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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

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The Board announces that on 3 January 2022, the Company and CMCC entered into:

- (i) the 2022 Telecommunication Facilities Construction Services Extension Letter to renew the 2020 Telecommunication Facilities Construction Services Agreement (as renewed) according to its terms for a term of one year commencing on 1 January 2022 to govern the continuing connected transactions between the parties relating to the provision of telecommunications project planning, design and consultation, construction and maintenance services;
- (ii) the 2022 Power Support and Other Network Assets and Resources Leasing Agreement for a term of one year commencing on 1 January 2022, to govern the continuing connected transactions between the parties relating to the lease of power support and other network assets and resources to each other previously governed by the 2021 Telecommunications Network Operation Assets Leasing Agreement; and
- (iii) the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement for a term of three years commencing on 1 January 2022, to govern the continuing connected transactions between the parties relating to the lease of machinery rooms and transmission pipelines to each other previously governed by the 2021 Telecommunications Network Operation Assets Leasing Agreement.

The annual caps for the transactions contemplated under the 2020 Telecommunication Facilities Construction Services Agreement (as renewed) and the 2022 Power Support and Other Network Assets and Resources Leasing Agreement for the year ending 31 December 2022 are set out as follow:

	<b>For the Year Ending 31 December 2022</b>
2020 Telecommunication Facilities Construction Services Agreement (as renewed) – telecommunication facilities construction services charges receivable by the Group from CMCC and its subsidiaries	RMB2,000 million (approximately HK\$2,451 million)
2022 Power Support and Other Network Assets and Resources Leasing Agreement – leasing fees payable by the Company to CMCC and its subsidiaries	RMB6,500 million (approximately HK\$7,965 million)

The annual caps for the transactions contemplated under the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement for the three years ending 31 December 2024 are set out as follow:

	<b>For the year ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Total value of right-of-use assets	RMB11,000 million (approximately HK\$13,479 million)	RMB10,000 million (approximately HK\$12,254 million)	RMB9,000 million (approximately HK\$11,028 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 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.25 of the Listing Rules.

Since both the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement relate to the leasing of network assets between the same parties, the transactions contemplated under these two agreements should be aggregated for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. Since each of the applicable percentage ratios set out under Rule 14.07 of the Listing Rules in respect of the annual caps or highest annual cap for (i) the amounts receivable by the Group under the 2020 Telecommunication Facilities Construction Services Agreement (as renewed); (ii) the amounts payable by the Company under the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the total value of the right-of-use assets recognizable by the Company pursuant to the lease of network assets under the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement (on an aggregate basis) 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 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing 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 8 January 2021 of the Company where the Company announced, among others, that the Company and CMCC entered into each of the 2021 Telecommunications Network Operation Assets Leasing Agreement and the renewal of the 2020 Telecommunication Facilities Construction Services Agreement for a term of one year commencing on 1 January 2021, and the annual caps for the transactions under the 2021 Telecommunications Network Operation Assets Leasing Agreement and the 2020 Telecommunication Facilities Construction Services Agreement (as renewed) for the year ended 31 December 2021.

## **CONTINUING CONNECTED TRANSACTIONS**

### **Renewal of the 2020 Telecommunication Facilities Construction Services Agreement**

The Company entered into the 2020 Telecommunication Facilities Construction Services Agreement with CMCC on 2 January 2020 to govern the provision of telecommunications services by the Group to CMCC and its subsidiaries. The agreement was renewed for a term of one year commencing on 1 January 2021. As the Group intends to continue carrying out the transactions contemplated under the 2020 Telecommunication Facilities Construction Services Agreement in the ordinary and usual course of business of the Group and such agreement (as renewed) expired on 31 December 2021, the Company and CMCC entered into the 2022 Telecommunication Facilities Construction Services Extension Letter to renew the 2020 Telecommunication Facilities Construction Services Agreement (as renewed) according to its terms for a term of one year commencing on 1 January 2022.

Date : 3 January 2022

Parties : CMCC  
the Company

Services provided by the Group to CMCC and its subsidiaries : (i) telecommunications project planning, design and consultation services; (ii) telecommunications project construction services; and (iii) maintenance services in respect of telecommunications facilities and equipment.

Duration : One year, expiring 31 December 2022. Renewable for periods of one year if parties agree.

Pricing term : The provision of telecommunication facilities construction 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 telecommunication facilities construction services charges will be determined in such public tender process. The pricing for the telecommunication facilities construction 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 are not applicable, the selection criteria and price determination mechanism will be similar to that applied in a public tender process.

