中国移动
China Mobile

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 OF 2016 INTERIM RESULTS

- Operating revenue was RMB370.4 billion, up by 7.1%, of which revenue from telecommunications services was RMB325.4 billion, up by 6.9%
- EBITDA[1] was RMB134.4 billion, up by 2.9%
- Profit attributable to equity shareholders was RMB60.6 billion, up by 5.6%
- Total mobile customers was 837 million, up by 2.4%
- Payment of an interim dividend of HK$1.489 per share; interim dividend payout ratio is 43%

CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to say that despite an increasing swell of challenges, China Mobile has delivered promising results in the first half of 2016, affirming that we are indeed pursuing the correct strategy. This has been driven by our ongoing focus on innovation in all aspects of operation, as well as a business transformation towards value creation. This is a laudable achievement given that we are going through a period of rapid change where the industry is witnessing further integration and layers of complexity added to the competitive landscape. It has in turn created short-term operating pressures and more risk around those developments slated for the longer-term. However, China Mobile has made steady progress in the 4G, data traffic, wireline broadband and digital services business lines, delivering an outstanding overall performance in the period.

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1 The Company defines EBITDA as profit for the period before taxation, share of profit of investments accounted for using the equity method, finance costs, interest income, other gains, depreciation and amortization of other intangible assets.

Operating Results

China Mobile has achieved encouraging growth both in terms of revenue and profit for the first half of 2016. The downward trend in revenue growth in telecommunications services that has been seen in recent years has been corrected, and the Company has once again beaten the average industry growth, underlining our market leading position.

Compared to the same period of the year before, operating revenue increased by 7.1% to RMB370.4 billion, within which, revenue from telecommunications services accounted for RMB325.4 billion, up by 6.9%. We generated the largest operating revenue in the first half of 2016 amongst our industry peers, which is in line with our leading position in the market. EBITDA increased by 2.9% to RMB134.4 billion. Our profitability also out-performed our industry peers, with profit attributable to equity shareholders reaching RMB60.6 billion, representing an increase of 5.6%.

After considering the operating results in the first half of 2016 as well as the need for sustainable future development, the Board has declared payment of an interim dividend of HK$1.489 per share (representing a payout ratio of 43%), according to the planned full year dividend payout ratio.

The Board believes that the industry-leading profitability and the ability to generate healthy cash flow will provide substantial support for the Company's future development and provide good returns for our shareholders.

Maintaining Leadership in 4G

In the first half of 2016, the Company maintained its competitive advantage in 4G business and of particular note was that we conducted the timely launch of the high quality 4G premium network, ahead of our market peers.

We continued to enhance the stability, coverage and strength of our 4G network to ensure good customer experience at the core of our services. We added over 200,000 4G base stations, increasing the total number of 4G base stations to 1.32 million. Our 4G network has now been expanded to cover more indoor areas in a larger number of places. The strength of the network was enhanced by the launch of high quality VoLTE (Voice over LTE) in nearly 300 cities across the country. The application of Carrier Aggregation has also been rolled out in over 300 cities.

Leveraging its strong existing network, China Mobile has focused its promotional efforts towards 4G upgrades and this campaign has successfully attracted a significant number of 2G/3G customers. In the first half of 2016, the monthly average net increase of 4G customers was over 19 million, pushing the total number of 4G customers to 429 million. 4G penetration rate of our mobile customers attained 51.2% while the Net Promoter Score, which measures the likelihood of customer recommendation, is industry-leading. In addition, the accelerated development of 4G capability and the level of adoption has brought growth in both data traffic and customer spending. During the period, 4G network handset data traffic as a percentage of the total handset data traffic increased to 88.0%. 4G DOU has increased by 31.9%, driving the growth in mobile ARPU. Data traffic reached a record-high level during the period.

However, we cannot rest on our laurels in this strategically important area for our customers, our Company and our industry. We are sure to see increased 4G competition as a number of rival providers are collaborating in network expansion and increasing marketing efforts. Taking all these into perspective, the Company has planned to maintain what we deem sufficient levels of marketing expense in 4G for the rest of 2016 in order to maintain our lead in the market.

Data Traffic Reaches a New Milestone

During this reporting period, wireless data traffic revenue has for the first time exceeded traditional business and is now notably the biggest revenue source for China Mobile.

