中国移动通信
CHINA MOBILE

CHINA MOBILE LIMITED
中國移動有限公司

(Incorporated in Hong Kong with limited liabililty under the Companies Ordinance)

(Stock Code: 941)

CONTINUING CONNECTED TRANSACTIONS WITH CHINA MOBILE COMMUNICATIONS CORPORATION NETWORK ASSETS LEASING AGREEMENT AND INCREASE IN ANNUAL CAPS

NETWORK ASSETS LEASING AGREEMENT

In order to better position the Group in the changing landscape of the telecommunications industry in China and to enable the Group to meet the subscribers' demand for one-stop shop telecommunications services, the Company entered into the Network Assets Leasing Agreement with CMCC on 18 August 2011, pursuant to which the Company and its operating subsidiaries on the one hand and CMCC and its subsidiaries (including TieTong and its subsidiaries) on the other will lease their respective Network Assets to each other in return for the Leasing Fees. The parties to the Network Assets Leasing Agreement have the right to adjust the scope of the Network Assets leased under the Network Assets Leasing Agreement to suit their respective business needs.

By utilising the Network Assets of CMCC and its subsidiaries (including TieTong and its subsidiaries), the Company intends to offer its subscribers a complete telecommunications solution.

The Network Assets Leasing Agreement shall expire on 31 December 2011, and unless the parties agree otherwise, upon expiry of the term, the Network Assets Leasing Agreement shall automatically be renewed for further terms of one year each.

The Leasing Fees shall be determined with reference to the prevailing market rates but in any event shall not be more than the leasing fees charged to any independent third party for the same kinds of Network Assets. The amount of Leasing Fees payable by the Group to CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2011 is expected not to exceed RMB1,200 million (equivalent to approximately HK$1,457 million). Accordingly, this amount is set as the annual cap for the Leasing Fees payable by the Group to CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2011. The amount of Leasing Fees receivable by the Group from CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2011 is expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules.

INCREASE IN ANNUAL CAPS OF THE 2011-2013 TELECOMMUNICATIONS SERVICES AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2011, 2012 AND 2013

Reference is made to the announcement of the Company dated 21 December 2010 where the Board announced that the Company had entered into the 2011-2013 Telecommunications Services Agreement with CMCC.

In view of the Group's continued business growth and the increase in the scale of the telecommunications network assets leased from CMCC and its subsidiaries, the Group's demand for the Telecommunications Services from CMCC and its subsidiaries is expected to increase. As such, the Directors consider that the annual caps for the charges payable by the Group to CMCC and its subsidiaries under the 2011-2013 Telecommunications Services Agreement for each of the three years ending 31 December 2011, 2012 and 2013 are no longer sufficient. On 18 August 2011, the Directors resolved to increase the annual caps in respect of the 2011-2013 Telecommunications Services Agreement for the three years ending 31 December 2011, 2012 and 2013 by RMB500 million (equivalent to approximately HK$607 million), RMB800 million (equivalent to approximately HK$971 million) and RMB1,000 million (equivalent to approximately HK$1,214 million), respectively. After the increase, the annual caps for the charges payable by the Group to CMCC and its subsidiaries under the 2011-2013 Telecommunications Services Agreement for the three years ending 31 December 2011, 2012 and 2013 shall be RMB2,000 million (equivalent to approximately HK$2,428 million), RMB2,500 million (equivalent to approximately HK$3,035 million) and RMB3,000 million (equivalent to approximately HK$3,641 million), respectively.

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 Network Assets Leasing Agreement and the 2011-2013 Telecommunications Services Agreement constitute continuing connected transactions for the Company under Rule14A.34 of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the amount payable by the Group under the Network Assets Leasing Agreement and the revised annual caps for the charges payable by the Group to CMCC and its subsidiaries under the 2011-2013 Telecommunications Services Agreement are, on an annual basis, above 0.1% but below 5%, the transactions contemplated under the Network Assets Leasing Agreement and the 2011-2013 Telecommunications Services Agreement are classified as continuing connected transactions under Rule 14A.34 of the Listing Rules and 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 Network Assets Leasing Agreement and the 2011-2013 Telecommunications Services Agreement will be included in the annual report and accounts of the Company in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

NETWORK ASSETS LEASING AGREEMENT

Date: 18 August 2011

Parties: (i) CMCC

(ii) the Company

The Group is the leading mobile services provider in China, which operates nationwide mobile telecommunications networks in all thirty-one provinces, autonomous regions and directly-administered municipalities in Mainland China and in Hong Kong. TieTong, a wholly-owned subsidiary of CMCC, is a fixed-line telecommunications operator in China.

