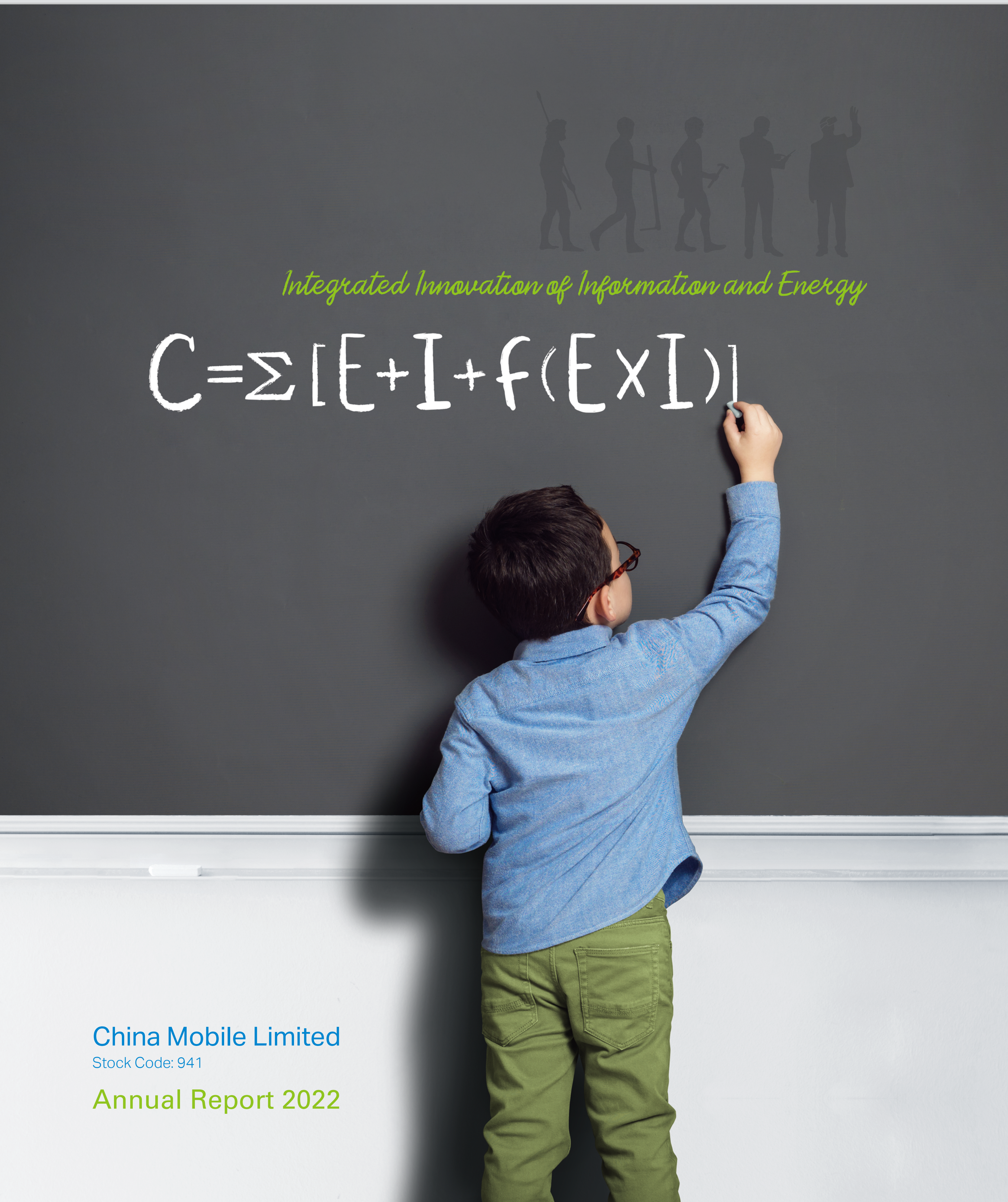
中国移动
China Mobile



China Mobile Limited

Stock Code: 941

Annual Report 2022

Theme

Energy and information are two primary drivers of human civilization. The level of human civilization can be expressed as $C=\sum[E+I+f(E\times I)]$, where C represents the degree of human civilization, E represents the level of human acquisition and utilization of energy, I represents the level of human generation and application of information, $E\times I$ represents the integrated innovation of energy and information, and f() is a growth function that represents the diversity and infinite possibilities engendered by the integrated innovation of energy and information.$\sum$ shows that the progress of civilization is the result of the continuous accumulation and development of energy and information.

At different stages of civilization, energy, information and their integration present distinct characteristics in driving the development of human society. In the primitive era and agricultural era, energy obtained and utilized was primarily used to satisfy human survival needs, and the emergence of information such as languages, text and symbols empowered human beings to become the master of all things on the earth. Energy and information developed on separate paths, and the overall degree of integration was low. In the industrial era, the total amount of energy that humans could obtain and utilize showed exponential growth, and there was substantive progress in their ability to disseminate and generate information. The integration of energy and information accelerated, forming a loop which positively reinforced each other. In the information era, the development of new forms of energy and materials has propelled the continuous improvement of human energy acquisition and utilization, and "connectivity + computing force + capability" have achieved exponential leaps, becoming an important carrier for information production and application. Energy and information have deeply integrated, injecting vibrant vitality into the development of human society.

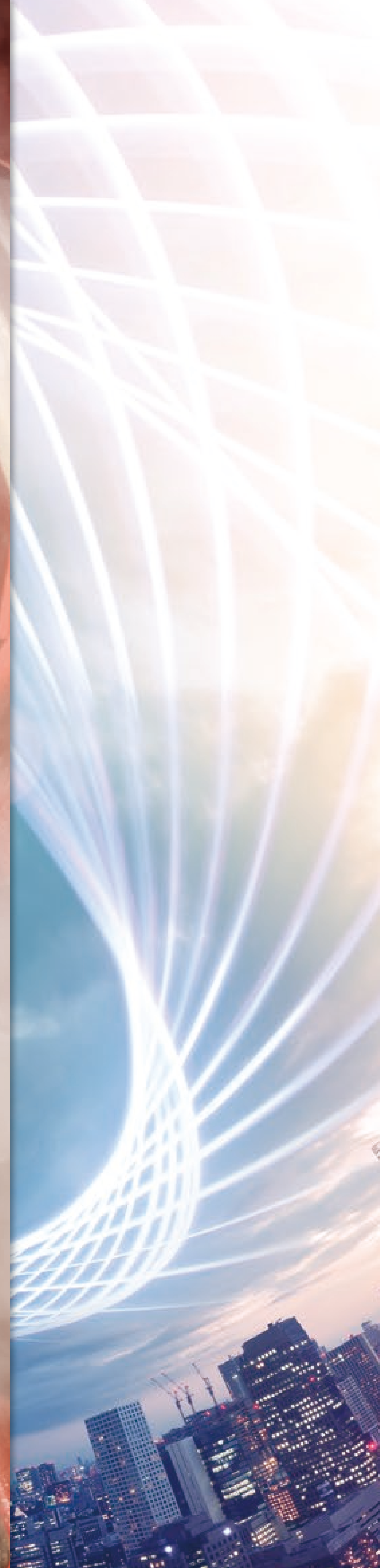
At present, the deep integration of information into every process of energy conversion and utilization has triggered the fusion of "watts x bits", and the human society is accelerating into a new stage of development dominated by information and the deep integration of information and energy. Further developments of bit-watt conversion, watt-bit conversion and bit-watt integration are creating vast space for the growth of digital economy. Following closely the rules and patterns of the times, China Mobile will broaden its vision and fully leverage the integrated innovation of information and energy, deeply understanding the value and historical responsibility of the industry and contributing greater strength to the development of human society together.

Theme

Energy and information are two primary drivers of human civilization. The level of human civilization can be expressed as $C=\sum[E+I+f(E\times I)]$, where C represents the degree of human civilization, E represents the level of human acquisition and utilization of energy, I represents the level of human generation and application of information, $E\times I$ represents the integrated innovation of energy and information, and f() is a growth function that represents the diversity and infinite possibilities engendered by the integrated innovation of energy and information.$\sum$ shows that the progress of civilization is the result of the continuous accumulation and development of energy and information.

At different stages of civilization, energy, information and their integration present distinct characteristics in driving the development of human society. In the primitive era and agricultural era, energy obtained and utilized was primarily used to satisfy human survival needs, and the emergence of information such as languages, text and symbols empowered human beings to become the master of all things on the earth. Energy and information developed on separate paths, and the overall degree of integration was low. In the industrial era, the total amount of energy that humans could obtain and utilize showed exponential growth, and there was substantive progress in their ability to disseminate and generate information. The integration of energy and information accelerated, forming a loop which positively reinforced each other. In the information era, the development of new forms of energy and materials has propelled the continuous improvement of human energy acquisition and utilization, and "connectivity + computing force + capability" have achieved exponential leaps, becoming an important carrier for information production and application. Energy and information have deeply integrated, injecting vibrant vitality into the development of human society.

At present, the deep integration of information into every process of energy conversion and utilization has triggered the fusion of "watts x bits", and the human society is accelerating into a new stage of development dominated by information and the deep integration of information and energy. Further developments of bit-watt conversion, watt-bit conversion and bit-watt integration are creating vast space for the growth of digital economy. Following closely the rules and patterns of the times, China Mobile will broaden its vision and fully leverage the integrated innovation of information and energy, deeply understanding the value and historical responsibility of the industry and contributing greater strength to the development of human society together.



