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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)

**VOLUNTARY DISCLOSURE
COMMERCIAL PRICING IN RELATION TO THE LEASE OF
TELECOMMUNICATIONS TOWERS AND RELATED ASSETS FROM
CHINA TOWER CORPORATION LIMITED**

1. INTRODUCTION

This announcement is made by China Mobile Limited (the “**Company**”) on a voluntary basis.

References are made to the Company’s announcements dated 14 October 2015, 2 November 2015 and 29 January 2016 (collectively, the “**Announcements**”) in relation to (i) the entering into of a transaction agreement (the “**Transaction Agreement**”) between China Mobile Communication Company Limited (“**CMC**”), a wholly-owned subsidiary of the Company, and China Tower Corporation Limited (“**China Tower**”) in respect of the transfer of Acquired Telecommunications Towers and related assets; (ii) all conditions precedent as stated in the Transaction Agreement having been satisfied; and (iii) the confirmation of the final consideration for the transaction. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

2. THE LEASE AGREEMENT IN RELATION TO THE LEASE OF TELECOMMUNICATIONS TOWERS AND RELATED ASSETS

The Company announces that, on 8 July 2016, CMC and China Tower finalised the leasing and pricing arrangement in relation to the lease of telecommunications towers (including Newly-added Telecommunications Towers and Acquired Telecommunications Towers) and related assets, and entered into an agreement accordingly (the “**Lease Agreement**”).

Set out below are the major terms of the Lease Agreement:

(a) Parties

CMC, as lessee

China Tower, as lessor

(b) Service Period

The respective provincial companies of CMC and China Tower will enter into provincial company service agreements based on their actual service needs with a term of five years. Before expiry of the service period, the signing parties to the agreements or their respective subsidiary companies will discuss as to whether to enter into a separate product and service confirmation letter for matters concerning the subsequent provision of the relevant products.

(c) Leased Assets

Pursuant to the Lease Agreement, the assets that CMC may lease from China Tower shall include:

- (i) tower products acquired by China Tower pursuant to the Transaction Agreement (“**Acquired Telecommunications Towers**”);
- (ii) tower products newly constructed by China Tower (“**Newly-added Telecommunications Towers**”);
- (iii) indoor distribution system;
- (iv) transmission products; and
- (v) service products.

(d) Pricing Basis and Formula for Tower Products

(i) Pricing Basis

In arriving at the pricing in relation to the lease of telecommunications towers, the parties have taken into account various factors, including depreciation expense, maintenance expense, cost markup rate and co-sharing discount, etc.

(ii) Pricing Formula

Product price = base price × (1 – co-sharing discount rate 1) + (site cost + electricity input cost) × (1 – co-sharing discount rate 2)

Base price = ($\frac{\text{standardized construction cost}}{\text{useful lives of depreciation}}$ × (1 + impairment rate) + maintenance expense) × (1 + cost markup rate)

(iii) Pricing for Newly-added Telecommunications Towers and Acquired Telecommunications Towers

Newly-added Telecommunications Towers:

The pricing of Newly-added Telecommunications Towers shall be determined in accordance with the abovementioned pricing formula. In order to reflect the difference of the standardized construction costs of Newly-added Telecommunications Towers in different geographical areas, 31 provinces have been divided into four categories with a different adjustment rate for each category. The maintenance expense will be adjusted according to the ultimate actual bidding price. The values for the impairment rate and the cost markup rate are fixed at 2% and 15%, respectively. The site cost and electricity input cost are either priced on a lump sum or itemized basis. In order to maximize the benefit of tower sharing, China Tower offers the following co-sharing discount rates:

Co-sharing discount rate 1: a 20% discount rate shall apply to such towers shared by two lessees and a 30% discount rate shall apply to such towers shared among three lessees, and the first sole occupier of these towers will benefit from a first occupier discount policy (i.e. entitlement of an extra 5% discount in addition to other existing discounts).

Co-sharing discount rate 2: a 40% discount rate shall apply to such towers shared by two lessees and a 50% discount rate shall apply to such towers shared among three lessees, and the first sole occupier of these towers will benefit from the first occupier discount policy (i.e. entitlement of an extra 5% discount in addition to other existing discounts).

Acquired Telecommunications Towers:

The product catalogue and pricing formula relating to Acquired Telecommunications Towers are, in principle, consistent with those applicable to Newly-added Telecommunications Towers, with standardized construction cost to be adjusted pursuant to an adjustment ratio by different provinces to be determined based on proportion of the adjusted depreciation expense of Acquired Telecommunications Towers to the depreciation expense of Newly-added Telecommunications Towers. No separate electricity input cost will be charged. Acquired Telecommunications Towers will apply the same co-sharing discount as Newly-added Telecommunications Towers, and the original property owner will benefit from the first occupier discount. Prior to 2018, the existing co-sharing parties who shared the Acquired Telecommunication Towers with the original property owner before the date of completion will be charged at 30% of each of the base price and the site cost in relation to Acquired Telecommunication Towers located at the same station, and the original property owner will benefit from the first occupier discount policy for the base price, with the site cost to be charged at 70% (if there are two lessees) or 40% (if there are three lessees).

(iv) ***The Commencement Date of the Lease for Newly-added Telecommunications Towers and Acquired Telecommunications Towers***

Newly-added Telecommunications Towers: the same as the service commencement date as set out in a batch lease form and/or a product and service confirmation letter signed by the respective provincial companies and their subsidiary companies of CMC and China Tower

Acquired Telecommunications Towers: 1 November 2015

The pricing basis and fee standard set forth above have been determined upon arm's length negotiations between CMC and China Tower. The parties may further negotiate or agree on any applicable adjustments to pricing taking into account any effects of inflation, significant fluctuations in the real estate market or the steel price, or any material change to the business forecast based on the actual business operation of China Tower, etc.

Any finance costs payable by China Tower shall be borne by China Tower itself.

3. REASONS AND BENEFITS FOR ENTERING INTO THE LEASE AGREEMENT

The Company is of the view that the entering into of the Lease Agreement with China Tower would enable the Company, through the centralization and sharing of telecommunications tower resources, to obtain access to more network infrastructure resources, expand its network coverage at a faster pace and provide higher quality telecommunications services, while at the same time, would also enable the Company to save on capital expenditure. Through the sharing of telecommunications towers and related assets, the Company will benefit from advantages brought by common resources. It is expected that following the further increase in the co-sharing ratio of telecommunications towers in the future, the unit leasing fees will decrease which, in turn, will contribute positively to the Company's profitability. In addition, as one of the major shareholders of China Tower, the Company expects to benefit from China Tower's future earnings and value enhancement in the long run.

By Order of the Board
China Mobile Limited
Wong Wai Lan, Grace
Company Secretary

Hong Kong, 8 July 2016

FORWARD-LOOKING STATEMENTS

Certain statements contained in this announcement may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition and results of operations of the Company to be materially different from any future performance, financial condition and results of operations implied by such forward-looking statements. In addition, the Company does not intend to update these forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Shang Bing, Mr. Li Yue, Mr. Liu Aili, Mr. Xue Taohai and Mr. Sha Yuejia as executive directors and Mr. Frank Wong Kwong Shing, Dr. Moses Cheng Mo Chi and Mr. Paul Chow Man Yiu as independent non-executive directors.