In order to better position the Group in the changing landscape of the telecommunications industry in China and to enable the Group to meet the subscribers' demand for one-stop shop telecommunications services, the Company entered into the Network Assets Leasing Agreement with CMCC pursuant to which the Company and its operating subsidiaries on the one hand and CMCC and its subsidiaries (including TieTong and its subsidiaries) on the other will lease their respective telecommunications network operation assets (the "**Network Assets**") to each other in return for a leasing fee (the "**Leasing Fees**"). Such Network Assets include, among others, access networks, transmission networks, machinery rooms and equipment. The parties to the Network Assets Leasing Agreement have the right to adjust the scope of the Network Assets leased under the Network Assets Leasing Agreement to suit their respective business needs.

By utilising the Network Assets of CMCC and its subsidiaries (including TieTong and its subsidiaries), the Company intends to offer its subscribers a complete telecommunications solution.

The Network Assets Leasing Agreement shall expire on 31 December 2011, and unless the parties agree otherwise, upon expiry of the term, the Network Assets Leasing Agreement shall automatically be renewed for further terms of one year each.

The Leasing Fees are payable on a monthly basis in cash. The Leasing Fees shall be determined with reference to the prevailing market rates but in any event shall not be more than the leasing fees charged to any independent third party for the same kinds of Network Assets.

For the period from 1 January 2011 to 30 June 2011, the aggregate amount of Leasing Fees payable by the Group to CMCC for leasing the Network Assets was approximately RMB63 million (approximately HK$76 million). The aggregate amount of Leasing Fees payable by the Group to CMCC for leasing the Network Assets up to the date of this announcement is below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules. In response to the competition in full-service business in the telecommunications market in China, the Group intends to increase the scale of the Network Assets leased from CMCC and its subsidiaries in the second half of 2011, which the Company considers is an efficient way for the Group to obtain the necessary Network Assets for the enhancement of its full-service business. Accordingly, the Company expects that the amount of Leasing Fees payable by the Group for leasing the Network Assets from CMCC and its subsidiaries will increase substantially in the second half of 2011. The amount of Leasing Fees payable by the Group for leasing the Network Assets under the Network Assets Leasing Agreement for the year ending 31 December 2011 is expected not to exceed RMB1,200 million (equivalent to approximately HK$1,457 million). Accordingly, this amount is set as the annual cap for the Leasing Fees payable by the Group to CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2011.

The amount of Leasing Fees receivable by the Group from CMCC and its subsidiaries under the Network Assets Leasing Agreement for the year ending 31 December 2011 is expected to be below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the Network Assets Leasing Agreement was entered into after arm's length negotiation between the Company and CMCC, reflects normal commercial terms and is in the interests of the Company and its shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the terms as well as the proposed annual cap for the transactions contemplated thereunder are fair and reasonable.

INCREASE IN ANNUAL CAPS OF THE 2011-2013 TELECOMMUNICATIONS SERVICES AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2011, 2012 AND 2013

Reference is made to the announcement of the Company dated 21 December 2010 where the Board announced that the Company had entered into the 2011-2013 Telecommunications Services Agreement with CMCC.

Pursuant to the 2011-2013 Telecommunications Services Agreement, subsidiaries of the Company provide certain telecommunications services to CMCC and its subsidiaries (the "**Telecommunications Services**") and also receive other telecommunications services from CMCC and its subsidiaries. Telecommunications Services provided under the 2011-2013 Telecommunications Services Agreement include (i) telecommunications project planning, design and construction services; (ii) telecommunications line and pipeline constructions services; (iii) telecommunications line maintenance services; and (iv) installation and maintenance services in respect of transmission towers. In addition, subsidiaries of the Company will provide transmission towers and spare parts to subsidiaries of CMCC.