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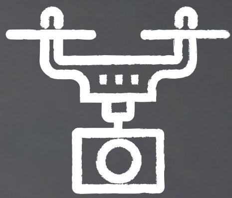
Milestones

Jan 2022	Jan 2022	Mar 2022	Jun 2022
China Mobile Limited was successfully listed on the Main Board of the Shanghai Stock Exchange (stock code: 600941)	Granted approval to build the "Next Generation Mobile ICT National Engineering Research Center"	China Mobile launched 5G new voice products	Jointly released the "5G-Advanced New Capability and Industrial Development Whitepaper" and the first batch of end-to-end 5G-Advanced industry samples with business partners

Milestones



Jul 2022

Released "Computing Network Service 1.0", creating a new computing network service model

Jul 2022

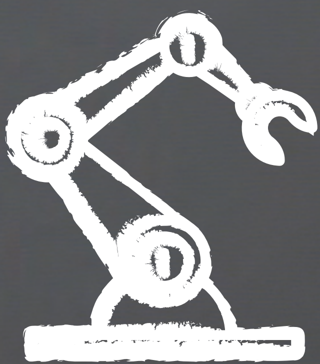
Started the China Mobile "CFN Innovative Test Infrastructure (CFITI)"

Nov 2022

Granted approval to build the "National Open Innovation Platform for Smart Network New Generation Artificial Intelligence"

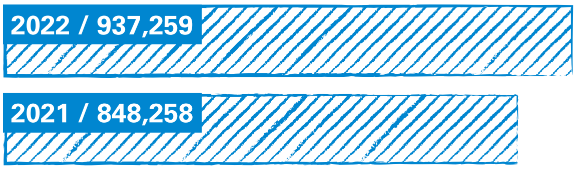
Dec 2022

China Mobile accumulated more than 600 million 5G package customers

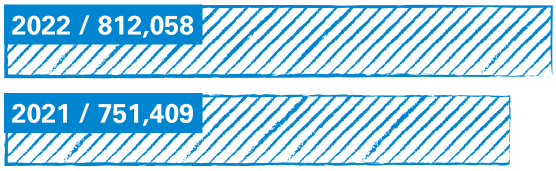


Financial Highlights

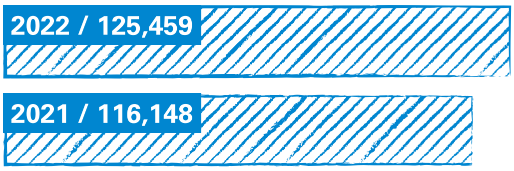
Operating Revenue
(RMB million)



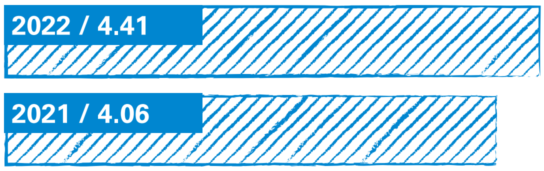
Revenue from Telecommunications Services
(RMB million)



Profit attributable to Equity Shareholders
(RMB million)



Dividend per Share (Full Year)
(HK$)



	2022	2021
Operating revenue (RMB million)	937,259	848,258
Of which: Revenue from telecommunications services (RMB million)	812,058	751,409
EBITDA[1] (RMB million)	329,176	311,008
EBITDA margin[2]	35.1%	36.7%
Profit attributable to equity shareholders (RMB million)	125,459	116,148
Margin of profit attributable to equity shareholders[3]	13.4%	13.7%
Basic earnings per share (RMB)	5.88	5.67
Dividend per share – Interim (HK$)	2.20	1.63
– Final (HK$)	2.21	2.43
– Full year (HK$)	4.41	4.06

1 EBITDA = profit from operations + depreciation and amortization
2 EBITDA margin = EBITDA/operating revenue
3 Margin of profit attributable to equity shareholders = profit attributable to equity shareholders/operating revenue

Corporate Profile

China Mobile Limited (the "Company", and together with its subsidiaries, the "Group") was incorporated in Hong Kong on 3 September 1997. The Company was listed on the New York Stock Exchange ("NYSE") and The Stock Exchange of Hong Kong Limited ("HKEX" or the "Hong Kong Stock Exchange") on 22 October 1997 and 23 October 1997, respectively. The shares of the Company were admitted as a constituent stock of the Hang Seng Index in Hong Kong on 27 January 1998. On 7 May 2021, the NYSE filed a Form 25 with the US Securities and Exchange Commission to strike the Company's ADSs from listing and registration, which took effect on 18 May 2021. On 5 January 2022, the Company's RMB ordinary shares ("RMB Shares" or "A Shares") were listed on the Shanghai Stock Exchange ("SSE"). On 13 December 2022, the deregistration of ADS and termination of reporting obligations of the Company became effective.

As the leading ICT services provider in the mainland of China, the Group provides communications and information services in all 31 provinces, autonomous regions and directly-administered municipalities throughout the mainland of China and in Hong Kong SAR, and boasts a world-class telecommunications and information operator with the world's largest network and customer base, a leading position in profitability, brand value and market value ranking. Its businesses primarily consist of voice, data, broadband, dedicated lines, IDC, cloud computing, IoT and other services in the Customer, Home, Business and New ("CHBN") markets. As of 31 December 2022, the Group had a total of 450,698 employees, and a total of 975 million mobile customers and 272 million wireline broadband customers, with its annual revenue reached RMB937.3 billion.

The Company's ultimate controlling shareholder is China Mobile Communications Group Co., Ltd. ("CMCC"), which, as of 31 December 2022, directly and indirectly held approximately 69.82% of the total number of issued shares of the Company. The remaining approximately 30.18% was held by public investors.

In 2022, the Company was once again selected as one of The Global 2,000 World's Largest Public Companies by Forbes magazine and Fortune magazine's Global 500 list. The China Mobile brand was once again listed in BrandZ™ Top 100 Most Valuable Global Brands 2022 by Millward Brown ranking 88. Currently, the Company's corporate credit ratings are equivalent to China's sovereign credit ratings, namely, A+/Outlook Stable from Standard & Poor's and A1/Outlook Stable from Moody's.

China Mobile Principal Organizational Structure
as at 31 December 2022

China Mobile Communications Group Co., Ltd.

China Mobile (Hong Kong) Group Limited

China Mobile Hong Kong (BVI) Limited

69.70%

Other holders of Hong Kong Shares ← 26.07% | 4.23%* → Holders of RMB Shares

China Mobile Limited

China Mobile International Limited | China Mobile Communication Co., Ltd. | Aspire Holdings Ltd.

Operating subsidiaries in 31 provinces, autonomous regions and directly-administered municipalities in the mainland of China and Hong Kong ← → Other specialized subsidiaries#

* Includes 0.12% of the shares of the Company that were directly held by CMCC

\# Other specialized subsidiaries include:

- China Mobile Group Design Institute Co., Ltd.
- China Mobile Group Device Co., Ltd.
- China Mobile Online Services Co., Ltd.
- China Mobile (Suzhou) Software Technology Co., Ltd.
- China Mobile Internet Company Limited
- China Mobile Investment Holdings Co., Ltd.
- China Mobile Financial Technology Co., Ltd.
- China Mobile (Shanghai) ICT Co., Ltd.
- China Mobile Xiong'an ICT Co., Ltd.
- China Mobile Group Finance Co., Ltd.
- China Mobile IoT Company Limited
- China Mobile Information Technology Company Limited
- MIGU Co., Ltd.
- China Mobile (Hangzhou) Information Technology Company Limited
- China Mobile TieTong Company Limited
- China Mobile System Integration Co., Ltd.
- China Mobile (Chengdu) ICT Co., Ltd.
- China Mobile e-Commerce Co., Ltd.
- China Mobile Information System Integration Co., Ltd.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. YANG Jie

Age 60, Executive Director and Chairman of the Company, joined the Board of Directors of the Company in March 2019, in charge of the overall management of the Company. 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 China Telecommunications Corporation, vice president, president and chairman of China Telecommunications Corporation, and president and chief operating officer, and 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 long-term involvement in the operation and management of basic telecommunications enterprises as well as extensive experience in management and the ICT industry.

Mr. DONG Xin

Age 56, Executive Director and Chief Executive Officer of the Company, joined the Board of Directors of the Company in March 2017, in charge of the operation of the Company. He is also a Director and President of CMCC and CMC. 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 and Planning and Construction Department of CMCC, chairman and president of Hainan Mobile, Henan Mobile and Beijing Mobile, Vice President and Chief Accountant of CMCC, and Vice President and CFO of the Company. During the period between May 2018 and August 2020, Mr. Dong served as a Non-Executive Director of China Tower Corporation Limited ("China Tower", listed in Hong Kong). 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 operational and financial management experience in the ICT industry.

Biographies of Directors and Senior Management

Mr. LI Pizheng

Age 58, Executive Director of the Company, joined the Board of Directors of the Company in May 2022, principally in charge of human resources and inspection matters. He is also a Director of CMCC and CMC. Mr. Li formerly served as a deputy director of Shaanxi Post Bureau, director of Information Technology Bureau of the State Post Bureau of China, director of Information Technology Bureau of China Post Corporation (restructured into China Post Group Co., Ltd. in 2019) ("China Post"), President of Anhui Post, Chairman of Anhui Postal Express & Logistics Co., Ltd., Vice President and Director of China Post. Mr. Li received a Bachelor's degree in Engineering from Beijing Institute of Posts and Telecommunications in 1984, and a Master of Business Administration degree from Xi'an Jiaotong University in 1998. Mr. Li is a professor-level senior engineer with many years' experience in the postal and telecommunications industry.

Mr. LI Ronghua

Age 57, Executive Director and Chief Financial Officer of the Company, joined the Board of Directors of the Company in October 2020, principally in charge of finance, internal audit and securities affairs of the Company. Currently he is also the Chief Accountant of CMCC, and a director and Vice President of CMC. Mr. Li formerly served as Vice Manager and Manager of Finance and Assets Department of State Grid Corporation of China, Deputy General Accountant of State Grid Corporation of China, Director and Chairman of State Grid Overseas Investment Limited (Hong Kong), and Chairman of State Grid Yingda International Holdings Group Ltd. During the period between December 2019 and September 2020, Mr. Li had served as the Head of the preparatory team, and Director and Chairman of State Grid Yingda Co., Ltd. (listed in Shanghai). Mr. Li received a Bachelor's degree in Accounting from Zhongnan University of Economics in 1998, and an Executive Master of Business Administration degree from Wuhan University in 2004.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Stephen YIU Kin Wah, JP

Age 62, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in March 2017, and now also the Chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee. Mr. Yiu is currently the Chairman of the Hong Kong Insurance Authority, a director of Hong Kong Academy of Finance, an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited and ANTA Sports Products Limited, a Council member and the Treasurer of The Hong Kong University of Science and Technology, and a member of the Exchange Fund Advisory Committee of The Hong Kong Monetary Authority and ICAC Complaints Committee. Mr. Yiu joined the global accounting firm KPMG ("KPMG") in Hong Kong in 1983 and was seconded to KPMG in London, the United Kingdom from 1987 to 1989. Mr. Yiu became a partner of KPMG in 1994, served as the Partner in Charge of Audit of KPMG from 2007 to 2010, and served as the Chairman and Chief Executive Officer of KPMG China and Hong Kong as well as a member of the Executive Committee and the Board of KPMG International and KPMG Asia Pacific from April 2011 to March 2015. Mr. Yiu formerly also served as a member of the Audit Profession Reform Advisory Committee and the Mainland Affairs Committee of the Hong Kong Institute of Certified Public Accountants. Mr. Yiu is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yiu received a professional diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1983, and holds a master's degree in business administration from the University of Warwick in the United Kingdom.

Dr. YANG Qiang

Age 61, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2018, and now also the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Dr. Yang is currently the Chief AI Officer of WeBank Co., Ltd., the Chair Professor 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 Co-founder and a non-executive director of Shenzhen Qianhai 4Paradigm Data Technology Co., Ltd. (now known as Beijing Fourth Paradigm 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 2012 to November 2014, Dr. Yang was also the Founding Head of Huawei's Noah's Ark Research Lab. He was the President of International Joint Conference on Artificial Intelligence (IJCAI) from 2017 to 2019 and an executive committee member of the Association for the Advancement of Artificial Intelligence (AAAI) from 2016 to 2019. He was the AAAI Conference Chair in 2021. Dr. Yang is a Fellow of several international professional societies, including AAAI, Association for Computing Machinery (ACM), Institute of Electrical and Electronic Engineering (IEEE), etc. In 2021, he was elected to be a Fellow of the Royal Society of Canada and the Canadian Academy of Engineering. 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.