Internet access is becoming an indispensable commodity but at the same time the catalyst for economic and social development, driving up demand for a wider range of information services. For the Company, this clearly means growth opportunities, but also the need for continued service improvement and a relentless focus on customer experience. During the first half of the year the Company has been exploring this dual agenda of increasing the value of its data traffic business while meeting community and end-user needs better. This focused effort managed to successfully generate growth in both volume and revenue from data traffic.

Leveraging our innovative operating model, offering a bigger range of products and supplying our data services to an ever expanding customer base, China Mobile has been able to find a balance between charging lower fees, generating higher traffic volumes and still keeping the value of our services. The data traffic business performed strongly in the first half of 2016. Handset data traffic increased by 133.9% year-on-year, while wireless data traffic revenue increased by 39.7%, rose to 43.3% of the total telecommunications services revenue.

There will be some challenges in the data segment that we are very aware of, in particular traffic profitability and growth bottleneck. Our future strategy will be a continued focus on data traffic business through enriching our service offerings and maximising the value of our services in order to boost revenue as far as possible from information services. Sustaining the success in data services will be a bedrock for China Mobile, while at the same time allowing the Company to transform to higher-value business segments in the future.

High Quality Wireline Broadband

China's goal of becoming a "Cyberpower" has created huge development potential in the communications industry. The Company is exploring ways of sharpening its edge in the wireline broadband segment that provides synergies with the other business lines, and improving our full service capacity. In the first half of 2016, China Mobile has seen a satisfactory level of growth in the number of wireline broadband customers, with a net increase of 10.81 million and the total number of customers reaching 65.84 million. The broadband business line is starting to show its value potential.

China Mobile adopted the high-end approach to the development of its wireline broadband business, with an aim to grow our capability in household digital services. Emphasising our brand values, our key products will provide a minimum bandwidth of over 50M as standard, giving premium quality to our customers. We truly believe that our approach will promote strong and sustainable development of the wireline broadband business, hence benefiting the industry as a whole.

In the second half of 2016, the Company will work on developing a smart home gateway under the China Mobile brand. This will be a crucial step in structuring our household digital service offerings and smart home product development plan. We see that there is significant potential in this segment and China Mobile should work on obtaining a market leading position.

Proactively Expanding Digital Services

The Chinese government's "Internet+" initiative, which aims to integrate the Internet with a range of traditional businesses in order to generate new opportunities, is another area of potential development for the communications industry. The Company has focused on building connections with corporate customers in the ICT (information and communication technology) market. We supported the growth of the businesses by helping them build out their information systems and facilitating the application of these developments in their industries. In the first half of 2016, we served over 3 million corporate customers. Telecommunications and informatization services saw high growth in revenue, with IDC (Internet Data Centres) and data dedicated line revenue growing by 65.9% and 47.7% respectively. Revenue from corporate telecommunications and informatization services equates to approximately one-third of the total market in China.

Our digital services are still at an early stage of development and more effort will be needed to drive new products and further strengthen our capabilities. Our business arms that are specialising in the development of designated professional services and emerging innovations have been making progress in the areas of mobile Internet, IoT (Internet of Things), cloud computing and big data. This is with a view to creating more synergy between our cloud resources and existing applications, while deepening our strength in data analytics and big data applications in order to uncover new sources of revenue growth. In the first half of 2016 we had over 80 million connections to the IoT. We would expect to see this number grow during the rest of the year.

We understand the importance of building up our own capability and streamlining our own systems. In response to the government's policy in promoting mass entrepreneurship and innovation, the Company encourages employees to participate in internal innovation incubators. Our professional business arms mentioned above and R&D centres are the core elements of this innovative drive, which will be focused on enhancing our core capabilities and product range. We will continue to implement necessary organisational and system reforms to promote technology and business innovation that is driven by market needs.

We recognised the huge potential, both now and in the future, of mobile Internet and industrial IoT businesses and planned to establish an open source platform for external developers from different industries to share their innovation with end users. Internally this will benefit us as it will pool substantial industry resources on our platform, and enable vertical integration of technology developers and end customers to create a well-balanced business ecosystem.

