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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)**

*Executive Directors:*

YANG Jie (*Chairman*)

LI Yue (*Chief Executive Officer*)

DONG Xin

*Registered Office:*

60th Floor

The Center

99 Queen's Road Central

Hong Kong

*Independent Non-executive Directors:*

Moses CHENG Mo Chi

Paul CHOW Man Yiu

Stephen YIU Kin Wah

YANG Qiang

12 April 2019

*To the shareholders*

Dear Sir or Madam,

### **1. BUY-BACK MANDATE**

This is the explanatory statement required to be sent to shareholders under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in connection with the proposed ordinary resolution set out in item 6 of the notice of the annual general meeting dated 12 April 2019 (the “**AGM Notice**”) for the approval of the renewal of the general mandate for buy-back of shares. This document also constitutes the memorandum required under section 239 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Reference in this document to “**Shares**” means share(s) of all classes in the capital of China Mobile Limited (the “**Company**”).

## **Exercise of the Buy-back Mandate**

Whilst the directors of the Company (the “**Directors**”) do not presently intend to buy back any Shares immediately, they believe that the flexibility afforded by the mandate granted to them if the ordinary resolution set out in item 6 of the AGM Notice (the “**Buy-back Mandate**”) is passed would be beneficial to the Company and its shareholders as a whole.

It is proposed that up to 10 per cent. of the number of issued Shares on the date of the passing of the resolution to approve the Buy-back Mandate may be bought back. As at 26 March 2019, the latest practicable date for determining such figures, 20,475,482,897 Shares were issued. On the basis of such figures, the Directors would be authorised to buy back up to 2,047,548,289 Shares during the period up to the date of the next annual general meeting in 2020, or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, or the revocation or variation of the Buy-back Mandate by an ordinary resolution of the shareholders at a general meeting of the Company, whichever of these three events occurs first.

## **Reasons for Buy-backs**

Buy-backs of Shares will only be made when the Directors believe that such a buy-back will benefit the Company and its shareholders. Such buy-backs may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

## **Funding of Buy-backs**

Buy-backs pursuant to the Buy-back Mandate would be financed entirely from the Company’s available cash flow or working capital facilities. Any buy-backs will be made out of funds of the Company legally permitted to be utilised in this connection in accordance with its articles of association and the laws of Hong Kong, including distributable profits. Under the Companies Ordinance, a company’s distributable profits, in relation to the making of a payment by the company, are those profits out of which the company could lawfully make a distribution equal in value to the payment.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts for the year ended 31 December 2018 dated 21 March 2019) in the event that the Buy-back Mandate is exercised in full. However, the Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## **Disclosure of Interests**

None of the Directors, and to the best of their knowledge, having made all reasonable enquiries, none of their associates, have any present intention, if the Buy-back Mandate is approved by the shareholders of the Company, to sell any Shares to the Company or its subsidiaries.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, nor have they undertaken not to do so, if the Buy-back Mandate is approved by the shareholders of the Company.

## **Directors' Undertaking**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

## **Share Buy-backs Made by the Company**

No buy-backs of Shares have been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

## **Takeovers Code Consequences**

If as a result of a buy-back of Shares by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of its or their shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors are aware of the consequences arising under the Takeovers Code of any buy-back.

As at 26 March 2019 (being the latest practicable date prior to the printing of this document), the immediate controlling shareholder of the Company, China Mobile Hong Kong (BVI) Limited ("**CMHKBVI**"), was recorded in the registers required to be kept by the Company under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") as having an interest in 14,890,116,842 Shares, representing approximately 72.72 per cent. of the number of issued shares of the Company as at that date. In the event that the Buy-back Mandate is exercised in full and assuming that there is no change in the number of Shares held by CMHKBVI, the shareholding of CMHKBVI in the Company will be increased to approximately 80.80 per cent. of the reduced number of issued shares of the Company immediately after the exercise in full of the Buy-back Mandate. The Directors are not aware of any consequences in relation to CMHKBVI which would arise under the Takeovers Code as a result of such share buy-back by the Company. In addition, in exercising the Buy-back Mandate (whether in full or otherwise), the Directors will ensure that the Company shall comply with the requirements of the Listing Rules, including the minimum percentage of Shares being held in public hands.

