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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 6 January 2023, the Company and CMCC entered into the following letter and agreements:

- (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 previously 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 previously governed by the 2022 Power Support and Other Network Assets and Resources Leasing Agreement.

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

	<b>For the years ending 31 December</b>	
	<b>2023</b>	<b>2024</b>
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

### **HONG KONG 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 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.25 of the Hong Kong Listing Rules.

On 3 January 2022, the Company and CMCC entered into 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. Since both the 2023 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 in Rule 14.07 of the Hong Kong Listing Rules.

Since each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps or highest annual cap for (i) the services charges receivable by the Group under the 2020 Telecommunication Facilities Construction Services Agreement (as renewed); (ii) the total value of right-of-use assets recognizable by the Group under the 2023-2024 Property Leasing Agreement; and (iii) the leasing fees payable by the Group under the 2023 Power Support and Other Network Assets and Resources Leasing Agreement (as aggregated with the total value of right-of-use assets recognizable by the Group pursuant to the lease of network assets under the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement) is above 0.1% but below 5%, the transactions contemplated thereunder are classified as continuing connected transactions under Rule 14A.76(2) of the Hong Kong Listing Rules, which are only subject to the reporting, annual review and announcement requirements set out in the Hong Kong Listing Rules but are exempt from the independent shareholders' approval requirement under the Hong Kong Listing Rules. Details of the 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources 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 Hong Kong Listing Rules.

Reference is made to the announcement dated 18 November 2022 of the Company where the Company announced, among others, that the Board had approved a proposal for the Company to enter into the 2023 Telecommunication Facilities Construction Services Extension Letter, the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement with CMCC. Unless otherwise defined in this announcement, terms used herein shall have the same meanings as defined in the abovementioned announcement.

## **CONTINUING CONNECTED TRANSACTIONS**

### **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 expired on 31 December 2022, the Company and CMCC entered 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.

Date : 6 January 2023

Parties : CMCC  
the Company

- Services to be 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 telecommunication facilities and equipment.
- Duration : One year, expiring 31 December 2023. 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 not subject to the public tender process, selection criteria and pricing mechanism similar to those in a public tender process will be applied.
- Payment term : Services charges for telecommunications project planning, design and consultation services will be payable by instalments or upon completion of provision 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 telecommunication facilities and equipment will be payable monthly.

Historical annual caps on services charges receivable by the Group from CMCC and its subsidiaries	:	<b>For the years ended 31 December</b>	
		<b>2021</b>	<b>2022</b>
		RMB2,000 million (approximately HK\$2,202 million)	RMB2,000 million (approximately HK\$2,202 million)
Historical services charges received by the Group from CMCC and its subsidiaries	:	<b>For the year ended 31 December 2021</b>	<b>For the nine months ended 30 September 2022</b>
		RMB1,607 million (approximately HK\$1,769 million)	RMB940 million (approximately HK\$1,035 million)
Annual cap on services charges receivable by the Group from CMCC and its subsidiaries for the year ending 31 December 2023	:	RMB2,500 million (approximately HK\$2,753 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 as well as maintenance in respect of telecommunication facilities and equipment. Furthermore, considering that the scale of services that are suitable for the Group to provide in 2023 under the investment plan for 2023 adopted by CMCC is slightly greater than that in 2022, 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 2023 will slightly increase from that for the year ended 31 December 2022.	

## 2023-2024 Property Leasing Agreement

As the 2020-2022 Property Leasing Agreement expired on 31 December 2022, the Company and CMCC entered 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.

- Date : 6 January 2023
- Parties : CMCC  
the Company
- Properties to be rented to or from each party and its subsidiaries : (i) Owned properties; and (ii) properties let to one party from third parties and sub-let by that party to the other party.
- Duration : Two years, expiring 31 December 2024.
- Pricing term : The rental charges payable in respect of individual properties owned by a party or its subsidiaries will be determined with reference to one of the following benchmarks: (i) value as determined by independent intermediaries; (ii) applicable market rates or charges which are publicly available; or (iii) rates charged by that party or its subsidiaries to independent third parties. The rental charges payable in respect of individual properties which a party or its subsidiaries lease from third parties and sub-let to the other party or its subsidiaries will be determined with reference to the actual rent payable by the lessor party or its subsidiaries to such third parties. The Company or CMCC (as the case may be) has the right to adjust the number of leased properties to suit its business needs.

The property management service charges payable will be determined with reference to the same benchmarks for the determination of rental charges payable in respect of owned properties as mentioned above.

Payment term : The rental and the property management service charges will be payable in cash every six months.

	<b>For the years ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
Historical annual caps on total value of right-of-use assets recognizable by the Group	RMB5,700 million (approximately HK\$6,276 million)	RMB3,800 million (approximately HK\$4,184 million)	RMB1,900 million (approximately HK\$2,092 million)

	<b>For the</b>	<b>For the</b>	<b>For the</b>
	<b>year ended</b>	<b>year ended</b>	<b>nine months</b>
Historical total value of right-of-use assets recognized by the Group	<b>31 December</b>	<b>31 December</b>	<b>ended</b>
	<b>2020</b>	<b>2021</b>	<b>30 September</b>
			<b>2022</b>
	RMB1,365 million (approximately HK\$1,503 million)	RMB1,641 million (approximately HK\$1,807 million)	RMB967 million (approximately HK\$1,065 million)

The property management service charges paid by the Group to CMCC and its subsidiaries and the rental and property management service charges received by the Group from CMCC and its subsidiaries, for each of the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022, were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. Based on the Group's unaudited management accounts and estimation, the property management service charges payable by the Group to CMCC and its subsidiaries and the rental and property management service charges receivable by the Group from CMCC and its subsidiaries, for the year ended 31 December 2022, would be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules.

