

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROPOSED CONTINUING CONNECTED TRANSACTIONS

PROPOSED CONTINUING CONNECTED TRANSACTIONS

On 18 November 2022, the Board approved a proposal for the Company to enter into the following letter and agreements with CMCC:

- (i) the 2023 Telecommunication Facilities Construction Services Extension Letter to renew the 2020 Telecommunication Facilities Construction Services Agreement according to its terms for a term of one year commencing on 1 January 2023, to govern the continuing connected transactions relating to the provision of telecommunications project planning, design and consultation, construction and maintenance services by the Group to CMCC and its subsidiaries;
- (ii) the 2023-2024 Property Leasing Agreement for a term of two years commencing on 1 January 2023, to govern the continuing connected transactions between the parties relating to properties leasing and provision of property management services currently governed by the 2020-2022 Property Leasing Agreement; and
- (iii) the 2023 Power Support and Other Network Assets and Resources Leasing Agreement for a term of one year commencing on 1 January 2023, 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 currently governed by the 2022 Power Support and Other Network Assets and Resources Leasing Agreement.

The above letter and agreements have not yet been entered into, pending parties' agreement on the specific terms. CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, if and when the above letter and agreements are entered into, transactions contemplated thereunder will constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules, and further announcement(s) will be made by the Company in accordance with the Hong Kong Listing Rules.

Reference is made to the announcements dated 2 January 2020 and 3 January 2022 of the Company where the Company announced, among others, that the Company and CMCC (i) entered into the 2020-2022 Property Leasing Agreement for a term of three years commencing on 1 January 2020; (ii) agreed to renew the 2020 Telecommunication Facilities Construction Services Agreement according to its terms for a term of one year commencing on 1 January 2022; (iii) 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 (iv) entered into the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement for a term of three years commencing on 1 January 2022.

PROPOSED CONTINUING CONNECTED TRANSACTIONS

On 18 November 2022, the Board approved a proposal for the Company to enter into the following letter and agreements with CMCC:

- (i) the 2023 Telecommunication Facilities Construction Services Extension Letter to renew the 2020 Telecommunication Facilities Construction Services Agreement according to its terms for a term of one year commencing on 1 January 2023, to govern the continuing connected transactions relating to the provision of telecommunications project planning, design and consultation, construction and maintenance services by the Group to CMCC and its subsidiaries;
- (ii) the 2023-2024 Property Leasing Agreement for a term of two years commencing on 1 January 2023, to govern the continuing connected transactions between the parties relating to properties leasing and provision of property management services currently governed by the 2020-2022 Property Leasing Agreement; and
- (iii) the 2023 Power Support and Other Network Assets and Resources Leasing Agreement for a term of one year commencing on 1 January 2023, 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 currently governed by the 2022 Power Support and Other Network Assets and Resources Leasing Agreement.

The above letter and agreements have not yet been entered into, pending parties' agreement on the specific terms. The Board has authorized the management of the Company or relevant person(s) to negotiate and agree with CMCC on terms such as the scope of business dealings and the payment arrangements to suit business needs, and to enter into the above letter and agreements. CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, if and when the above letter and agreements are entered into, transactions contemplated thereunder will constitute continuing connected transactions for the Company under Chapter 14A of the Hong Kong Listing Rules, and further announcement(s) will be made by the Company in accordance with the Hong Kong Listing Rules.

As all the executive Directors also hold executive positions at CMCC, all the executive Directors have abstained from voting on the board resolution approving the transactions under the 2020 Telecommunication Facilities Construction Services Agreement, the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement (which are being proposed to be renewed or entered into).

The Board (including the independent non-executive Directors but excluding the executive Directors who have abstained from voting) is of the view that the 2020 Telecommunication Facilities Construction Services Agreement, the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement (which are being proposed to be renewed or entered into) will be renewed or entered into (as the case may be) on an arm's length basis between the Company and CMCC, reflect normal commercial terms and are in the interests of the Company and its shareholders as a whole, the transactions thereunder are in the ordinary and usual course of business of the Group, and the terms as well as the proposed annual caps for the transactions thereunder are fair and reasonable.

