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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)**

### **ANNOUNCEMENT ON INCLUSION OF THE TELECOMMUNICATIONS INDUSTRY IN THE PILOT PROGRAM FOR THE TRANSFORMATION FROM BUSINESS TAX TO VALUE-ADDED TAX**

This announcement is made by China Mobile Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company hereby announces that its parent company, China Mobile Communications Corporation, received a notification (Cai Shui [2014] No. 43) jointly issued by the Ministry of Finance and the State Administration of Taxation of the People’s Republic of China that as approved by the State Council of the People’s Republic of China, the telecommunications industry will be included in the scope of the pilot program for the transformation from business tax to value-added tax (the “**VAT Program**”). The pilot program will be implemented from 1 June 2014 in Mainland China. For telecommunications enterprises, the value-added tax rate for the provision of basic telecommunications services will be 11%, and the value-added tax rate for the provision of value-added telecommunications services will be 6%. In addition, value-added tax policies in respect of, among others, the provision of rewards in connection with telecommunication services, the provision of telecommunications services to entities outside of Mainland China and redemption of accumulated points for telecommunication services are clarified.

As value-added tax will be levied on revenue on the basis that taxes are separated from prices charged after the implementation of the VAT Program, operating revenue will decrease correspondingly. Further, as input tax deductions amount from value-added tax which the Company can currently claim on its costs and capital expenditure are relatively low, for example, items including amortization and depreciation, personnel expenses and others are not deductible, operating expenses and capital expenditure will slightly decrease. Therefore, the relatively substantial negative impacts on profitability in the short term are expected. As the decrease in capital expenditure will reduce depreciation in subsequent years correspondingly, this will mitigate the negative impacts on profitability subsequently.

As analyzed from the financial data disclosed in the 2013 annual results of the Company, revenue from basic telecommunications services, value-added telecommunications services and sales of devices accounted for approximately 57%, 37% and 6% of the operating revenue of the Company in 2013, respectively. A simulated analysis using sample data of the Company in 2013 has been made, and assuming that the VAT Program had been implemented from 1 January 2013. Examples of the simulated sensitivity analysis of the effects of the VAT Program on the profits attributable to equity shareholders in 2013 are set forth below:

		<b>Level of change in operating revenue</b>		
		-5.5%	-6.0%	-6.5%
<b>Level of change in operating expenses</b>	-2.5%	-14.1%	-16.0%	-18.0%
	-3.0%	-12.5%	-14.5%	-16.5%
	-3.5%	-10.9%	-12.9%	-14.9%

**Subject to the effects from various factors including tax collection and management policies, revenue structure, input tax deductions from value-added tax and timing of implementation, the actual effects on the level of change in operating revenue, the level of change in operating expenses and profits attributable to equity shareholders after implementation of the VAT Program may be substantially different from the above examples of the simulated sensitivity analysis. The above examples of the simulated sensitivity analysis are set forth for investors' general understanding of the simulated impact of the VAT Program, and do not represent the actual impact of the VAT Program on the Company's financial results or the Company's estimate of any such actual impact. Therefore, investors shall exercise caution in understanding the above, and shall not place undue reliance on such data.**

The VAT Program will bring about relatively substantial negative impacts on the Company's financial results in the short term, but is beneficial for optimizing business models and marketing strategies, promoting the Company's transformation development in the long term. With the inclusion of more industries in the VAT Program and the deepening of the Company's transformation, it is expected that the extent of such negative impacts will reduce gradually over the years. The Company will continue to pay close attention to updates in specific policies regarding the VAT Program, meticulously analyze, proactively respond, optimize processes in a timely manner, improve management, modify systems, strengthen training, strive to establish an operation and management system that properly adapts to the VAT Program. The Company will also continue to improve value-added tax management standards and endeavor to minimize the potential negative impacts that the VAT Program may have on the Company.

**In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.**

By Order of the Board  
**China Mobile Limited**  
**Xi Guohua**  
*Chairman*

Hong Kong, 30 April 2014

#### **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 any future performance, financial condition or results of operations implied by such 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. Xi Guohua, Mr. Li Yue, Mr. Xue Taohai, Madam Huang Wenlin, Mr. Sha Yuejia and Mr. Liu Aili as executive directors and Dr. Lo Ka Shui, Mr. Frank Wong Kwong Shing, Dr. Moses Cheng Mo Chi and Mr. Paul Chow Man Yiu as independent non-executive directors.*