Regulatory Policies

The Company has rolled out a number of measures since the second half of 2015 in response to the "speed upgrade and tariff reduction" regulatory initiative. Some of the key considerations expressed by the government when formulating regulatory policies are the lowering of tariffs and upgrade of networks. This will be carried out primarily through promoting healthy market competition while working to encourage industry players to improve their efficiency, all with the ultimate result of driving economic growth.

We will maintain regular communications with the regulators on the anticipated cancellation of long-distance and roaming tariffs. We will be proactive in meeting public expectation by launching flat rate voice call packages and adjusting the tariffs in a balanced and orderly manner to satisfy market demand. This will also serve to enhance our competitiveness and speed up our transformation further up the value chain. We are keen to share our technology and network advancement with our customers and find the sweet spot between their needs and our short and long-term development plans.

In addition, we are fully aware of the recent regulatory developments including the license granted to China Broadcasting Network, and the permissions to refarm the 2G/3G spectrums provided to some operators. We will closely monitor these ongoing developments and ensure that we grow in accordance with the industry regulations as well as meeting our responsibility to actively cultivate a sustainable ecosystem for the entire industry to prosper.

Corporate Governance and Social Responsibility

Good corporate governance is one of the key elements of our continuing success. We endeavour to establish a sound and transparent governance system and continue to improve it to ensure consistent high levels of corporate governance throughout the business. We value effective two-way communications with the investment community to ensure clarity and mutual understanding. Our effort and commitment towards corporate governance and quality management has earned us a rise in the Forbes Global 2000 list this year from 20th to 18th position.

We are fully committed to our social responsibility while continuing to provide quality products and services for all of our customers. China Mobile has been proudly involved with a range of social initiatives that include working towards narrowing the digital gap, safeguarding emergency communications, caring for the underprivileged, enhancing information security, as well as energy saving and emission reduction. Our efforts in the community have been widely recognised.

Full Year Outlook

This is a milestone year for the implementation of our Big Connectivity strategy that sees the Company expanding its connection to the Internet of Everything, and is therefore crucial in our fundamental shift of business focus to capturing future growth. We remain committed to expanding our network, furthering connectivity scale, optimising services and strengthening applications within our network as we lay the foundations for the next stage of development of China Mobile.

The results show that we have experienced a good first half of 2016. However, competition around 4G business, the continued expansion of Internet companies into the communications industry, new regulatory policies and our change of business focus will all pose risks to our existing operations. The management knows that they must concentrate efforts on these areas by speeding up the business transformation in order to capture first-mover advantage in the emerging areas and always be on the front foot when it comes to the development of the Company.

Our current strategy has the dual aspects of consolidation and future growth. For consolidation, we will be further building on our 4G advantages and increasing our 4G customers proportion. Our high-end approach with regards to wireline broadband will be maintained. We will challenge ourselves to obtain a one-third market share in the ICT business through expansion of our corporate customer base. In terms of future growth, we will take a longer-term perspective, looking towards our digital services segment and increasing the revenue by understanding the important role that this business line will play for the Company in the future.

As we have always done, we will take a level-headed approach to market competition. We truly believe that reasonable competition benefits the wider development of the industry, and that the sustainable growth of individual companies relies on the health of the whole. We will mainly compete through enhancing the value of our existing customers and maintaining our focus on the furthering of the communications industry for mutual benefit. Our ultimate goal is to strike a balance between the interests of our customers, our shareholders and the public, as well as regulatory requirements when we are striving to meet our short-term goals and formulating long-term plans.

For the rest of 2016, we remain committed to creating value for our shareholders and strengthening our market position to ensure that we maintain our lead in terms of profitability when compared to our peers.

Dr. Lo Ka Shui resigned from the position of independent non-executive director in May 2016 after serving the Board for 15 years. On behalf of the board, I would like to express our heartfelt gratitude to Dr. Lo for his invaluable contribution to the Company over the years.

Finally, I would like to thank my fellow Board members and colleagues for their remarkable dedication. We have achieved encouraging results in the first half of 2016 and I look forward to working closely with all of them to create more success for our customers, shareholders and community in the period ahead.