In view of the Group's continued business growth and the increase in the scale of the telecommunications network assets leased from CMCC and its subsidiaries, the Group's demand for the Telecommunications Services from CMCC and its subsidiaries is expected to increase. As such, the Directors consider that the annual caps for the charges payable by the Group to CMCC and its subsidiaries under the 2011-2013 Telecommunications Services Agreement for each of the three years ending 31 December 2011, 2012 and 2013 are no longer sufficient. On 18 August 2011, the Directors resolved to increase the annual caps in respect of the 2011-2013 Telecommunications Services Agreement for the three years ending 31 December 2011, 2012 and 2013 by RMB500 million (equivalent to approximately HK$607 million), RMB800 million (equivalent to approximately HK$971 million) and RMB1,000 million (equivalent to approximately HK$1,214 million), respectively. The increase in annual caps is estimated with reference to the qualification and scope of services that can be offered by CMCC and its subsidiaries. After the increase, the annual caps for the charges payable by the Group to CMCC and its subsidiaries under the 2011-2013 Telecommunications Services Agreement for the three years ending 31 December 2011, 2012 and 2013 shall be RMB2,000 million (equivalent to approximately HK$2,428 million), RMB2,500 million (equivalent to approximately HK$3,035 million) and RMB3,000 million (equivalent to approximately HK$3,641 million), respectively.

The charges payable by the Group for the Telecommunications Services under the 2011-2013 Telecommunications Services Agreement up to the date of this announcement have not exceeded the previous annual cap as disclosed in the announcement published by the Company on 21 December 2010.

Other than the increase in the annual caps for the three years ending 31 December 2011, 2012 and 2013, the terms and conditions of the 2011-2013 Telecommunications Services Agreement remain unchanged.

The Directors are of the view that the proposed revised annual caps for the three years ending 31 December 2011, 2012 and 2013 are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the transaction contemplated under the Network Assets Leasing Agreement and the 2011-2013 Telecommunications Services Agreement constitute continuing connected transactions for the Company under Rule14A.34 of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the amount payable by the Group under the Network Assets Leasing Agreement and the revised annual caps for the charges payable by the Group to CMCC and its subsidiaries under the 2011-2013 Telecommunications Services Agreement are, on an annual basis, above 0.1% but below 5%, the transactions contemplated under the Network Assets Leasing Agreement and the 2011-2013 Telecommunications Services Agreement are classified as continuing connected transactions under Rule 14A.34 of the Listing Rules and 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 Network Assets Leasing Agreement and the 2011-2013 Telecommunications Services Agreement will be included in the annual report and accounts of the Company in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

The Group had no other prior transactions with CMCC and its associates which required aggregation with the Network Assets Leasing Agreement or the 2011-2013 Telecommunications Services Agreement under Rule 14A.25 of the Listing Rules.

None of the Directors has a material interest in the transactions under the Network Assets Leasing Agreement and the 2011-2013 Telecommunications Services Agreement or, is required to abstain from voting on the board resolutions for considering and approving such transactions.

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 74.20% of the total issued and outstanding share capital of the Company. Through the Group, CMCC is the leading provider of mobile telecommunications services in the PRC.

The Group is the leading mobile services provider in China, which operates nationwide mobile telecommunications networks in all thirty-one provinces, autonomous regions and directly-administered municipalities in Mainland China and in Hong Kong. The Company is an investment holding company.

This announcement contains translations between Renminbi and Hong Kong dollars at RMB0.82385 = 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.

DEFINITIONS

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

"2011-2013 Telecommunications Services Agreement"	the 2011-2013 telecommunications services agreement dated 21 December 2010 and entered into between the Company and CMCC
"Board"	the board of Directors of the Company
"CMCC"	China Mobile Communications Corporation, 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 and American Depositary Shares are listed on the New York 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

"Network Assets Leasing Agreement"	the telecommunications network operation assets leasing agreement dated 18 August 2011 and entered into between the Company and CMCC
"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
"TieTong"	China TieTong Telecommunications Corporation, a company incorporated under the laws of the PRC and a wholly-owned subsidiary of CMCC
"%"	per cent.

By Order of the Board
China Mobile Limited
Wang Jianzhou
Chairman

Hong Kong, 18 August 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Wang Jianzhou, Mr. Xi Guohua, Mr. Li Yue, Mr. Lu Xiangdong, Mr. Xue Taohai, Madam Huang Wenlin, Mr. Sha Yuejia, Mr. Liu Aili, Madam Xin Fanfei and Mr. Xu Long as executive directors, Dr. Lo Ka Shui, Mr. Frank Wong Kwong Shing and Dr. Moses Cheng Mo Chi as independent non-executive directors.