Payment term : 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 in cash 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.

Historical caps	:	<b>For the years ended 31 December</b>	
		<b>2020</b>	<b>2021</b>
		RMB3,000 million (approximately HK\$3,676 million)	RMB2,000 million (approximately HK\$2,451 million)

Historical service charges payable to the Group	:	<b>For the year ended 31 December 2020</b>	<b>For the six months ended 30 June 2021</b>
		RMB979 million (approximately HK\$1,200 million)	RMB635 million (approximately HK\$778 million)

Annual cap for the year ending 31 December 2022 : RMB2,000 million (approximately HK\$2,451 million)

Reasons for transaction and annual cap : 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, there are a number of telecommunications projects of CMCC which may require the Group's services, including telecommunications project investigation, design and construction services as well as maintenance services in respect of telecommunication facilities and equipment. Considering the investment plan for 2022 adopted by CMCC, where the scale of the services that are suitable for the Company to provide in 2022 is comparable to the scale in 2021, it is expected that the telecommunication facilities construction services charges receivable by the Group from CMCC and its subsidiaries for the year ending 31 December 2022 will be around the same level as that receivable for 2021.

## **Network Assets Leasing Arrangements**

As the 2021 Telecommunications Network Operation Assets Leasing Agreement expired on 31 December 2021 and the Company and its subsidiaries on the one hand and CMCC and its subsidiaries on the other intend to continue to lease their respective network assets to each other, the Company entered into the 2022 Power Support and Other Network Assets and Resources Leasing Agreement for a term of one year commencing on 1 January 2022 and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement for a term of three years commencing on 1 January 2022, 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 to each other in return for a leasing fee.

### **2022 Power Support and Other Network Assets and Resources Leasing Agreement**

Date	:	3 January 2022
Parties	:	CMCC the Company
Scope of assets to be leased to or from each party and its subsidiaries under the agreement	:	Network assets and resources including power generation and power distribution equipment, international submarine cables and satellites.
Duration	:	One year, expiring 31 December 2022.
Pricing term	:	The leasing fees for the network assets and resources shall be determined with reference to prevailing market rates. In determining the market rates for the leasing fees, the Company takes into account the charges payable by the Company and CMCC to independent third parties (including other industry players) as well as the charges receivable by the Company and CMCC from independent third parties (including other industry players). The leasing fees payable by the Company to CMCC shall not be more than the leasing fees charged to other independent third parties for same kinds of network assets.
Payment term	:	The network assets and resources leasing fees are payable on a monthly basis in cash.

Annual cap for leasing fees payable by the Group to CMCC and its subsidiaries for the year ending 31 December 2022	:	RMB6,500 million (approximately HK\$7,965 million)  The amount of leasing fees receivable by the Group from CMCC and its subsidiaries for the year ending 31 December 2022 is expected to be below 0.1% of each of the applicable ratios set out in Rule 14.07 of the Listing Rules.
Reasons for transaction and annual cap	:	In order to deepen 5G development and consolidate the Company's market leadership, the Company will continue to increase the scale of the network assets and resources to be leased from CMCC and its subsidiaries, including power support and other network assets and resources for 5G business applications. It is expected that the construction and deployment of network assets will increase in 2022, leading to an increasing scale of power support and other network assets and resources to be leased in 2022. The overall amount of leasing fees payable by the Group to CMCC and its subsidiaries for network assets and resources will continue to increase in the year ending 31 December 2022.

#### **2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement**

Date	:	3 January 2022
Parties	:	CMCC the Company
Duration	:	Three years, expiring 31 December 2024.
Network assets to be leased to or from each party and its subsidiaries	:	Data centre machinery rooms, convergence rooms and transmission pipelines and related network assets.
Pricing term	:	The leasing fees for the network assets shall be determined with reference to prevailing market rates. In determining the market rates for the leasing fees, the Company takes into account the charges payable by the Company and CMCC to independent third parties (including other industry players) as well as the charges receivable by the Company and CMCC from independent third parties (including other industry players). The leasing fees payable by the Company to CMCC shall not be more than the leasing fees charged to other independent third parties for same kinds of network assets.
Payment term	:	The network assets leasing fees are payable on a monthly basis in cash.