Shang Bing
Chairman

Hong Kong, 11 August 2016

GROUP RESULTS

China Mobile Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2016
(Expressed in Renminbi ("**RMB**"))

		Six months ended 30 June	
		2016	2015
			As restated
			(Note 1)
	Note	**Million**	Million
Operating revenue	4		
Revenue from telecommunications services		**325,423**	304,281
Revenue from sales of products and others		**44,928**	41,410
		370,351	345,691
Operating expenses			
Leased lines and network assets		**21,699**	8,366
Interconnection		**10,937**	10,906
Depreciation		**68,118**	67,899
Employee benefit and related expenses		**38,446**	36,533
Selling expenses		**30,939**	33,407
Cost of products sold		**46,505**	43,426
Other operating expenses		**87,576**	82,484
		304,220	283,021
Profit from operations		**66,131**	62,670
Other gains		**550**	820
Interest income		**7,622**	7,448
Finance costs		**(114)**	(244)
Share of profit of investments accounted for using the equity method		**4,615**	3,633
Profit before taxation		**78,804**	74,327
Taxation	5	**(18,186)**	(16,926)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
for the six months ended 30 June 2016
(Expressed in RMB)

	Note	**Six months ended 30 June** **2016** **Million**	2015 As restated (Note 1) Million
PROFIT FOR THE PERIOD		**60,618**	57,401
Other comprehensive income/(loss) for the period that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of overseas entities		**239**	(14)
Share of other comprehensive (loss)/income of associates		**(485)**	167
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**60,372**	57,554
Profit attributable to:			
Equity shareholders of the Company		**60,572**	57,336
Non-controlling interests		**46**	65
PROFIT FOR THE PERIOD		**60,618**	57,401
Total comprehensive income attributable to:			
Equity shareholders of the Company		**60,326**	57,489
Non-controlling interests		**46**	65
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**60,372**	57,554
Earnings per share – Basic	7(a)	**RMB2.96**	RMB2.80
Earnings per share – Diluted	7(b)	**RMB2.96**	RMB2.80
EBITDA (RMB million)		**134,350**	130,615

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 June 2016
(Expressed in RMB)

	Note	**As at 30 June 2016 Million**	As at 31 December 2015 Million
Assets			
Non-current assets			
Property, plant and equipment		**580,555**	585,631
Construction in progress		**106,294**	88,012
Land lease prepayments and others		**26,582**	26,773
Goodwill		**35,343**	35,343
Other intangible assets		**768**	768
Investments accounted for using the equity method		**120,551**	115,933
Deferred tax assets		**34,818**	25,423
Proceeds receivable for the transfer of Tower Assets		**56,942**	56,737
Restricted bank deposits		**3,691**	4,575
Other financial assets		**3**	3
		965,547	939,198
Current assets			
Inventories		**6,947**	9,994
Accounts receivable	8	**22,146**	17,743
Other receivables		**17,910**	26,186
Prepayments and other current assets		**11,767**	11,427
Amount due from ultimate holding company		**232**	247
Tax recoverable		**649**	746
Available-for-sale financial assets		**32,460**	19,167
Restricted bank deposits		**10**	15
Bank deposits		**337,359**	323,330
Cash and cash equivalents		**95,800**	79,842
		525,280	488,697
Total assets		**1,490,827**	1,427,895

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
as at 30 June 2016
(Expressed in RMB)

	Note	**As at 30 June 2016 Million**	As at 31 December 2015 Million
Equity and liabilities			
Liabilities			
Current liabilities			
Accounts payable	9	**233,490**	243,579
Bills payable		**1,391**	645
Deferred revenue		**72,735**	78,100
Accrued expenses and other payables		**203,242**	163,404
Amount due to ultimate holding company		**285**	7,276
Current taxation		**13,202**	8,034
		524,345	501,038
Non-current liabilities			
Interest-bearing borrowings – non-current		**4,996**	4,995
Deferred revenue – non-current		**1,288**	1,291
Deferred tax liabilities		**192**	203
		6,476	6,489
Total liabilities		**530,821**	507,527
Equity			
Share capital		**402,130**	402,130
Reserves		**554,798**	515,206
Total equity attributable to equity shareholders of the Company		**956,928**	917,336
Non-controlling interests		**3,078**	3,032
Total equity		**960,006**	920,368
Total equity and liabilities		**1,490,827**	1,427,895

NOTES:
(Expressed in RMB unless otherwise indicated)

1 Basis of Preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting", issued by the International Accounting Standards Board ("**IASB**"). IAS 34 is consistent with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accordingly this unaudited condensed consolidated interim financial information is also prepared in accordance with HKAS 34.