## Market Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months before the latest practicable date prior to the printing of this document were:

	Traded Market Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2018</b>		
March	73.25	69.65
April	75.40	70.45
May	75.30	69.60
June	73.50	68.10
July	71.20	67.85
August	75.25	68.65
September	77.15	73.40
October	81.05	71.15
November	78.00	72.00
December	78.50	73.35
<b>2019</b>		
January	83.05	72.90
February	85.20	81.65
March (up to and including 26 March 2019)	87.70	80.05

## Extension of Share Issue Mandate

A resolution as set out in item 8 of the AGM Notice will also be proposed at the annual general meeting authorising the Directors to increase the maximum number of new Shares which may be issued under the general mandate for the issuance and allotment of Shares by adding to it the number of any Shares bought back pursuant to the Buy-back Mandate.

## 2. RE-ELECTION OF DIRECTORS

In accordance with Article 99 of the Company's Articles of Association, Mr. YANG Jie and Dr. YANG Qiang will hold office until the forthcoming annual general meeting of the Company and will then be eligible for re-election. Besides, in accordance with Article 95 of the Company's Articles of Association, Mr. DONG Xin and Dr. Moses CHENG Mo Chi will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The biographies of the directors proposed for re-election at the forthcoming annual general meeting ("**Directors for Re-election**") are set out in the Appendix I to this circular. Except as disclosed in such biographies, the Directors for Re-election have not held any other directorships in any listed public companies in the last three years. Further, except as noted in the biographies, none of the Directors for Re-election is connected with any directors, senior management or substantial or controlling shareholders of the Company and, except as disclosed in the paragraph headed "Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures" in the 2018 Annual Report of the Company, none of them has any interests in the shares of the Company within the meaning of Part XV of the SFO.

The service contracts of all the Directors for Re-election do not provide for a specified length of service and each of such directors will be subject to retirement by rotation and re-election at annual general meetings of the Company every three years. Each of the Directors for Re-election is entitled to an annual director's fee of HK\$180,000 as proposed by the Board and approved by the shareholders of the Company. Director's fees are payable on a time pro-rata basis for any non-full year's service. Mr. YANG Jie, Mr. DONG Xin and Dr. YANG Qiang have voluntarily waived their respective annual director's fees, and Dr. YANG Qiang has also voluntarily waived his annual fee of HK\$150,000 as a member of the Audit Committee. The remuneration of the Directors for Re-election has been determined with reference to the individual's duties, responsibilities and experience, and to prevailing market conditions.

None of the Directors for Re-election has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

Save as disclosed above, there are no other matters relating to the re-election of the Directors for Re-election that need to be brought to the attention of the shareholders of the Company nor is there any information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Dr. Moses CHENG Mo Chi was appointed as an independent non-executive director of the Company in March 2003. With his legal and regulatory expertise that is unique in the Board, he can contribute to the Board diversity of the Company and is a highly valued and respected member of the Board. Each year, he provided the Company with a confirmation of his independence, and the Board is of the view that he is independent notwithstanding that he has served the Board for more than nine years. The Board believes that he will make a significant contribution to the Company with his extensive legal experience as well as valuable insights gained from various listed companies and public organizations. Although he currently holds directorships at eight other companies listed on the Stock Exchange, the Board believes that he will be able to devote sufficient time to the Board given that all such directorships are non-executive in nature and that he now only serves as a consultant to his law firm. Accordingly, the Board is of the view that the re-election of Dr. Moses CHENG Mo Chi as an independent non-executive director of the Company is in the interests of the Company and its shareholders as a whole.

Dr. YANG Qiang was appointed as an independent non-executive director of the Company in May 2018 as proposed by the Nomination Committee of the Company and after review and approval by the Board. With his expertise in artificial intelligence and scientific research that is unique in the Board, he can contribute to the Board diversity of the Company and is a highly valued and respected member of the Board. Each year, he provided the Company with a confirmation of his independence, and the Board is of the view that he is independent. The Board believes that he will make a significant contribution to the Company with his extensive research experience and valuable expertise in the application of artificial intelligence, data mining, machine learning and big data. Accordingly, the Board is of the view that the re-election of Dr. YANG Qiang as an independent non-executive director of the Company is in the interests of the Company and its shareholders as a whole.