Proposed Renewal of the 2020 Telecommunication Facilities Construction Services Agreement

The Company and CMCC entered into the 2020 Telecommunication Facilities Construction Services Agreement on 2 January 2020 to govern the provision of telecommunications project planning, design and consultation services, telecommunications project construction services, and maintenance services in respect of telecommunication facilities and equipment by the Group to CMCC and its subsidiaries. The initial term of the 2020 Telecommunication Facilities Construction Services Agreement expired on 31 December 2020. The Company and CMCC agreed to renew the 2020 Telecommunication Facilities Construction Services Agreement on 8 January 2021 and 3 January 2022 for terms of one year commencing on 1 January 2021 and 2022, respectively. As the Group intends to continue carrying out the transactions contemplated under the 2020 Telecommunication Facilities Construction Services Agreement in its ordinary and usual course of business and such agreement will expire on 31 December 2022, the Company and CMCC are expected to enter into the 2023 Telecommunication Facilities Construction Services Extension Letter to renew the 2020 Telecommunication Facilities Construction Services Agreement according to its terms for a term of one year commencing on 1 January 2023.

The pricing for the telecommunication facilities construction services will be primarily based on market rates as determined through public tender process, and the relevant standards laid down in applicable regulations will be complied with. For individual projects not subject to the public tender process, selection criteria and pricing mechanism similar to those in a public tender process will be applied.

Proposed 2023-2024 Property Leasing Agreement

As the 2020-2022 Property Leasing Agreement will expire on 31 December 2022, the Company and CMCC are expected to enter into the 2023-2024 Property Leasing Agreement for a term of two years commencing on 1 January 2023, pursuant to which the Company and its subsidiaries on the one hand and CMCC and its subsidiaries on the other will rent from each other various properties for use as offices, retail outlets and machinery rooms of the Group. In addition, if one party so requests, the other party will also provide property management services in relation to the properties let or sub-let under the agreement.

The rental charges will be determined with reference to prevailing market rates at the time of transaction and value as determined by independent intermediaries, and will be no less favourable to the Group as compared to rates received from or paid to independent third parties.

Proposed 2023 Power Support and Other Network Assets and Resources Leasing Agreement

As the 2022 Power Support and Other Network Assets and Resources Leasing Agreement will expire on 31 December 2022, 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 power support and other network assets and resources to each other, the Company and CMCC are expected to enter into the 2023 Power Support and Other Network Assets and Resources Leasing Agreement for a term of one year commencing on 1 January 2023, pursuant to which the Company and its subsidiaries on the one hand and CMCC and its subsidiaries on the other will lease their respective network assets and resources including power generation and power distribution equipment, international submarine cables and satellites to each other in return for leasing fees.

The network assets and resources leasing fees will be determined with reference to prevailing market rates, and will be no less favourable to the Group as compared to terms of leases offered by or to independent third parties.

Historical Transaction Amounts

The transaction amounts for the transactions under the 2020 Telecommunication Facilities Construction Services Agreement and the 2020-2022 Property Leasing Agreement for the year ended 31 December 2021 and the nine months ended 30 September 2022 are set out as follows:

	For the year ended 31 December 2021	For the nine months ended 30 September 2022
2020 Telecommunication Facilities Construction Services Agreement – telecommunication facilities construction services charges received by the Group from CMCC and its subsidiaries	RMB1,607 million (approximately HK\$1,769 million)	RMB940 million (approximately HK\$1,035 million)
2020-2022 Property Leasing Agreement – total value of right-of-use assets recognized by the Group	RMB1,641 million (approximately HK\$1,807 million)	RMB967 million (approximately HK\$1,065 million)

