant engagement, 70% over the course of the construction and the remaining amount payable upon completion and acceptance of the project. Services charges for maintenance services in respect of telecommunications facilities and equipment will be payable monthly.

In light of the 5G development in the PRC telecommunications industry, there are a number of telecommunications projects of CMCC which will be available for public tender and given the Group's technical skills and overall capability, it is expected that the telecommunications services charges receivable by the Group from CMCC and its subsidiaries under the Telecommunications Services Agreement for the year ending 31 December 2019 shall not exceed RMB2,000 million (equivalent to approximately HK\$2,239 million). Accordingly, such amount has been set as the annual cap for the telecommunications services charges receivable by the Group from CMCC and its subsidiaries under the Telecommunications Services Agreement for the year ending 31 December 2019.

LISTING RULES IMPLICATIONS

CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions contemplated under the Network Assets Leasing Agreement and the Telecommunications Services Agreement 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 each of the annual cap (as adjusted) for the amounts payable by the Company under the Network Assets Leasing Agreement for the year ending 31 December 2019 and the annual cap for the amounts receivable by the Group under the Telecommunications Services Agreement for the year ending 31 December 2019 is above 0.1% but below 5%, the transactions contemplated thereunder are classified as continuing connected transactions under Rule 14A.76(2) of the Listing Rules which are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from the independent shareholders' approval requirement under the Listing Rules. Details of the Network Assets Leasing Agreement and the Telecommunications Services Agreement 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 and its associates which required aggregation with the Network Assets Leasing Agreement and the Telecommunications Services Agreement under Rule 14A.81 of the Listing Rules.

As all the executive Directors also hold executive positions at CMCC, all the executive Directors have therefore voluntarily abstained from voting on the board resolution approving the transactions under the Network Assets Leasing Agreement and the Telecommunications Services Agreement.

The Board (including the independent non-executive Directors but excluding the executive Directors who have voluntarily abstained from voting) is of the view that the Network Assets Leasing Agreement and the Telecommunications Services Agreement were entered into after arm's length negotiation between the Company and CMCC and in the ordinary and usual course of business of the Group, reflect normal commercial terms and is 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 (including the increased annual cap for the Network Assets Leasing Agreement) 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 72.72% of the total issued and outstanding share capital of the Company. Through the Group, CMCC is the leading provider of telecommunications services in the PRC.

The Group is the leading telecommunications services provider in China, which operates nationwide 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 RMB0.89323 = 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:

“5G”	Fifth Generation digital cellular mobile service
“Assets Transfer Agreements”	the assets transfer agreements dated 9 August 2019 and entered into between the subsidiaries of the Company in 26 provinces, autonomous regions and directly administered municipality in the PRC and the subsidiaries of CMCC in such provinces, autonomous regions and directly administered municipality for the acquisition of telecommunication network operation assets related to the “Village Connect” project
“Board”	the board of Directors of the Company
“CMCC”	China Mobile Communications Group Co., Ltd., a state-owned company 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
“MIIT”	the Ministry of Industry and Information Technology of the PRC
“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
“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 Agreement”	the telecommunications services agreement dated 9 August 2019 and entered into between the Company and CMCC
“%”	per cent.

By Order of the Board
China Mobile Limited
Yang Jie
Chairman

Hong Kong, 9 August 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yang Jie, Mr. Li Yue and Mr. Dong Xin as executive directors and Dr. Moses Cheng Mo Chi, Mr. Paul Chow Man Yiu, Mr. Stephen Yiu Kin Wah and Dr. Yang Qiang as independent non-executive directors.