Annual caps on total value of right-of-use assets recognizable by the Group : The rental charges payable by the Group to CMCC and its subsidiaries for the two years ending 31 December 2023 and 2024 are expected not to exceed RMB1,500 million (approximately HK\$1,652 million) and RMB1,500 million (approximately HK\$1,652 million), respectively. The annual caps on total value of right-of-use assets recognizable by the Group based on such maximum rental charges are as follows:

**For the years ending 31 December**

	<b>2023</b>	<b>2024</b>
	RMB2,900 million (approximately HK\$3,193 million)	RMB1,500 million (approximately HK\$1,652 million)

The property management service charges payable by the Group to CMCC and its subsidiaries and the rental and property management service charges receivable by the Group from CMCC and its subsidiaries, for each of the two years ending 31 December 2023 and 2024, are expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules.

Reasons for transaction and annual caps : The Group has since 2011 rented from CMCC and its subsidiaries various properties for use as retail outlets and offices, and required CMCC and its subsidiaries to provide property management services in relation to the properties. The number and scale of properties to be leased by the Group in each of the two years ending 31 December 2023 and 2024 are expected to reduce from that in 2022.



## **2023 Power Support and Other Network Assets and Resources Leasing Agreement**

As the 2022 Power Support and Other Network Assets and Resources Leasing Agreement expired 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 entered 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.

- Date : 6 January 2023
- Parties : CMCC  
the Company
- Scope of assets to be leased to or from each party and its subsidiaries : Network assets and resources including power generation and power distribution equipment, international submarine cables and satellites.
- Duration : One year, expiring 31 December 2023.
- Pricing term : The network assets and resources leasing fees will be determined with reference to prevailing market rates. In determining the market rates for the leasing fees, the Company will take into account the levels of fees payable by the Company and CMCC to independent third parties (including other operators) as well as those receivable by the Company and CMCC from independent third parties (including other operators). The leasing fees payable by the Company to CMCC will not be more than the leasing fees charged to independent third parties for same kinds of network assets.
- Payment term : The network assets and resources leasing fees will be payable in cash monthly.

- Historical annual cap on leasing fees payable by the Group to CMCC and its subsidiaries for the year ended 31 December 2022 : RMB6,500 million (approximately HK\$7,157 million)
- Historical leasing fees paid by the Group to CMCC and its subsidiaries for the nine months ended 30 September 2022 : RMB4,781 million (approximately HK\$5,264 million)
- The leasing fees received by the Group from CMCC and its subsidiaries for the nine months ended 30 September 2022 were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. Based on the Group's unaudited management accounts and estimation, the leasing fees receivable by the Group from CMCC and its subsidiaries for the year ended 31 December 2022 would be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules.
- Annual cap for leasing fees payable by the Group to CMCC and its subsidiaries for the year ending 31 December 2023 : RMB9,500 million (approximately HK\$10,460 million)
- The leasing fees receivable by the Group from CMCC and its subsidiaries for the year ending 31 December 2023 are expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules.
- Reasons for transaction and annual cap : To better meet its business development needs, it is expected that the Company will continue to increase the scale of network assets and resources to be leased from CMCC and its subsidiaries, including satellite communication, power support and other network assets, in 2023. The overall amount of leasing fees payable by the Group to CMCC and its subsidiaries for network assets and resources will also continue to increase in 2023.

## HONG KONG 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 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.25 of the Hong Kong Listing Rules.

On 3 January 2022, the Company and CMCC entered into 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. Since both the 2023 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 in Rule 14.07 of the Hong Kong Listing Rules.

Since each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps or highest annual cap for (i) the services charges receivable by the Group under the 2020 Telecommunication Facilities Construction Services Agreement (as renewed); (ii) the total value of right-of-use assets recognizable by the Group under the 2023-2024 Property Leasing Agreement; and (iii) the leasing fees payable by the Group under the 2023 Power Support and Other Network Assets and Resources Leasing Agreement (as aggregated with the total value of right-of-use assets recognizable by the Group pursuant to the lease of network assets under the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement) is above 0.1% but below 5%, the transactions contemplated thereunder are classified as continuing connected transactions under Rule 14A.76(2) of the Hong Kong Listing Rules, which are only subject to the reporting, annual review and announcement requirements set out in the Hong Kong Listing Rules but are exempt from the independent shareholders' approval requirement under the Hong Kong Listing Rules. Details of the 2020 Telecommunication Facilities Construction Services Agreement (as renewed), the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources 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 Hong Kong 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 2023-2024 Property Leasing Agreement or the 2023 Power Support and Other Network Assets and Resources Leasing Agreement under Rule 14A.81 of 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 (as renewed), the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement.

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 (as renewed), the 2023-2024 Property Leasing Agreement and the 2023 Power Support and Other Network Assets and Resources Leasing Agreement were 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 annual caps for the transactions thereunder are fair and reasonable.

## **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.

In this announcement, references to applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules mean the assets ratio, the revenue ratio and the consideration ratio.

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

Hong Kong, 6 January 2023

## **FORWARD-LOOKING STATEMENTS**

Forward-looking statements contained in this announcement do not constitute and should not be viewed as commitments made by the Company. 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 such forward-looking statements. Investors are cautioned not to unduly rely on such forward-looking statements.

*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.*