The preparation of the unaudited condensed consolidated interim financial information in conformity with IAS/HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015. The Group's policies on financial risk management were set out in the financial statements included in the Company's 2015 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2016.

The Group's unaudited condensed consolidated interim financial information contains explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2015. The unaudited condensed consolidated interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**") or Hong Kong Financial Reporting Standards ("**HKFRSs**").

The financial information relating to the year ended 31 December 2015 that is included in this preliminary announcement of 2016 interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

On 27 November 2015, China Mobile TieTong Company Limited ("**CM TieTong**"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with China Tietong Telecommunications Corporation ("**TieTong**"), a wholly-owned subsidiary of China Mobile Communications Corporation ("**CMCC**"), under which CM TieTong has agreed to acquire, and TieTong has agreed to sell, certain assets, businesses and related liabilities as well as its related employees in relation to the fixed-line telecommunications operations ("**Target Assets and Businesses**"). The final consideration for the acquisition of the Target Assets and Businesses based on the acquisition agreement was RMB31,967,000,000. The acquisition was completed on 31 December 2015.

The acquisition of the Target Assets and Businesses was considered as a business combination under common control as CM TieTong and the Target Assets and Businesses are both ultimately controlled by CMCC.

Under IFRSs and HKFRSs, the acquisition of the Target Assets and Businesses was accounted for using merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by HKICPA. Accordingly, the acquired Target Assets and Businesses are stated at predecessor values, and were included in the unaudited condensed consolidated interim financial information from the beginning of the earliest period presented as if the Target Assets and Businesses acquired had always been part of the Group. As a result, the Group has restated the comparative amounts of the unaudited condensed consolidated statement of comprehensive income for the six months ended 30 June 2015 by including the operating results of Target Assets and Businesses and eliminating its transactions with the Target Assets and Businesses.

The details of the acquisition and the reconciliation of the effect arising from the common control combination in connection with the acquisition of Target Assets and Businesses were set out in the financial statements included in the Company's 2015 Annual Report.

The Group's condensed consolidated interim financial information is unaudited, but has been reviewed by the Company's Audit Committee. The condensed consolidated interim financial information has also been reviewed by the Company's independent auditor, PricewaterhouseCoopers ("**PwC**"), in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by HKICPA. PwC's unmodified independent review report to the board of directors is included in interim report to be sent to shareholders.

2 Significant Accounting Policies

Except as described below, the accounting policies applied in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015.

The following amended and annual improved standards are mandatory for the first time for the Group's financial year beginning 1 January 2016 and are applicable for the Group:

Amendment to IFRS/HKFRS 11, "Joint Arrangements"

Amendment to IAS/HKAS 16, "Property, Plant and Equipment"

Amendment to IAS/HKAS 38, "Intangible Assets"

Amendment to IFRS/HKFRS 10, "Consolidated Financial Statements"

Amendment to IAS/HKAS 27, "Separate Financial Statements"

Annual Improvement to IFRSs/HKFRSs 2012-2014 cycle

The adoption of the above amended standards did not have any significant impact on the Group's unaudited condensed consolidated interim financial information.

In addition, the IASB and HKICPA also published a number of new standards and amendments to standards which are effective for the financial year beginning after 1 January 2016 and have not been early adopted by the Group. Management is assessing the impact of such new standards and amendments to standards and will adopt the relevant standards and amendments to standards in the subsequent periods as required.

3 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's Chief Operating Decision Maker (the "**CODM**") in order to allocate resource and assess performance of the segment. The CODM has been identified as the Executive Directors of the Company. For the periods presented, the Group as a whole is an operating segment since the Group is only engaged in telecommunications and related businesses. No geographical information has been disclosed as the majority of the Group's operating activities are carried out in Mainland China. The Group's assets located and operating revenue derived from activities outside Mainland China are less than 5% of the Group's assets and operating revenue, respectively.