Annual cap on the value of right-of-use assets recognised : The aggregate network assets leasing fees payable by the Group are expected not to exceed RMB3,500 million (approximately HK\$4,289 million), RMB4,500 million (approximately HK\$5,514 million) and RMB5,500 million (approximately HK\$6,740 million) for the three years ending 31 December 2022, 2023 and 2024, respectively. As such the total value of right-of-use assets recognized based on such maximum amounts of leasing fees are as follow:

<b>For the years ending 31 December</b>		
<b>2022</b>	<b>2023</b>	<b>2024</b>
RMB11,000 million (approximately HK\$13,479 million)	RMB10,000 million (approximately HK\$12,254 million)	RMB9,000 million (approximately HK\$11,028 million)

The amount of leasing fees receivable by the Group from CMCC and its subsidiaries for each of the three years ending 31 December 2024 is expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules.

Reasons for transaction and annual cap : In order to deepen 5G development and consolidate the Company's market leadership, the Company will continue to increase the scale of the network assets to be leased from CMCC and its subsidiaries, including machinery rooms and transmission pipelines for 5G business applications. It is expected that the construction and deployment of network assets for commercial use will increase in 2022, leading to an increasing scale of the machinery rooms and transmission pipelines to be leased in 2022 to 2024. The overall amount of leasing fees payable by the Group to CMCC and its subsidiaries for network assets for the years ending 31 December 2022, 2023 and 2024 will be increased gradually.



The historical caps and transaction amounts for the 2020 Network Assets Leasing Agreement and the 2021 Telecommunications Network Operation Assets Leasing Agreement are set out below:

Historical caps for network assets leasing :	<b>For the years ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	RMB5,000 million (approximately HK\$6,127 million)	RMB6,500 million (approximately HK\$7,965 million)
Historical leasing fees received by the Group from CMCC and its subsidiaries :	<b>For the years ended 31 December 2020</b>	<b>For the six months ended 30 June 2021</b>
	Below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules	Below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules
Historical leasing fees paid by the Group to CMCC and its subsidiaries :	<b>For the year ended 31 December 2020</b>	<b>For the six months ended 30 June 2021</b>
	RMB1,891 million (approximately HK\$2,317 million)	RMB1,735 million (approximately HK\$2,126 million)

Commencing from 1 January 2022, the network assets leased under the previous agreements will be covered by both the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement and will be recognised as leasing fees and right-of-use assets, respectively, in the Company's financial statements.

## 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 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.25 of the Listing Rules.

Since both the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement relate to the leasing of network assets between the same parties, the transactions contemplated under these two agreements should be aggregated for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules. Since each of the applicable percentage ratios set out under Rule 14.07 of the Listing Rules in respect of the annual caps for (i) the amounts receivable by the Group under the 2020 Telecommunication Facilities Construction Services Agreement (as renewed); (ii) the amounts payable by the

Company under the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the total value of the right-of-use assets recognizable by the Company pursuant to the lease of network assets under the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement (on an aggregate basis) 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 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing 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 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing 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 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing 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 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing 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 Company and the shareholders of 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 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 the mainland of China and Hong Kong, which operates nationwide telecommunications networks in all thirty-one provinces, autonomous regions and directly administered municipalities in the mainland of China and in Hong Kong. The Company is an investment holding company.

This announcement contains translations between Renminbi and Hong Kong dollars at RMB0.81607=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.

In this announcement, the reference to applicable percentage ratios under Rule 14.07 of the Listing Rules means the assets ratio, the revenue ratio and the consideration ratio.

## DEFINITIONS

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

“2020 Network Assets Leasing Agreement”	the 2020 telecommunications network operation assets leasing agreement dated 2 January 2020 and entered into between the Company and CMCC
“2021 Telecommunications Network Operation Assets Leasing Agreement”	the 2021 telecommunications network operation assets leasing agreement dated 8 January 2021 and entered into between the Company and CMCC
“2022 Power Support and Other Network Assets and Resources Leasing Agreement”	the 2022 power support and other network assets and resources leasing agreement dated 3 January 2022 and entered into between the Company and CMCC
“2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement”	the 2022-2024 machinery rooms and transmission pipelines leasing agreement dated 3 January 2022 and entered into between the Company and CMCC
“5G”	Fifth Generation digital cellular mobile service
“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
“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
“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
“%”	per cent.

By Order of the Board  
**China Mobile Limited**  
**Yang Jie**  
*Chairman*

Hong Kong, 3 January 2022

#### **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 or results of operations of the Company to be materially different from those 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 and other filings with the U.S. Securities and Exchange Commission.

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yang Jie, Mr. Dong Xin, Mr. Wang Yuhang and Mr. Li Ronghua 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.*