Biographies of Directors and Senior Management

Mr. Carmelo LEE Ka Sze, JP

Age 62, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2022, and also a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. Mr. Lee has been a partner of Messrs. Woo Kwan Lee & Lo since 1989 and is currently a Non-Executive Director of Safety Godown Company, Limited and Playmates Holdings Limited, an Independent Non-Executive Director of KWG Group Holdings Limited and S.F. Holding Co., Ltd., and Company Secretary of Shenzhen Investment Limited. Mr. Lee is also a member of Chairmen pool of the Listing Review Committee of The Stock Exchange of Hong Kong Limited, a member of the InnoHK Steering Committee of the Innovation and Technology Commission, a Chairman of the Appeal Tribunal Panel (Buildings), as well as a member of the Campaign Committee of The Community Chest of Hong Kong. Mr. Lee previously served as a Non-Executive Director of CSPC Pharmaceutical Group Limited, and an Independent Non-Executive Director of China Pacific Insurance (Group) Co., Ltd and Esprit Holdings Limited. Mr. Lee is qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory, and received a Bachelor's degree in Laws and a Postgraduate Certificate in Laws from The University of Hong Kong in 1982 and 1983, respectively.

Mrs. Margaret LEUNG KO May Yee, SBS, JP

Age 70, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2022, and also a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. She is currently an Independent Non-Executive Director of First Pacific Company Limited, Sun Hung Kai Properties Limited and Agricultural Bank of China Limited. Mrs. Leung is a Non-Official Member of the Executive Council of the Hong Kong Special Administrative Region, Chairman of the Advisory Committee on Arts Development, a member of the Culture Commission, a member of the Public Service Commission, a member of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, a non-ex officio member of The Law Reform Commission of Hong Kong, as well as a Council member, Treasurer, Chairman of the Finance Committee and a member of the Human Resource Policy Committee of The University of Hong Kong. Mrs. Leung formerly served as Group General Manager and Global Co-Head of Commercial Banking of HSBC Holdings plc, Vice-Chairman and Chief Executive of Hang Seng Bank Limited, as well as Deputy Chairman, Managing Director and Chief Executive of Chong Hing Bank Limited. She had also served as an Independent Non-Executive Director of Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Corporation, QBE Insurance Group Limited, Hong Kong Exchanges and Clearing Limited and Li & Fung Limited. Mrs. Leung received a Bachelor's degree in Economics, Accounting and Business Administration from The University of Hong Kong in 1975.

SENIOR MANAGEMENT

Mr. LI Huidi

Age 54, Vice President of the Company, appointed in September 2019, principally in charge of planning and construction, network, information harbor, information security, procurement and others. He is also a Vice President and Chief Cyber Security Officer of CMCC, and a Director and Vice President of CMC. Previously he served as a research fellow in Lucent Technologies – Bell Labs Innovations, a vice president of UTStarcom Inc., a vice president and general manager of New Mobile Technology and High-end Products Division of Lenovo Group Limited, chief technology officer and chairman of Technology Innovation Committee of Lenovo Mobile Communication Technology Co., Ltd. Mr. Li graduated in 1990 with a Bachelor of Electronic Engineering from Harbin Institute of Technology, and received a master's degree in Mobile Communications from Polytechnic Institute of New York University and a doctoral degree in management from Hong Kong Polytechnic University.

Mr. GAO Tongqing

Age 59, Vice President of the Company, appointed in February 2020, principally in charge of legal and regulatory matters, technology R&D, international business, investment, information technology and others. He is also a Vice President, General Counsel and Chief Compliance Officer of CMCC, a Director and Vice President of CMC. In June 2020, Mr. Gao was appointed as a non-executive director of China Communications Services Corporation Limited (listed in Hong Kong) and vice chairman of True Corporation. In March 2023, He was appointed as a director of the amalgamated True Corporation. In August 2020, Mr. Gao was appointed as a Non-Executive Director of China Tower (listed in Hong Kong). Mr. Gao previously served as a deputy director general of Xinjiang Uygur Autonomous Region Posts and Telecommunications Administration, deputy general manager and general manager of Xinjiang Uygur Autonomous Region Telecom Company, general manager of China Telecom Jiangsu branch, vice president of China Telecommunications Corporation, and executive director and executive vice president of China Telecom Corporation Limited. He graduated from the Changchun Institute of Posts and Telecommunications with a major in telecommunications engineering and received a doctorate degree in business administration from the Hong Kong Polytechnic University.

Biographies of Directors and Senior Management

Mr. JIAN Qin

Age 57, Vice President of the Company, appointed in September 2019, principally in charge of marketing, customer service, terminals, mobile Internet, financial technology and others. He is also a Vice President of CMCC, a Director and Vice President of CMC and a Director of Phoenix Media Investment (Holdings) Limited. Previously he served as a deputy director of the Nanchang Telecom Bureau, chairman and president of Jiangxi Mobile, Sichuan Mobile and Guangdong Mobile. Mr. Jian graduated in 1989 from Beijing University of Posts and Telecommunications majoring in Computer and Communication, and received a doctoral degree in Industrial Economics from Jiangxi University of Finance and Economics.

Mr. ZHAO Dachun

Age 52, Vice President of the Company, appointed in September 2019, principally in charge of corporate customers, software technology R&D, IoT, ICT and other matters. He is also a Vice President of CMCC and a Director and Vice President of CMC. Previously he served as the chairman and president of Shaanxi Mobile and Sichuan Mobile. Mr. Zhao graduated in 1993 from Southeast University majoring in Radio Technology and received an EMBA from Nanjing University.

Corporate Recognitions


Institutional Investor
Asia Executive Team
2022
BEST IR PROGRAM
2nd Place Telecommunications
China Mobile Limited
ESG Leading Enterprise Awards 2022
ESG Leading Enterprise Award
China Mobile Limited
00941.HK
Bloomberg Businessweek
彭博商業周刊/中文版
Listed Enterprises of the Year 2022
Outstanding Performance
最佳表現獎
Best Innovation
最佳創新商業模式
MERCURY EXCELLENCE AWARDS
2022 | 2023
Gold Winner
iONE Financial Press Limited
China Mobile Limited
Annual Report 2021
2022 galaxy AWARDS
33rd Annual International Competition
SILVER WINNER
iONE Financial Press Limited
China Mobile Limited
Annual Report 2021
2022 INTERNATIONAL ARC AWARDS
GOLD WINNER
iONE Financial Press Limited
China Mobile Limited
Annual Report 2021

Chairman's Statement

With the new wave of technological revolution and industry transformation, our society is moving at full speed toward a new phase of development driven by information and characterized by the deep integration of information and energy. The integrated innovation of information and energy has become the key catalyst for human civilization to progress and the engine for the digital economy to prosper. This new cycle of growth not only presents unprecedented opportunities for the information and communications sector, but also sets us higher standards in terms of providing better quality information services and optimizing our business structure.

Those who can take advantage of favorable conditions will stay one step ahead, and those who can create the conditions will do great things. We need to leverage our strengths and our long-term planning to deliver solid outcomes. Faced with both opportunities and challenges, we will proactively put our "1-2-2-5" strategy into practice and strive to achieve high-quality and sustainable development, consistently creating greater value for our shareholders and customers.

Chairman's Statement

Dear Shareholders,

In 2022, despite various hurdles and challenges brought about by the complex and changing macro-environment, we worked closely together as a team to seize the valuable opportunities emerging from the flourishing digital economy, anchoring the Company to its position as a world-class information services and sci-tech innovation enterprise. We systematically built out new information infrastructure centering around 5G, computing force network (CFN) and capability middle platform, and created a new information services system that is equipped with connectivity, computing force and capability. We strove to build new infrastructure, integrate new elements and instigate new growth momentum, as we accelerated the establishment of a world-class "Powerhouse". We achieved stable-to-rising growth and continued to score outstanding business results. Operating revenue continued to record a double-digit increase, with net profit maintaining favourable growth despite a large base. We have also achieved all-round enhancements to customer value, corporate value and shareholder value.

2022 RESULTS

Our operating revenue for the year reached RMB937.3 billion, or 10.5% growth year-on-year. Of this, telecommunications services revenue accounted for RMB812.1 billion, an increase of 8.1% year-on-year. All CHBN[1] markets saw growth in their customer base and revenue, with HBN revenue accounting for 39.8% of telecommunications services revenue, an increase of 4.1 percentage points year-on-year. Thanks to the rapid expansion of 5G applications, mobile cloud, digital content, smart home and other businesses, digital transformation revenue[2] reached RMB207.6 billion, up 30.3% year-on-year. Overall, our efforts in fostering digital transformation revenue as the "second curve" have yielded remarkable results. These services have become a key growth driver contributing to a more balanced, stable and healthy overall revenue structure. We have acquired increasingly stronger sustainable growth and significantly improved resilience.

Profit attributable to equity shareholders was RMB125.5 billion, an increase of 8.0% year-on-year, and earnings per share were RMB5.88. Our profitability remained in a leading position among top-tier global telecommunications operators. EBITDA[3] was RMB329.2 billion, an increase of 5.8% year-on-year, with an EBITDA margin of 35.1%. EBITDA as a percentage of telecommunications services revenue was 40.5%. Return on equity was 10.0%, an increase of 0.2 percentage points year-on-year; capital expenditure totaled RMB185.2 billion, accounting for 22.8% of telecommunications services revenue and decreasing 1.6 percentage points year-on-year, which showed an improving return on assets and investment. Free cash flow was RMB95.6 billion, with cash flow remaining healthy. We have maintained industry-leading profitability, return on assets and cash flow for years, demonstrating our outstanding level of operations and management efficiency, and laying a secure foundation for future development.

The Board recommends a dividend payout ratio of 67%[4] for the full year of 2022. It also recommends a final dividend payment of HK$2.21 per share[5] for the year ended 31 December 2022. Together with the interim dividend of HK$2.20 per share already paid, total dividend for the full year of 2022 amounted to HK$4.41 per share, an increase of 8.6% from that of 2021.

[1] CHBN refers to the "Customer" market (C), the "Home" market (H), the "Business" market (B), and the "New" market (N).

[2] Digital transformation revenue includes the revenues from new businesses from the "Customer" market (Mobile Cloud Drive and others); the revenues from smart home value-added businesses from the "Home" market; the revenues from Industry Cloud, IDC, ICT, IoT and dedicated lines businesses from the "Business" market; and the revenue from the "New" market (excluding revenue from international core business).