4 Operating Revenue

	Six months ended 30 June	
	2016	2015
		As restated
	Million	Million
Revenue from telecommunications services		
Voice services	**120,437**	140,313
Data services	**195,173**	154,007
Others	**9,813**	9,961
	325,423	304,281
Revenue from sales of products and others	**44,928**	41,410
	370,351	345,691

5 Taxation

		Six months ended 30 June	
		2016	2015
			As restated
	Note	**Million**	Million
Current tax			
Provision for Hong Kong profits tax on the estimated assessable profits for the period	(i)	**163**	87
Provision for the PRC enterprise income tax on the estimated taxable profits for the period	(ii)	**27,433**	24,192
		27,596	24,279
Deferred tax			
Origination and reversal of temporary differences	(iii)	**(9,410)**	(7,353)
		18,186	16,926

Note:

(i) The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 16.5%).

(ii) The provision for the PRC enterprise income tax is based on the statutory tax rate of 25% on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 25%). Certain subsidiaries of the Company enjoy the preferential tax rate of 15% (for the six months ended 30 June 2015: 15%).

(iii) Deferred taxes of the Group are recognized based on tax rates that are expected to apply to the periods when the temporary differences are realized or settled.

(iv) On 22 April 2009, SAT issued the "Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" ("**2009 Notice**"). The Company is qualified as a PRC offshore-registered resident enterprise for purposes of the 2009 Notice. In accordance with the 2009 Notice and the PRC enterprise income tax law, the dividend income of the Company from its subsidiaries in the PRC is exempted from PRC enterprise income tax.

6 Dividends

(a) Dividends attributable to the period

	Six months ended 30 June	
	2016	2015
	Million	Million
Ordinary interim dividend declared after the balance sheet date of HK$1.489 (equivalent to approximately RMB1.273) (2015: HK$1.525 (equivalent to approximately RMB1.203)) per share	**26,057**	24,624

The 2016 ordinary interim dividend which is declared in Hong Kong dollar is translated into RMB at the rate HK$1=RMB0.85467, being the rate announced by the State Administration of Foreign Exchange in the PRC on 30 June 2016. As the ordinary interim dividend is declared after the balance sheet date, such dividend is not recognized as liability as at 30 June 2016.

In accordance with the 2009 Notice and the PRC enterprise income tax law, the Company is required to withhold enterprise income tax equal to 10% of any dividend when it is distributed to non-resident enterprise shareholders whose names appeared on the Company's register of members, as of the record date for such dividend, and who were not individuals.

(b) Dividends attributable to the previous financial year, approved and paid during the period

	Six months ended 30 June	
	2016	2015
	Million	Million
Ordinary final dividend in respect of the previous financial year, approved and paid during the period, of HK$1.196 (equivalent to approximately RMB1.002) (2015: HK$1.380 (equivalent to approximately RMB1.089)) per share	**20,764**	22,283

7 Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on the profit attributable to equity shareholders of the Company of RMB60,572,000,000 (for the six months ended 30 June 2015: RMB57,336,000,000) and the weighted average number of 20,475,482,897 shares (for the six months ended 30 June 2015: 20,471,012,718 shares) in issue during the six months ended 30 June 2016.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2016 is based on the profit attributable to equity shareholders of the Company of RMB60,572,000,000 (for the six months ended 30 June 2015: RMB57,336,000,000) and the weighted average number of 20,475,482,897 shares (for the six months ended 30 June 2015: 20,479,980,850 shares), calculated as follows:

Weighted average number of shares (diluted)

	Six months ended 30 June	
	2016	2015
	Number of shares	Number of shares
Weighted average number of shares in issue during the period	**20,475,482,897**	20,471,012,718
Dilutive equivalent shares arising from share options	**–**	8,968,132
Weighted average number of shares (diluted) during the period	**20,475,482,897**	20,479,980,850

8 Accounts Receivable

Aging analysis of accounts receivable, net of allowance for impairment loss of doubtful accounts is as follows:

	As at 30 June 2016 Million	As at 31 December 2015 Million
Within 30 days	**11,280**	10,343
31–60 days	**2,825**	2,082
61–90 days	**1,923**	1,457
Over 90 days	**6,118**	3,861
	22,146	17,743

Accounts receivable primarily comprise receivables from customers and telecommunications operators. Accounts receivable from the provision of telecommunications services to customers are mainly due for payment within one month from date of billing. Customers with balances that are overdue or exceed credit limits are required to settle all outstanding balances before any further telecommunications services can be provided. The increase of accounts receivable over 90 days is mainly due to receivables arising from certain corporate customers and other telecommunications operators that are within credit term.