Commencing from 1 January 2022, the network assets leased under the 2021 Telecommunications Network Operation Assets Leasing Agreement have been covered under the 2022 Power Support and Other Network Assets and Resources Leasing Agreement and the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement, and accordingly recognized as leasing fees and right-of-use assets, respectively, in the Group's financial statements. The transaction amounts for the transactions under such agreements for the year ended 31 December 2021 and the nine months ended 30 September 2022 are set out as follows:

	For the year ended 31 December 2021	For the nine months ended 30 September 2022
2021 Telecommunications Network Operation Assets Leasing Agreement – leasing fees paid by the Group to CMCC and its subsidiaries	RMB4,341 million (approximately HK\$4,780 million)	N/A
2022 Power Support and Other Network Assets and Resources Leasing Agreement – leasing fees paid by the Group to CMCC and its subsidiaries	N/A	RMB4,781 million (approximately HK\$5,264 million)
2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement – total value of right-of-use assets recognized by the Group	N/A	RMB7,864 million (approximately HK\$8,659 million)

Annual Caps

The proposed annual caps for the transactions under the 2020 Telecommunication Facilities Construction Services Agreement, the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement (which are being proposed to be renewed or entered into) for the years ending 31 December 2023 and 2024 are set out as follows:

	For the years ending 31 December	
	2023	2024
2020 Telecommunication Facilities Construction Services Agreement (as renewed) – telecommunication facilities construction services charges receivable by the Group from CMCC and its subsidiaries	RMB2,500 million (approximately HK\$2,753 million)	N/A
2023-2024 Property Leasing Agreement – total value of right-of-use assets recognizable by the Group	RMB2,900 million (approximately HK\$3,193 million)	RMB1,500 million (approximately HK\$1,652 million)
2023 Power Support and Other Network Assets and Resources Leasing Agreement – leasing fees payable by the Group to CMCC and its subsidiaries	RMB9,500 million (approximately HK\$10,460 million)	N/A

The annual caps for the transactions under the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement for the years ending 31 December 2023 and 2024 are set out as follows:

	For the years ending 31 December	
	2023	2024
2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement – total value of right-of-use assets recognizable by the Group	RMB10,000 million (approximately HK\$11,010 million)	RMB9,000 million (approximately HK\$9,909 million)

GENERAL INFORMATION

CMCC is a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company, and directly and indirectly holds approximately 69.82% of the total number of issued shares of the Company. Through the Group, CMCC is the leading information and communications technology services provider in the mainland of China.

The Group is the leading information and communications technology services provider in the mainland of China, and provides communications and information services in all 31 provinces, autonomous regions and directly-administered municipalities throughout 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 RMB0.90823 = HK\$1.00. The translations are not representations that Renminbi and Hong Kong dollar 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:

“2020 Telecommunication Facilities Construction Services Agreement”	the 2020 telecommunication facilities construction services agreement dated 2 January 2020 and entered into between the Company and CMCC, as renewed from time to time
“2020-2022 Property Leasing Agreement”	the 2020-2022 property leasing and management services 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
“2023 Power Support and Other Network Assets and Resources Leasing Agreement”	the 2023 power support and other network assets and resources leasing agreement expected to be entered into between the Company and CMCC

“2023 Telecommunication Facilities Construction Services Extension Letter”	the 2023 telecommunication facilities construction services extension letter expected to be entered into between the Company and CMCC
“2023-2024 Property Leasing Agreement”	the 2023-2024 property leasing and management services agreement expected to be entered into between the Company and CMCC
“Board”	the board of Directors of the Company
“CMCC”	China Mobile Communications Group Co., Ltd., 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 of Hong Kong Limited and the Shanghai 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
“Hong Kong Listing Rules”	the 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
“%”	per cent.

By Order of the Board
China Mobile Limited
Yang Jie
Chairman

Hong Kong, 18 November 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. Li Pizheng and Mr. Li Ronghua as executive directors; and Mr. Stephen Yiu Kin Wah, Dr. Yang Qiang, Mr. Carmelo Lee Ka Sze and Mrs. Margaret Leung Ko May Yee as independent non-executive directors.