[3] EBITDA = profit from operations + depreciation and amortization.

[4] The exchange rate is determined by the mid-price of HK$ to RMB as announced by the People's Bank of China at the end of 2022.

[5] The final dividend will be paid to holders of A Shares in RMB at an exchange rate calculated on the basis of the average of the mid-prices of HK$ to RMB as announced by the People's Bank of China during the one week prior to the date of the annual general meeting for declaring the dividend.

Chairman's Statement

To create higher returns for our shareholders and share the results of our operating gains, after giving full consideration to the Company's profitability, cash flow generation and future development needs, the profit to be distributed in cash in 2023 will increase to 70% or above of the profit attributable to equity shareholders of the Company[6] for that year. The Company will strive to create more value for shareholders.

VALUE-ORIENTED OPERATIONS ACHIEVED REMARKABLE RESULTS

We captured the benefits of digital economy development, strove to build a high-quality information services supply system, and steadfastly pursued value-oriented operations that leverage the scale of our business to drive the comprehensive and integrated development of our CHBN markets. All four markets achieved outstanding performance and we have consolidated our leading position in the industry. We have also effectively built our presence in new areas and opened new markets, and customer satisfaction continued to increase.

"Customer" Market: Integrated Operations Generated Stable-to-rising Growth

We deepened the integrated management of data access, applications and customer benefits, and strengthened our scenario-based precision operations, steadily increasing customer scale and value. We accelerated the migration of customers to 5G and strengthened the synergistic expansion between the "Customer" market and the "Home" and "Business" markets. We have also made efforts to persistently increase 5G customer penetration rate and drive greater personal consumption of information and communications. Moreover, we built a model of platform economy around users' digital consumption needs, optimizing the integration across products, businesses and scenarios, and vigorously promoting the China Mobile digital superstore, which offers high-quality products, enriched benefits and differentiated brand services to give customers a stronger sense of gain and satisfaction with digital life. In 2022, our "Customer" market saw stable-to-rising growth with revenue reaching RMB488.8 billion, up by 1.1% year-on-year. Mobile customers totaled 975 million, with a three-year-high net addition of 18.11 million customers. In our customer base, 614 million were 5G package customers, with a net addition of 227 million. The number of customers using our integrated-benefit products[7] reached 287 million, a net addition of 96.43 million customers. The number of monthly active users of our cloud product Mobile Cloud Drive recorded a net addition of 30.65 million, bringing the total to 166 million, the second largest in the industry. The number of customers using our 5G new voice over high definition video reached 91.90 million, a net addition of 26.82 million customers. Our range of emerging 5G digital products, including cloud XR (augmented reality), cloud games and 5G ultra high-definition video connecting tones, all started to make value contribution to our "Customer" market. Thanks to the rapid migration to 5G and increased customer digital consumption, mobile ARPU (average revenue per user per month) recorded stable and health growth, up 0.4% year-on-year to RMB49.0.

6 The basis of profit distribution of the Company is the profit attributable to shareholders under IFRS.

7 This refers to the number of customers in our network who are using our benefit products, including pure benefit portfolio products, telecommunications and benefit products, and paid members of our benefit superstore. Customers who are also content users in our benefits business are only counted once.

Chairman's Statement

"Home" Market: Value-oriented Operations Drove Rapid Business Expansion

We strove to tap into the value potential of full-gigabit network and cloud-based applications by cultivating our leadership in broadband, TV and smart home services, and accelerating the transformation and upgrade of our "Home" business to HDICT (home data, information and communications technology, collectively "home informatization solutions"). We pursued leadership in gigabit broadband by speeding up network expansion, application development and service upgrade to establish a reputation for high-quality in this area. We pursued content-driven TV leadership by promoting the upgrade of traditional TV to smart TV, projector and other screen terminals. We optimized the family information services portal, consisting of broadband television, digital cinema and vertical content. We pursued innovation to realize our leadership in smart home services. Through the integrated development of big-screen video-on-demand, smart home network deployment, home security and other high-growth products, and through leveraging new application scenarios such as digital village, smart community, smart household and smart car interior, we established a standardized operating system for HDICT. In 2022, our "Home" market maintained rapid growth, with revenue reaching RMB116.6 billion, up 16.0% year-on-year. The number of household broadband customers reached 244 million, or a net increase of 25.78 million, and continued to lead the industry. Gigabit broadband grew in popularity at a quickened pace, with the number of household gigabit broadband customers reaching 38.33 million. Our mobile HD customer base reached 193 million. Smart home applications continued to make a greater contribution to incremental revenue, with the contribution of smart home value-added business to the incremental revenue of our "Home" market reaching 55.9%. The number of smart home network and home security customers increased by 67.7% and 71.2% respectively year-on-year. Buoyed by bandwidth upgrade and the growth of smart home consumption, household customer blended ARPU increased by 5.8% year-on-year to RMB42.1.

"Business" Market: Bolstered Capabilities Fueled Strong Momentum

We focused our efforts on the integrated development of network, cloud and DICT (data, information and communications technology), comprehensively bolstering our market, product and supporting capabilities. In 2022, our "Business" market revenue maintained rapid growth, reaching RMB168.2 billion, up 22.6% year-on-year. Our corporate customer base reached 23.20 million, a net increase of 4.37 million. The dual engine of cloud and 5G yielded new outcomes, while Mobile Cloud achieved a breakthrough in the proprietary innovation of core technologies such as our cloud computing operating system. These results have helped us establish differentiated advantages in the convergences of cloud and networks, cloud and big data, cloud and intelligence, and cloud and edge computing. Our Mobile Cloud revenue reached RMB50.3 billion, up 108.1% year-on-year. Our comprehensive strength in this area has put us among the top-tier players in the domestic market. By the end of December 2022, we had signed more than 6,200 major contracts for cloud services, generating revenue of over RMB22.5 billion. We delivered more than 3,700 cloud migration projects for state-owned enterprises and completed a number of benchmark cases for sectors including public administration and healthcare. We accelerated the usage of 5G to empower digital transformation across a plethora of industries, promoting the full commercialization of 5G dedicated network and enhancing the core capabilities of the 9-One Industry Platform[8]. This has helped further reinforce our position as a 5G industry leader. By the end of December 2022, we had signed accumulatively more than 18,000 agreements for 5G commercial projects across multiple sectors, driving the value of DICT contracts to RMB36.5 billion. The revenue from 5G dedicated network reached RMB2.55 billion, an increase of 107.4% year-on-year. We achieved industry leadership in segments including smart mining, smart factories, smart grid, smart hospitals, smart city and autonomous driving. We also tapped into the emerging To V and To G markets. For the To V market, we seized the opportunities in the fast-growing Internet of Vehicles (IoV) market by integrating our resource advantages in network, cloud and map to formulate an overall strategy. As of the end of December 2022, our total number of IoV connections had exceeded 200 million, with an industry-leading share of new energy vehicle connections. For the To G market, we empowered public administration, social governance and services related to people's livelihoods, securing digital government projects with a total contract amount reaching RMB20 billion in 2022, underscoring our remarkable development in this space.

[8] The 9-One Industry Platform includes: OnePoint High-precision Positioning Platform, OneTraffic Smart Transportation Platform, OnePower Industrial Internet Platform, OneFinT Smart Finance Platform, OneEdu and-Education Platform, OneHealth Smart Healthcare Cloud Platform, OneTrip Smart Cultural Tourism Platform, OneVillage Rural Revitalization Platform, OneCity Smart City Platform, OnePark Smart Park Platform and OneCyber5G Dedicated Network Operations Platform.

Chairman's Statement

"New" Market: Innovative Strategy Supported Very Rapid Growth

With a focus on innovation, entrepreneurship and creation, we synergistically developed the four segments: international business, equity investment, digital content and FinTech, accelerating breakthroughs in emerging areas. As a result, the revenue contribution of key business segments increased significantly. In 2022, our "New" market revenue achieved very rapid growth, reaching RMB38.5 billion, up 26.9% year-on-year. In terms of international business, we deepened the synergies between international and domestic markets, speeding up the export of high-quality and mature capabilities to overseas markets and achieving breakthroughs in 5G industry solutions. We further optimized the deployment of international resources, creating a thriving international cooperation ecosystem. Alongside improved globalized operations, our international business revenue reached RMB16.7 billion, up 25.4% year-on-year. In terms of equity investment, adhering to a focus on value contribution, ecosystem formation and synergy creation, we delved into critical sectors through the two-pronged approach of direct investment and investing through funds. Leveraging capital ties, we promoted the mutual empowerment of capital and business, and actively created a family of businesses to drive digital intelligence transformation. The number of enterprises in which we have an equity stake has reached 31. In terms of digital content, we made every effort to build an integrated platform that supports content generation, aggregation and dissemination, and carefully fostered MIGU video, cloud games and other high-quality Internet products while continuing to expand business scale and optimize user experience. Digital content revenue reached RMB21.3 billion, representing a record growth rate of 27.2% year-on-year. Across all platforms, the monthly active users of MIGU video and cloud games grew 67.1% and 29.2% respectively year-on-year. Marketing campaigns around 5G Beijing Winter Olympics and metaverse World Cup achieved outstanding results. In terms of FinTech, driven by scenarios and data, we relentlessly promoted the rapid development of financial services throughout the industry chain, achieving an annual business scale of more than RMB50.0 billion as we serviced more than 600 partners upstream and downstream of the industry chain. Additionally, we continued to deepen the application of big data, artificial intelligence and other digital technologies in finance, accelerating the integration of digital RMB, membership points and other types of differentiating payment capabilities and creating an all-in-one digital consumption portal across all platforms. "and-Wallet" monthly active customers grew 59.0% year-on-year.

We increased our efforts in business innovation, transforming from being connectivity-driven to integrating the three core aspects of connectivity, computing force and capabilities. We refined our business planning to focus on key areas and development trends while upgrading our products and services to a model supported by platforms and ecosystems. We also shifted our development approach towards a scenario-based one and a higher level of convergence. In doing so, we accelerated the comprehensive and effective coverage of our information services markets across verticals and achieved encouraging growth in our digital transformation business. In 2022, our digital transformation revenue contributed 79.5% to our incremental telecommunications services revenue. Its share of telecommunications services revenue increased to 25.6%, becoming the strongest driver of revenue growth. In terms of industry digitalization, as part of our digital transformation revenue, DICT revenue increased by 38.8% year-on-year to RMB86.4 billion. Of this, big data revenue increased by 96.1% to reach RMB3.2 billion. Revenue from our 5G dedicated network increased by 107.4% to RMB2.55 billion. In the area of personal and household digitalization, our smart home value-added business revenue grew by 43.4% year-on-year to RMB29.7 billion. The revenue of our digital content and FinTech businesses increased by 27.2% and 79.9% respectively.