Accounts receivable are expected to be recovered within one year.

9 Accounts Payable

Accounts payable primarily include payables for network expansion projects expenditure, maintenance and interconnection expenses.

The aging analysis of accounts payable is as follows:

	As at 30 June 2016 Million	As at 31 December 2015 Million
Due within 1 month or on demand	**193,507**	205,724
Due after 1 month but within 3 months	**18,840**	17,002
Due after 3 months but within 6 months	**8,010**	8,980
Due after 6 months but within 9 months	**4,926**	3,488
Due after 9 months but within 12 months	**8,207**	8,385
	233,490	243,579

All of the accounts payable are expected to be settled within one year or are repayable on demand.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters, including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2016.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2016, the Company complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except that the Company and its directors (including independent non-executive directors) have not entered into any service contract with a specific term. All directors are subject to retirement by rotation and re-election at our AGMs every three years.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Model Code throughout the period from 1 January 2016 to 30 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend for the six months ended 30 June 2016 of HK$1.489 per share (before withholding and payment of PRC enterprise income tax) (the "**2016 Interim Dividend**") to the shareholders of the Company.

The register of members of the Company will be closed from Monday, 5 September 2016 to Wednesday, 7 September 2016 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the 2016 Interim Dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Hong Kong Registrars Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 2 September 2016. The 2016 Interim Dividend will be paid on or about Thursday, 29 September 2016 to those shareholders on the register of members on Wednesday, 7 September 2016 (the "**Record Date**").

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2016 INTERIM DIVIDEND

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (the "**Enterprise Income Tax Law**"), the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" and the "Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management", the Company is required to withhold and pay 10 per cent. enterprise income tax on the distribution of the 2016 Interim Dividend to its non-resident enterprise shareholders. The withholding and payment obligation lies with the Company. In respect of all shareholders whose names appear on the Company's register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited ("**HKSCC**"), corporate nominees or trustees such as securities companies and banks, and other entities or organizations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2016 Interim Dividend after deducting enterprise income tax of 10 per cent.. The Company will not withhold and pay the income tax in respect of the 2016 Interim Dividend payable to any natural person shareholders whose names appear on the Company's register of members as at the Record Date. Investors who invest in the shares in the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited through the Shanghai Stock Exchange (the Shanghai-Hong Kong Stock Connect investors) are investors who hold shares through HKSCC and in accordance with the above requirements, the Company will pay to HKSCC the amount of the 2016 Interim Dividend after withholding for payment the 10 per cent. enterprise income tax.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10 per cent. enterprise income tax, it shall lodge with Hong Kong Registrars Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend to which it is entitled at or before 4:30 p.m. on Friday, 2 September 2016.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding.

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. These risks, uncertainties and other factors include but not limited to statements relating to the Company's business objectives and strategies; its operations and prospects; its provision of services and new service offerings; its network expansion and capital expenditure plans; the expected impact of any acquisitions or other strategic transactions, including its investment in and any arrangements with China Tower; the planned development of future mobile and other technologies and related applications; the expected impact of the implementation in Mainland China of value-added tax, the policy of "speed upgrade and tariff reduction" and tariff changes on its business, financial condition and results of operations; and future developments in the communications industry in Mainland China including changes in the regulatory and competitive landscape. Further information regarding these risks, uncertainties and other factors is included in the Company's most recent Annual Report on Form 20-F filed and other filings with the U.S. Securities and Exchange Commission.

PUBLICATION OF 2016 INTERIM RESULTS AND 2016 INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This announcement is published on the HKExnews website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk and the website of the Company at http://www.chinamobileltd.com. The 2016 Interim Report will be despatched to shareholders and be available on the websites of HKEXnews and the Company.

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Shang Bing, Mr. Li Yue, Mr. Liu Aili, Mr. Xue Taohai and Mr. Sha Yuejia as executive directors and Mr. Frank Wong Kwong Shing, Dr. Moses Cheng Mo Chi and Mr. Paul Chow Man Yiu as independent non-executive directors.