Yours faithfully  
**Wong Wai Lan, Grace**  
*Company Secretary*

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## APPENDIX I

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### BIOGRAPHIES OF THE DIRECTORS PROPOSED FOR RE-ELECTION AT THE FORTHCOMING ANNUAL GENERAL MEETING

#### EXECUTIVE DIRECTORS

##### MR. YANG JIE

Age 56, Executive Director and Chairman of the Company, in charge of the overall management of the Company, joined the Board of Directors of the Company in March 2019. He is currently the Chairman of CMCC and a director and the Chairman of China Mobile Communication Co., Ltd. (“CMC”). Mr. Yang formerly served as Deputy Director General of Shanxi Posts and Telecommunications Administration, General Manager of Shanxi Telecommunications Corporation, Vice President of China Telecom Beijing Research Institute, General Manager of Business Department of the Northern Telecom of former China Telecommunications Corporation, President and Chairman of China Telecommunications Corporation, and President and Chief Operating Officer, Chairman and Chief Executive Officer of China Telecom Corporation Limited. Mr. Yang graduated from the Beijing University of Posts and Telecommunications majoring in radio engineering in 1984 and obtained a doctorate degree in business administration from the ESC Rennes School of Business, France in 2008. Mr. Yang is a professor-level senior engineer with extensive experience in management and telecommunications industry.

##### MR. DONG XIN

Age 52, Executive Director, Vice President and Chief Financial Officer of the Company, principally in charge of corporate affairs, planning and construction, finance, human resources, internal audit and investor relations of the Company, joined the Board of Directors of the Company in March 2017. He is also a Vice President and Chief Accountant of CMCC and a Director and Vice President of CMC. In May 2018, Mr. Dong was appointed as a non-executive director of China Tower Corporation Limited (“China Tower”, a company listed in Hong Kong since 8 August 2018). Mr. Dong formerly served as a Deputy Director of Corporate Finance Division of Finance Department of the former Ministry of Posts and Telecommunications, a Director of Economic Adjustment Division of the Department of Economic Adjustment and Communication Clearing of the former Ministry of Information Industry of China, Director General of the Finance Department of CMCC, Chairman and President of Hainan Mobile, Director General of the Planning and Construction Department of CMCC, Chairman and President of Henan Mobile and Beijing Mobile. Mr. Dong received a Bachelor’s degree from Beijing University of Posts and Telecommunications in 1989, a Master’s degree in financial and accounting management from Australian National University, and a Doctoral degree in business administration jointly issued by Shanghai Jiao Tong University and ESC Rennes School of Business, France. Mr. Dong is a senior engineer and senior accountant with many years of experience in the telecommunications industry and financial management.

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## APPENDIX I

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### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### **DR. MOSES CHENG MO CHI, GBM, GBS, OBE, JP**

Age 69, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in March 2003. He was appointed as the Chairman of the Remuneration Committee in May 2016. Dr. Cheng is a practising solicitor and a consultant of Messrs. P.C. Woo & Co. after serving as its Senior Partner from 1994 to 2015. Dr. Cheng was a member of the Legislative Council of Hong Kong. He is the founder chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. He is now also serving as chairman of the Insurance Authority. Dr. Cheng currently holds directorships in Liu Chong Hing Investment Limited, China Resources Beer (Holdings) Company Limited, Towngas China Company Limited, Kader Holdings Company Limited, K. Wah International Holdings Limited, Guangdong Investment Limited, Tian An China Investments Company Limited and The Hong Kong and China Gas Company Limited, all of which are public listed companies in Hong Kong. Dr Cheng had ceased to be an independent non-executive director of ARA Asset Management Limited, a company formerly listed in Singapore.

#### **DR. YANG QIANG**

Aged 57, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2018. Dr. Yang is currently the Chief AI Officer of WeBank Co., Ltd., the Founding Director of the Big Data Institute, the Chair Professor and former New Bright Professor of Engineering and the former Head of the Department of Computer Science and Engineering of the Hong Kong University of Science and Technology (“HKUST”), as well as the Chief Scientific Consultant to Shenzhen Qianhai 4Paradigm Data Technology Co., Ltd. Dr. Yang had served as, among other posts, an Assistant Professor and a Tenured Associate Professor at the Department of Computer Science of the University of Waterloo in Canada from September 1989 to August 1995, a Tenured Associate Professor, an Industrial Research Chair and a Full Professor at the School of Computing Science of Simon Fraser University in Canada from August 1995 to August 2001, and an Associate Professor, a Full Professor and an Associate Head of the Department of Computer Science and Engineering of HKUST from August 2001 to June 2012. From 2009 to November 2014, Dr. Yang was also a Technical Consultant to the 2012 Laboratories of Huawei Technologies Co., Ltd. (“Huawei”) in charge of big data research, and served as, among other posts, the Founding Head of Huawei’s Noah’s Ark Research Lab and the Head of Huawei’s Big Data Committee. Dr. Yang received a bachelor’s degree in astrophysics from Peking University in 1982, master’s degrees in astrophysics and computer science from the University of Maryland, College Park in the United States in 1985 and 1987 respectively, and a doctor’s degree in computer science from the University of Maryland, College Park in 1989.