We are committed to providing exceptional services to our customers by persistently implementing a service system that covers every aspect of services and processes and engages every member of staff. Focusing on customer needs, we further optimized high-quality network perception, high-performance product experience and highly effective services at customer touch points. As a result, our service quality and customer experience continued to improve, with a higher level of customer satisfaction than the industry. We deepened the operation of the 10086 integrated smart service portal, with efforts to strengthen the new scenario of video customer services and deploy other pilot applications of new technologies. These initiatives helped us further improve the level of digitalization in service response and customer interaction. We made full use of the *Dayin* platform to obtain customer feedback and profile our services to effectively empower perception management and optimization throughout the customer journey. We also promoted service awareness among all employees and launched innovative services and brand communications campaigns. These efforts supported our "Heartwarming Service" brand promise, gaining us widespread recognition.

ACCELERATED THE BUILD-OUT OF THE "TWO NEW ELEMENTS"

With a clear focus on the "Two New Elements" of new information infrastructure and new information services system, we adopted a systematic approach to developing 5G, CFN and capability middle platform, which are the key components of the new information infrastructure. Additionally, we established a new information services system that integrates connectivity, computing force and capability. These measures reinforced our digital intelligence foundation and expedited the expansion of our information services.

Comprehensive leadership in dual gigabit premium network. With regard to 5G network, we deepened collaboration with China Broadcasting Network Corporation Limited in the areas of co-construction and sharing of 5G networks to achieve mutual benefits. We coordinated our 700MHz, 2.6GHz and 4.9GHz frequency resources with a scientific approach, and focused on building the base network on the 700MHz frequency band, constructing the 2.6GHz and 4.9GHz frequency bands with precision, and gradually extending indoor coverage. We delivered continuous coverage across urban districts, counties, towns and villages nationwide, establishing the world's largest 5G standalone (SA) network and further solidifying our leadership position in 5G. In 2022, our investments in 5G network totaled RMB96 billion. We have accumulatively put into use 1.285 million 5G base stations, including 480,000 700MHz 5G base stations. We provided services to 330 million 5G network customers and played a role in promoting the scale development of 5G industry applications in various segments, effectively meeting the growing demand in data consumption in the mass market and empowering a wide array of industries in our "Business" market. Furthermore, we continued to drive 5G technology innovation, leading accumulatively 197 5G international standards-setting projects. This achievement has placed us among the top-tier global operators. We accelerated the evolution of 5G technology toward network intelligence, communications and experience integration, and space-ground integration. With a clear focus on customer demand, we precisely built out the full-fiber gigabit broadband network to address different scenarios in different regions. This has improved our broadband capabilities effectively and earned us a strong reputation for network quality. Our Optical Line Terminal (OLT) platforms in urban areas boast 100% gigabit capability, and we have extended this capability to townships and villages. In those areas our gigabit capability coverage reached 90%. Drawing on our strength in Gigabit Passive Optical Network (GPON) technology, we flexibly combined both GPON and 10G GPON networks for high-bandwidth transmission. As a result, our gigabit coverage has reached 260 million households.

Continuous optimization of our CFN deployment. We have taken proactive actions to implement the national strategy of "eastern data and western computing". By turning CFN from a conceptual prototype into an industry deployment, we maintained our leadership in CFN infrastructure. As we continued to refine the intensive and hierarchical structure of "4+N+31+X"[9], we increased the number of IDC cabinets available for external use to 467,000, a net addition of 60,000 cabinets. Additionally, we furthered the convergence of cloud-network-edge and rapidly expanded the diversity of our computing resource capabilities. We enhanced the high-speed intelligent connection of computing force and network, and the total number of cloud servers for deployment exceeded 710,000, representing a net increase of more than 230,000 units. We have also delivered a total computing capacity of 8.0 EFLOPS, a net addition of 2.8 EFLOPS. Regarding the application of our computing force products, we pursued the "computing force faucets" strategy by speeding up the integration of CFN capabilities and business innovation to promote scale growth and the realization of commercial value. In the mass market, we completed the upgrade of computing force of five key products including Mobile Cloud Drive and cloud games, and launched computing terminal products such as cloud phones and cloud *Mobaihe*. We also developed a range of technology applications for multiple sectors, through means including the fusion of the metaverse concept with winter sports in the Winter Olympics and interactive cultural tourism. In the "Business" market, we built out a comprehensive CFN product system for our customers, securing agreements with key customers in businesses aligning with the strategies of "eastern data and western storage", "eastern TV filming and western post-production", and others. We introduced task-based services, upgraded our dedicated cloud network, and promoted cloud Internet and other cloud-network integration products. Additionally, we expanded our solutions for industry such as unmanned mining, port remote control and industrial quality inspection. We have developed CFN technology standards and industry specifications from scratch. Moreover, we fostered the systematic development of the CFN and promoted the adoption of CFN standards among top-tier industry players. Supporting this goal, we led 97 standards-setting projects in domestic and international organizations and co-founded the world's first CFN open-source community. Our coordination and leadership capabilities have enabled us to collaborate with over 30 partners in the development of a national pilot CFN to test more than 30 scenarios centering ten key technologies. These typical scenarios covered areas including "eastern data and western computing", supercomputing and smart computing, and social CFN integration. The pilot network represented a joint force to build the scientific foundation for the CFN.

Accelerated development of our capability middle platform. We focused on scaling our capability middle platform while ensuring its precise operation. This enhanced our ability to apply the platform's capabilities both internally and externally, ultimately speeding up commercial value realization and supporting the broader goal of empowering cloud migration, digitalization and intelligent transformation across society. For our service offering, we leveraged general capabilities that can be applied within and outside of our organization, such as artificial intelligence, blockchain and precise positioning, to build the centralized sharing model. This model will enable service output, inclusion and development of new capabilities, and integrated application, elevating the platform's role as a one-stop-shop for digital intelligence empowerment. As of the end of December 2022, we had included 889 middle platform capabilities, which had been deployed 13.74 billion times per month on average. The number of deployments has increased by 68.4% year-on-year, and through value generation from our capabilities, we created a value of more than RMB10 billion for the year. Furthermore, through building an AaaS+ ecosystem for users across society, we continued to scale up industry collaborations to empower the transformation and upgrading of various sectors. In terms of big data applications, we launched three categories of standardized products, namely *Wutong* Risk Control, *Wutong* Outreach and *Wutong* Insight, and have put them into commercial trials across our entire network. We developed big data solutions for various sectors including finance, transportation, public administration, and cultural tourism. Regarding intelligent operations, we adapted to the needs of business transformation and upgrade to further enhanced the function of IT service in empowering our operations. We made significant progress in various fields, including supporting CHBN business integration and development, precise customer service management, intelligent network security operations, management efficiency enhancement and the accelerated development of our digital intelligence foundation. As a result, we were able to leverage digital technology to drive cost savings, achieving a total cost reduction of over RMB3.8 billion for the year.

[9] 4 (hotspot regions) + N (central nodes) + 31 (provincial nodes) + X (edge nodes).

Breakthrough in information services offering. As we increase our focus on product innovation for our new information services system surrounding connectivity, computing force and capability, we improved the mechanism of the Product Management Committee, enabling us to develop and plan our products from multiple sources, thereby accelerating the critical role of products as a key leverage in value operations. In the mass market, the number of users of our 13 products, including MIGU Video, cloud games and big-screen video-on-demand, exceeded 100 million. The customer base for six of our products, including video connecting tones, home security services and mobile authentication services, topped the industry, reflecting enhanced customer retention and value. In the "Business" market, the service capability of our Mobile Cloud across all platforms was industry leading. We have built a total of 8 3AZ[10] high-quality resource pools, offering the greatest diversity of one-point access resources in the industry. We have achieved full-stack capability for autonomous control and our core products boasted unparalleled performance. The market share of our public cloud revenue ranked top six in the domestic market, while our dedicated cloud and edge cloud ranked third and first respectively. We formed a strong alliance with industry partners to build a distinctive security product system. Our key security products, including those related to dedicated line services, have entered into commercial trials across the entire network, continuously enhancing our capability in security solutions. In addition, we made significant progress in the development of our 9-One Industry Platform, which has emerged as a critical pillar of our operations, creating more than 800 core functions and supporting delivery of more than 1,100 5G projects in total. The pan-terminal and omni-channel sales alliance helped us recorded a total terminal sales volume of 87.92 million units (inclusive of handset sales) during the year. Through our efforts, we have greatly increased the popularity of 5G terminals and further enhanced our industry impact.

INCREASING INNOVATION CAPABILITY

We sped up innovation and extended open collaboration while extending enterprise reforms. Our relentless efforts further strengthened our future-proof innovation capabilities.

Fruitful achievement in technological innovation. By enhancing the mechanisms and systems for research and development (R&D), we have successfully bolstered the innovative vitality of our research team. To ensure adequate resource and support for talent, we invested RMB21.7 billion in R&D[11] for the year, up 17.0% year-on-year. Under the new talent system, the proportion of our workforce in R&D and digital-intelligent roles increased further. We attained notable results in the development of strategic technological capabilities by aligning ourselves with the national innovation system, and were granted approval from the Ministry of Science and Technology to build the "National Open Innovation Platform for Smart Network New Generation Artificial Intelligence". Moreover, we have made significant headway in core technologies, including basic chips and IoT operating systems, and successfully developed a number of home-made proprietary products. The 5G innovation consortium, a cross-disciplinary coalition, has facilitated the integrated innovation of 5G technology across diverse industries. Concurrently, our innovation capabilities in 6G, artificial intelligence and other self-developed competencies have continued to expand, thereby forging a close-knit community within the mobile information industry chain. The first batch of ten sub-chains have attracted more than 1,000 major industrial partners. Regarding patent and standards setting, we have established ourselves as a leader in the industry, spearheading accumulatively a total of 197 5G international standards-setting projects and applying for over 4,100 5G patents. These accomplishments have placed us among the top-tier global operators in this space. We released the world's first systematic 6G network architecture and led key national R&D programs such as "Intellicize Wireless Networks" and "AI Air Interface". Our original technological concept of "systematic artificial intelligence" has started to show its influence globally. We have also made significant breakthroughs in digital intelligence technology, particularly in the areas of cloud computing, edge computing, technological architecture and storage

[10] There are three available zones (AZ) in the resource pool. The networks in these zones are interconnected yet physically independent, ensuring low network latency, high service reliability and the satisfaction of application disaster recovery requirements.

[11] R&D investment includes expensed R&D investments and capitalized R&D investments.

Chairman's Statement

technology, which we occupied a leading position in the industry. In the field of blockchain, we developed over 20 new showcase applications, such as digital collections, inter-operator settlement and the "carbon peaking and carbon neutrality" initiative. Meanwhile, our platform services are at the forefront of the positioning industry, featuring unique capabilities such as 5G + *Beidou* short message emergency communication. With regard to video, the AVS3.0[12] and AI real-time subtitles were first launched at the Beijing 2022 Winter Olympics, and digital-intelligent sign language hosts debuted at the World Cup.

Extended open collaboration. We remained steadfast in our commitment to open collaboration and mutual benefit. Through concerted efforts, we further strengthened our industry, innovation, capital, supply, ecological and value chains, thereby expanding and thriving our "circle of relatives", "circle of friends" and "ecosystem" within and beyond our industry. In addition, we actively pursued strategic cooperation with local governments, public institutions and enterprises. In doing so, we sought to establish or deepen our partnerships to promote cross-disciplinary collaboration related to the industrialization of digital technology, digital transformation across industries, and information services to support the development of the digital economy. We enhanced capital cooperation through the optimization of our strategic investment plan, adopting various means such as equity investment and venture capital to acquire key capabilities that are complementary to ours. We delved into verticals including cybersecurity, Industrial Internet, artificial intelligence, visual IoT and industrial automation to expand our industrial ecosystem across various sectors. We have further fortified our innovation collaboration, advancing the "Joint Innovation Plus" R&D cooperative system and intensifying our partnerships with national platforms, sci-tech enterprises and tertiary and research institutes. We proactively explored new joint R&D models with enterprises and further reinforced the management of the fund established through collaboration between the National Natural Science Foundation of China and China Mobile. Within the ecosystem, we have played a leading role as a flagship enterprise, establishing a new digital-intelligent ecosystem encompassing strategic and investment partners, telecommunications industry peers, system integration vendors, Internet technology companies and broader society, driving the prosperous development of the digital economy. As of the end of December 2022, the number of our industrial ecosystem partners exceeded 300,000.

Deepened enterprise reforms. We advanced our enterprise reform efforts to support the growth of information services. Specifically, we have established two shared service centers and formed five new capability institutions, including an intelligent computing company (*Fanxing Zhisuan*) and a data center in Shanghai. We advanced our grid operation reforms, which have reduced the workload for frontline personnel, boosting overall productivity. Meanwhile, we started to build a scenario-based three-dimensional sales and marketing service model that covers all customer touch points and we upgraded our pan-terminal and omni-channel direct sales system, accelerating our marketing transformation and enhancing marketing quality. In addition, we optimized the industry development system for our "Business" market by forming designated mechanisms for the development of key sectors, segments and projects. In doing so, we empowered the efficiency enhancement of various industries. Moreover, we modified our mechanisms to stimulate vitality in our development. We strove to build a world-class enterprise and unleash the benefits of reforms. By adopting a systematic approach to improving governance, staff deployment and incentive mechanisms, we created new impetus for the high-quality development of our organization. We strengthened the development of our subsidiaries' boards, better managed the tenure and contracts of staff members at managerial level and improved the market-oriented talent system. Additionally, we furthered the "Double-hundred Action" and the national reform program that encourages select Chinese technology companies to implement market-oriented reforms. Three of our subsidiaries being added to the program. We actively and prudently explored mixed-ownership reform, with Xinsheng Tech successfully attracting strategic investors and implementing an employee share ownership scheme. We deepened the incentive mechanism reform and further improved the diversified and differentiated incentive system, implementing tailored incentive policies in our "special zones". We also successfully rolled out the second phase of our share option incentive plan.

[12] China's third-generation audio and video codec technology with propriety intellectual property rights.

SETTING THE BENCHMARK FOR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

As a responsible corporate citizen, we consistently place importance on integrating ESG practice into our daily operations as we undergo business transformation and development. We are committed to enhancing our ESG management and taking actions to drive the harmonious and sustainable growth of the Company, as well as of our society, economy and environment.

Deepened green development. We continued to carry out the *C^2 Three Energy-China Mobile Carbon Peak Carbon Neutrality Action Plan*[13], building the green industry and supply chains, at the same time as developing innovative solutions for environmental governance and ecological conservation, working toward the goal of achieving carbon peaking and carbon neutrality. In terms of green operations, we adopted innovative technologies and management tools to promote energy saving in 5G network devices, base stations and our network. For newly built large- and hyper-scale data centers, we capped the PUE (power usage effectiveness) at below 1.3. The integrated per unit energy consumption of our telecommunications service reduced by 14% year-on-year in 2022. In terms of green supply chain, we instilled our green values in the whole life cycle of products and services, encouraging suppliers to improve equipment efficiency as an ongoing practice, and promoting green packaging and logistics and the use of paperless contracts. By doing so, we continued to mitigate the environmental impact of the supply chain. The "E-agreement for 5G services" we launched has helped cut the use of a total of 1.41 billion sheets of paper accumulatively. To support energy conservation and environmental protection in the broader community, we fully leveraged digital intelligence technology to reduce carbon emissions and empower a wide variety of industries to improve energy and production efficiency, which in turn helped promote the development of smart green cities and a greener lifestyle. We also proactively participated in ecological protection projects, extensively supporting data collection, monitoring, mining and analysis for environmental conservation, and contributing to enhanced ecological stability and sustainability.

Fulfilled social responsibility. Drawing on our expertise and resources, we continued to contribute to social development and endeavored to meet people's aspiration for a better life. In 2022, we accelerated the construction of new information infrastructure, exploring and expanding new methods and models to provide information services that better meet the demands arising from digital-intelligent life and society. In the meantime, we put our effort into supporting coordinated social, economic and regional development, helping small and medium-sized enterprises to address their business challenges. We also placed great importance on safeguarding cybersecurity, data security and information security, and successfully completed telecommunications and cybersecurity missions for various large-scale events, including the 20th National Congress of the Chinese Communist Party and the Beijing 2022 Winter Olympics and Paralympic Winter Games. To support COVID-19 prevention, we offered communication big-data travel tracking card enquiry services and satisfied the communications demands around remote working, staying at home and online learning; we also provided secure communications services during major crises including the earthquake in Lushan county, Sichuan province, safeguarding the emergency network lifeline. We prevented and combated malicious telecommunications and cybercrimes, and strengthened personal information protection, creating a healthy and safe communications environment for our customers. We progressed our digital-intelligent village revitalization plan and implemented seven major digital-intelligent projects to support rural areas through new infrastructure, industry development, rural governance, education, healthcare, culture and finance. These projects are narrowing the digital and application divide to empower the modernization and intelligent transformation of agriculture and of rural areas. In the meantime, we continued to initiate philanthropic campaigns. To date, the "Blue Dream" project has seen a total of 4,360 multimedia classrooms built and provided professional training for more than 130,000 primary and secondary school headmasters in rural villages in the mid-west of China. The "Heart Caring" campaign has provided free congenital heart disease surgery to 7,446 children from underprivileged families.

[13] C^2 Three Energy-China Mobile Carbon Peak Carbon Neutrality Action Plan; "Three Energy" refers to the three guiding principles of actions which include energy saving, clean energy and empowerment.

Chairman's Statement

Enhanced corporate governance. We adhered to the principles of integrity, transparency, openness and efficiency to fully comply with all applicable listing rules to ensure sound corporate governance. We pursued policies to maintain board member diversity and ensured the independent non-executive directors contribute their respective experience and expertise to help us further improve our corporate governance and decision-making mechanisms. We continued to implement our "Compliance Escort Plan" and focus our efforts to advance our goal of making 2022 the "Year of Strengthening Compliance Management". We weaved compliance management into our digital-intelligent transformation and high-quality business development, which helped to optimize our compliance management system and improve our capabilities. To strengthen our risk prevention and control measures, and ensure strong risk detection and management abilities, we enhanced our supervision over key business areas with a view to supporting the healthy and sustainable development of the Company.

Our overall performance has received widespread acclaim. In 2022, we received from *Bloomberg Businessweek/ Chinese Edition* the Listed Enterprises of the Year, the ESG Leading Enterprise and the Best Innovation awards. We were also named as one of the Most Honored Companies in the 2022 All Asia Executive Team Poll conducted by *Institutional Investor*. In addition, we won *Asia Money's* Most Outstanding Company in Hong Kong – Telecommunication Services Sector award and *Corporate Governance Asia's* Best Investor Relations Company and Best CSR awards. We also won *The Asset's* ESG Corporate Gold Award and Best Deal – China Onshore market – Best IPO. Our ESG management was selected as one of the ESG Best Practice Cases among Listed Companies by the China Association for Public Companies. The association also awarded us the honor of the Best Practice of Annual Report Presentation among Listed Companies in 2021.

FUTURE OUTLOOK

With the new wave of technological revolution and industry transformation, our society is moving at full speed toward a new phase of development driven by information and characterized by the deep integration of information and energy. The integrated innovation of information and energy has become the key catalyst for human civilization to progress and the engine for the digital economy to prosper. This new cycle of growth not only presents unprecedented opportunities for the information and communications sector, but also sets us higher standards in terms of providing better quality information services and optimizing our business structure.

We see valuable opportunities ahead as we accelerate the expansion of our information services. The new generation of information technology has increasingly become the fiber of every aspect and process of the economy and society, which has profoundly transformed the way people produce and live, as well as upending the model of social governance. This transformation has turned the new information services system of "connectivity, computing force and capability" into a common need across society as it drives innovation in technology and application. As a result, the integrated innovation of our information service and social operation systems will create more 'blue ocean' opportunities. In particular, at a quicker pace artificial intelligence has seen deeper and broader application in a wide variety of vertical industry sectors, continuously nurturing new industries, new business landscapes and new business models, which is propelling intelligent computing power to become a new driver in the age of digital economy. China has provided very favorable policy support to increase the strength, quality and scale of its digital economy. The recently issued *Plan for the Overall Layout of Building a Digital China and Opinions on Establishing a Data Base System to Maximize a Better Role of Data Elements* aim to accelerate the development of Digital China and continuously unleash the potential embedded in data elements. The industry has reached a consensus on high-quality development and launched more co-construction and sharing initiatives. All these are steering the industry towards healthier and more orderly development.

However, we are faced with uncertainties in our business transformation. Global economic recovery is yet to pick up momentum, while geopolitical disputes occur frequently. At the same time, China's macro-economy is experiencing shrinking domestic demand, supply chain disruption and weakened economic forecasts. Apart from these triple factors, the stability of the supply chain is also challenged by the uncertainty arising from international trade and technological barriers. These incidents will, to a certain extent, pose an impact on business operations. In addition, the business and market landscape of the information services industry is undergoing change and reshaping, giving rise to more complex competition. Leading DICT enterprises have tapped into high-value areas such as video content and cloud computing, while establishing their presence in frontier areas including the metaverse, autonomous driving and smart robots. Cross-disciplinary connection has become a trend, intensifying competition on many fronts and bringing challenges to our operation of a digital intelligence platform and the promotion of our products and services.

Those who can take advantage of favorable conditions will stay one step ahead, and those who can create the conditions will do great things. We need to leverage our strengths and our long-term planning to deliver solid outcomes. Faced with both opportunities and challenges, we will fully, accurately and comprehensively align with new principles to ensure we contribute to the new development paradigm. We will proactively put our "1-2-2-5" strategy into practice, anchoring ourselves to the "one position" of a world-class information services and sci-tech innovation enterprise, while speeding up the "two changes", which are the shift from quantitative leadership based on scale to qualitative leadership focused on improving effectiveness and efficiency, and the shift from delivering business results in the short-to-mid-term to achieving value growth in the mid-to-long-term. Together as one team, we will foster the "two new elements", systematically building a new information infrastructure centering 5G, CFN and capability middle platform, while developing a new information service system of "connectivity, computing force and capability". We will unleash the "five benefits" through innovation, customer recognition, reforms, talent and ecosystem. In doing so, we aim to achieve high-quality and sustainable development, and strive to maintain favourable growth in revenue and net profit to consistently create greater value for our shareholders and customers.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude for the support of our shareholders, customers and the public, and for the dedication and contribution of our employees.

Yang Jie
Chairman

Hong Kong, 23 March 2023

Integrated innovation of the next-gen information technologies

Cloud Computing
Big Data
Security
Network
AI
Edge Computing
Blockchain
Terminal

Business Review

In 2022, we furthered the full-fledged implementation of our strategy of building a world-class "Powerhouse" by maintaining an unwavering focus on customers. We progressed our scale-based and value-oriented business operations, driving the comprehensive and integrated development of our CHBN markets. We also consolidated our fundamental competencies, and advanced channel transformation and intelligent operations to enhance product competitiveness and service quality. We achieved favorable growth in our overall business, as well as increasing customer satisfaction. Our operating revenue amounted to RMB937.3 billion, of which revenue from telecommunications services accounted for RMB812.1 billion, representing an increase of 8.1% year-on-year.

Business Review

KEY OPERATING DATA

	2022	2021	Change%
Mobile Business			
Customer Base (million)	975	957	1.9%
Of which: 5G Package Customer Base (million)	614	387	58.7%
Net Additional Customers (million)	18.11	14.97	21.0%
Of which: Net Additional 5G Package Customers (million)	227	222	2.4%
Average Minutes of Usage per User per Month (MOU) (minutes/user/month)	256	264	–2.8%
Average Handset Data Traffic per User per Month (DOU) (GB/user/month)	14.1	12.6	12.3%
Average Revenue per User per Month (ARPU) (RMB/user/month)	49.0	48.8	0.4%
Broadband Business			
Wireline Broadband Customer Base (million)	272	240	13.4%
Of which: Household Broadband Customer Base (million)	244	218	11.8%
Wireline Broadband ARPU (RMB/user/month)	34.1	34.7	–1.7%
Household Customer Blended ARPU (RMB/user/month)	42.1	39.8	5.8%
Corporate Business			
Corporate Customer Base (million)	23.20	18.83	23.2%
IoT Card Customer Base (million)	1,062	806	31.8%

DEEPENED INTEGRATED OPERATIONS TO DRIVE COMPREHENSIVE GROWTH OF CHBN

"Customer" Market

Centered around 5G, we further converged our operations and built a platform economy model around users' digital consumption needs. We accelerated the switch of 4G customers to 5G and uncovered sales opportunities arising from the convergence of the 2H2C and 2B2C markets. We optimized the tariff system and strengthened foothold in terminal sales, further promoting fixed and mobile network convergence; and further upgraded the operations of our three major customer brands – GoTone, M-zone and Easy Own. In addition, we entered the new track of digital economic growth, building the largest customer-facing digital life superstore, offering the most comprehensive products and the best experience, and fully integrating internal and external service touch points and high-quality resources to meet customers' needs for a rich and convenient digital life. The rapid growth in customer scale, coupled with the integrated operations of "data access, applications and customer benefits", helped us achieve rapid breakthroughs in the 5G business. As of the end of December 2022, our 5G network customer base reached 330 million, increasing to 33.6% of our entire customer base. The net addition of 120 million customers, or a monthly average net addition of more than 10 million customers, was an industry-leading growth rate. The ARPU and DOU of 5G network customers reached RMB81.5 and 24.7 gigabytes, respectively, leading to stable and healthy growth in overall mobile ARPU.

"Home" Market

We pursued the direction of "scale expansion, brand recognition, ecosystem building and value enhancement" in our development and continued to enhance our family information services system, driving the digital-intelligent transformation of the family lifestyle. Our initiatives included accelerating the upgrade of household broadband to gigabit and strengthening the integrated development of our smart home networks, home security, scenario-based broadband and other services with an aim to create more room for value growth. In view of the extension of content operations to all channels and content media to all kinds of screens, as well as the shift of film and television to also cover vertical-specific channels, we expanded our multi-terminal coverage to include devices such as TV, speakers and projectors to provide TV services across all platforms. With a focus on family users, we continuously enriched our smart home information services to include household intelligence, health and elderly care, home security, home education, home office and more. We also expanded our offerings to cover scenarios such as digital villages, smart communities and street-level stores, thus creating a stronger linkage between households and their surroundings. By expanding the broadband customer base, leading the upgrade of gigabit broadband consumption and actively expanding the applications of HDICT in new scenarios, our "Home" market achieved rapid growth in revenue and in customer value. As of the end of December 2022, the number of household broadband customers reached 244 million, with an average monthly new addition of 2.15 million customers; mobile HD customers reached 193 million, with a net addition of 25.11 million, reflecting a rising penetration rate. Home networks, big screen, security and other key smart home businesses saw a rapid uptick in scale, while health and elderly care, home education, household intelligence and other new HDICT scenarios achieved significant developments. Household broadband revenue grew by 9.4%, smart home value-added business revenue increased by 43.4% and household customer blended ARPU maintained favourable growth.

Business Review

"Business" Market

For the "Business" market, we continued to grow in scale and customer value through our focus on key products and sectors, including by developing our government and corporate product and solution lists. We focused on enhancing the quality and quantity of our fundamental offerings, consistently improving the product capabilities of dedicated lines and the quality of our service delivery. We strengthened the synergistic development of Internet Data Center (IDC) and Content Distribution Network (CDN), consolidating the foundation with fundamental offerings for us to build on. We strove to build a leading cloud engine, cultivating industry-leading service capabilities across all scenarios that allow customers to seamlessly connect to the cloud when they access our network. We ensured that our core technologies are self-developed and are under our control, and that the variety of our product offering remains unsurpassed. We promoted the compatibility and openness of the industry ecosystem. Our influence in the mobile cloud industry increased significantly. We maintained our leading position in empowering all sectors with 5G by furthering our "5G+" plan and accelerating the build-out of our platform capabilities to support various sectors. This resulted in the scale development of 5G digitalization across verticals from an initial stage of isolated adoption. This helped us achieve a breakthrough in our 5G dedicated network revenue. In 2022, industry cloud leapfrogged, with revenue amounting to RMB41.2 billion, of which IaaS + PaaS revenue grew 122.2% year-on-year. As China's first OpenStack Superuser, we launched more than 210 proprietary IaaS, PaaS and SaaS products, alongside more than 1,500 jointly developed SaaS products. Revenues of our IDC, ICT and dedicated lines reached RMB25.4 billion, RMB19.3 billion and RMB30.6 billion respectively, representing increases of 17.2%, 33.7% and 16.1% year-on-year. We had 1.06 billion IoT card customers, driving our IoT revenue to RMB15.4 billion, or growth of 35.5% year-on-year.

"New" Market

Thanks to our ongoing efforts to increase our level of globalization and scale up our business, our international business maintained favorable growth. We continued to strengthen key product capabilities in 5G industry solutions, IoT and other key offerings, continuously enhancing our end-to-end service quality and expanding our "circle of friends" in the international business. During the year, revenue from the international business increased by 25.4% year-on-year to RMB16.7 billion. In terms of equity investment, we generated synergy through a complementary approach to direct investment and investment through funds. Our direct investment focused on the key aspects such as network security, Industrial Internet and FinTech to create a bigger collaborative "circle of relatives" through which to expand our information services. As for investment through funds, we strove to manage this with a more professional and market-oriented approach, and on a larger scale. Anchoring our strategy around "Specialized, Refined, Differentiated and Innovative", we helped foster the ecosystem and further unleash the potential of capital. In the area of digital content, we focused on "content + technology + integrated innovation", strengthening content generation, aggregation and dissemination, and continuously building the industry's leading content ecosystem. Alongside fast growth in active users of MIGU Video, cloud games and video connecting tones, revenue from the content business increased by 27.2% year-on-year during the year. MIGU Video's monthly active customer base across all platforms recorded a year-on-year increase of 67.1% and the customer base of video connecting tones exceeded 340 million. In terms of FinTech, revenue from Internet finance increased 79.9% year-on-year, and monthly active customers of "and-Wallet" recorded a year-on-year increase of 59.0%. Digital RMB was used in a variety of scenarios as we built out our aggregation platform for payment capabilities.

TARGETED INVESTMENTS AND UPGRADED NETWORK CAPABILITIES

Thanks to our forward-thinking and targeted approach to investment, we were able to lay out an ingenious new information infrastructure focusing on 5G, CFN and capability middle platform to ensure our all-round leadership in network coverage, quality, technology and customer experience, and to generate new momentum from our digital intelligence foundation, supporting growth across the CHBN markets. At the same time, we optimized our investment structure by strengthening investment control throughout the process, adopting specialized management and implementing measures to save energy and protect the environment. These measures have helped us ensure investment efficiency and promote low-carbon and high-quality development.

Business Review

We continued to enhance the quality and capabilities of our infrastructure. As of the end of December 2022, the number of our base stations had exceeded 6 million, ranking first in the world. We have built the largest network cloud globally. The total length of our optical network reached 25.94 million cable kilometers while our dedicated network for governments and enterprises, and our backbone transmission network boasted bandwidth of over 74.7Tbps and over 809Tbps respectively. The bandwidth of CMNET, cloud dedicated network and IP dedicated network exceeded 473Tbps.

We continued to optimize our international information infrastructure. As of the end of December 2022, we had more than 80 submarine and land cable resources that enabled global coverage. Our total bandwidth for international transmission reached 123Tbps and our 230 POPs covered all major countries and regions worldwide. In addition, our international roaming and 5G services covered 264 and 60 locations respectively. Worldwide users covered by our Hand-in-Hand global partnership program exceeded 3 billion.

In 2022, our capital expenditures totaled approximately RMB185.2 billion. In 2023, we expect total capital expenditure to stand at approximately RMB183.2 billion, which will be spent primarily on areas including maintaining leading connection quality, optimizing computing force resources, building out and improving capabilities and supporting CHBN business development. Of this, capital expenditures for 5G network will amount to approximately RMB83.0 billion, which will be funded mainly from cash flow from operating activities.

STEPPED UP MARKETING EFFORTS TO DELIVER EXCEPTIONAL CUSTOMER SERVICE

Channel Transformation

We furthered online and offline integration and strengthened the three-dimensional channel operation to enhance the delivery capabilities of our channels and accelerate marketing transformation. The outcome has been clear. First, we upgraded the full-fledged direct sales system covering all terminals and channels in four phases: direct sales channels, terminal products, support systems and brand services. The enhanced operational efficiency of the direct sales alliance deeply integrated with our 5G, smart home, benefits and other businesses, driving the rapid development of the 5G terminal industry chain. Second, we expanded new channels to broaden marketing reach and integrate online touch points. By strengthening cooperation with leading Internet companies, we rapidly increased the proportion of online sales across our key businesses. We actively expanded cross-disciplinary cooperation on all channels by further cultivating an ecosystem around users' life and work, thus extending our customer service touch points to a wide range of industries. Third, we deepened our base-level grid operation, establishing three lists (assessment, products and tasks), reducing the burden for frontline staff, and continuously improving the efficiency of our 'inverted triangle' support from managers to the frontline. As a result, the efficiency of grid operation and the satisfaction of frontline personnel continued to improve. Thanks to progress in channel transformation, our sales reach became more efficient in 2022. Alongside favorable revenue growth, selling expense as a proportion of revenue continued to decline.

Brand Operations

We stepped up our brand-building and operations efforts to foster outstanding brands. Reflecting our strategic positioning, we portrayed a high-end image of our corporate brand while communicating the premium proposition of our customer brands through customer operations, go-to-market activities, and ongoing proactive management. By doing so, we were able to conduct precise customer operation and retention activities, and increase customer value and loyalty. For our GoTone brand, we cultivated a sense of exclusivity. With the value rebate mechanism, we launched exclusive services targeting mid- to high-end customers to give them a stronger sense of gain. We strengthened brand campaigns around the themes of philanthropy and wellness, portraying the brand's proposition of positivity that resonates with its customers. For M-zone, we focused on digital intelligence and trendiness to meet the interests of young customers. We carried out campaigns for users and gradually expanded them to reach new customers. We creatively launched virtual spokespeople for M-zone, planned out our first metaverse and cultivated social media channels to convey the brand's culture and attract young followers. As for EasyOwn, we focused on the brand's popularity. Leveraging the scale and stickiness of its customers, we further explored more customer segments including vertical classes and the silver economy. We launched customer upgrade programs and exclusive products for different customer segments. As a result, our customer scale and value continued to increase. In 2022, the customer base of the three major brands exceeded 258 million, with integrated brand recognition reaching 77.6%.

Business Review

Customer Services

Putting customers at the heart of our business, we sped up the building of a service system covering every aspect and process of service and involving every member of staff. Our service capabilities and quality improved steadily, with customer satisfaction higher than the industry level. We put in place a service quality evaluation system based on customer perception, forming a three-level standard system mapping different elements from customer perceptions through to internal operations. We required all business lines to incorporate the service standards throughout their operations, resulting in quality improvements end-to-end, and across the board. We further implemented initiatives to protect customer rights and handle customer complaints, resulting in significant improvement in customer perception. We strengthened the Dayin platform to put in place a mechanism to collect feedback from customers and frontline staff to detect, communicate and resolve issues. With this in place, our efficiency in customer response and problem solving improved significantly. To strengthen premium content production, we launched the innovative "Heartwarming Service" brand campaign, which has further increased the recognition and reputation of our customer services. In 2022, customer satisfaction with our 5G network Internet services, household broadband Internet services and other services continued to rise, alongside an overall improvement in customer satisfaction across our CHBN businesses and a notable decline in customer complaints.

HIGHLIGHTS FOR 2023

In 2023, we will further implement our strategy of building a world-class "Powerhouse" through confidently taking the initiative to drive high-quality and sustainable development. We will devote every effort to focus on four areas.

First, we will reinforce our information infrastructure to solidify our digital-intelligent foundation. Centering 5G, CFN and capability middle platform, we will optimize the planning, further convergence and centralization of this infrastructure, and enhance its functions. Building on our commanding leadership in connection, we will expand the usage of CFN across industries and scale up the application of the capability middle platform.

Second, we will enrich our integrated information product offerings to stimulate and generate market demand. Our products will be a major point of leverage for value operations. Therefore, we will accelerate the shift in product innovation from primarily focusing on connectivity to integrating connectivity, computing power and capability. With our quality product supply, we will satisfy, stimulate and create demand. We will improve product planning, strengthen the support system and establish innovative business models.

Third, we will target information services market segments to cultivate strong momentum for growth. With strong market acumen, we will promote value-oriented operations by leveraging our business scale and coordinate the comprehensive and integrated development of CHBN markets. We will create more consumption scenarios to cultivate new growth points. For the "Customer" market, we will consolidate our foundation, and for the "Home" market, we will focus on value mining. For the "Business" market, we will enhance quality and efficiency, while boosting the contribution from our "New" market.

Finally, we will remain dedicated to delivering quality services and enhancing soft power for our development. Putting customers at the heart of our business, we will win customer recognition with our services while building an outstanding brand image and reputation among our customers. We will strengthen quality control across the board, speed up marketing and services transformation, and further our brand-building and operating efforts.

Integrated innovation of information service system and the social system

5G++
SMART CITY
INDUSTRIAL
INTERNET
METAVERSE
VR

Financial Review

In 2022, we made every effort to seize the valuable opportunities arising from the thriving digital economy and our business performance was remarkable: we achieved all-round growth in customer and enterprise values and shareholder returns, maintained double-digit growth in operating revenue, and continued to see satisfactory growth in net profit on top of our solid foundation.

Financial Review

	2022	2021	Change
Operating revenue (RMB million)	**937,259**	848,258	10.5%
Revenue from telecommunications services (RMB million)	**812,058**	751,409	8.1%
Revenue from sales of products and others (RMB million)	**125,201**	96,849	29.3%
EBITDA (RMB million)	**329,176**	311,008	5.8%
EBITDA margin	**35.1%**	36.7%	–1.6pp
Profit attributable to equity shareholders (RMB million)	**125,459**	116,148	8.0%
Margin of profit attributable to equity shareholders	**13.4%**	13.7%	–0.3pp
Basic earnings per share (RMB)	**5.88**	5.67	3.7%

We proactively pursued market expansion and, at the same time, strengthened our "All Members, All Elements, All Processes" cost control practices, thereby maintaining our profitability at a leading level among international first-class telecommunications operators and continuing to create value for our shareholders.

OPERATING REVENUE

In 2022, our operating revenue reached RMB937.3 billion, up by 10.5% year-on-year, of which revenue from telecommunications services was RMB812.1 billion, up by 8.1% year-on-year. We furthered value-oriented operations by leveraging our business scale, drove the comprehensive and integrated development of our CHBN markets, and achieved solid growth in revenue.

Revenue from Telecommunications Services

We furthered the integrated development of data access, applications and customer benefits, expedited customers' migration to 5G, continued to boost 5G customer penetration rate, and saw noticeable success in our value-oriented operations. Our revenue from wireless data traffic services for the year was RMB395.9 billion, up by 0.8% year-on-year.

Our revenue from SMS & MMS services for the year was RMB31.3 billion, up by 0.8% year-on-year. The growth in revenue was primarily fostered by our furtherance in value-oriented operations in our SMS business.

Our broadband business continued to expand as we enhanced the quality and coverage of our broadband services, and as we accelerated the transformation and upgrade of our "Home" business towards HDICT integrated solutions. Our revenue from wireline broadband services continued to grow rapidly and reached RMB105.0 billion, up by 11.5% year-on-year, and its relative contribution to revenue from telecommunications services increased year-on-year.

Benefiting from rapid growth across DICT and other businesses in the "Business" market, "Mobile HD" and other value-added services in the "Home" market, as well as "MIGU Video" and other businesses in the "New" market, our revenue from applications and information services for the year reached RMB182.5 billion, up by 33.2% year-on-year, and contributed 6.1 percentage points of the increase in revenue from telecommunications services. It maintained a solid growth momentum and contributed to the further optimization of our overall revenue structure.

Revenue from Sales of Products and Others

Driven by sales of handsets, ICT equipment and other smart devices, our revenue from sales of products and others was RMB125.2 billion, up by 29.3% year-on-year. Our device sales business mainly serves to support the expansion of our principal telecommunications businesses, and hence its contribution to our profit is relatively low.

OPERATING EXPENSES

We actively promoted our low-cost, high-efficiency operating model, stepped up measures to reduce costs and enhance efficiency, strengthened our "All Members, All Elements, All Processes" cost control practices, and continued to improve and refine our management. Meanwhile, we constantly optimized the structure of resource deployment, and endeavoured to strike a balance between short-term operating results and long-term development, in order to maintain our sound profitability.

In 2022, our operating expenses were RMB808.2 billion, up by 10.7% year-on-year. Our operating expenses represented 86.2% of our operating revenue.

	2022 RMB million	2021 RMB million	Change
Operating expenses	808,160	730,295	10.7%
Network operation and support expenses	254,182	225,010	13.0%
Depreciation and amortization	200,077	193,045	3.6%
Employee benefit and related expenses	130,157	118,680	9.7%
Selling expenses	49,592	48,243	2.8%
Cost of products sold	122,743	96,083	27.7%
Other operating expenses	51,409	49,234	4.4%

Network Operation and Support Expenses

Network operation and support expenses were RMB254.2 billion, up by 13.0% year-on-year and representing 27.1% of operating revenue. Of which, maintenance, operation support and related expenses saw a 17.6% increase year-on-year and reached RMB161.3 billion, primarily driven by rapid commissioning of new infrastructure projects and increased transformation-related investments.

Depreciation and Amortization

Depreciation and amortization were RMB200.1 billion, up by 3.6% year-on-year and representing 21.3% of operating revenue. The increase was primarily driven by increased assets as we accelerated network upgrades and business transformation. In 2021, we made an adjustment in the residual value of certain assets; depreciation and amortization would have increased by 9.0% without the effect of such adjustment.

Employee Benefit and Related Expenses

Employee benefit and related expenses were RMB130.2 billion, up by 9.7% year-on-year and representing 13.9% of operating revenue. We continued to refine and optimize our workforce structure, and stepped up our investments in recruitment and training of talents in digital-intelligent areas, to provide solid talent support for our reform, innovation, transformation and development.

Selling Expenses

Selling expenses were RMB49.6 billion, up by 2.8% year-on-year and representing 5.3% of operating revenue, down by 0.4 percentage points year-on-year. We rapidly advanced transformation of channels, and constantly upgraded our online sales and services capabilities.

Cost of Products Sold

Cost of products sold was RMB122.7 billion, up by 27.7% year-on-year and representing 13.1% of operating revenue. The increase was primarily driven by the growth in revenue from sales of products.

Financial Review

Other Operating Expenses

Other operating expenses were RMB51.4 billion, up by 4.4% year-on-year and representing 5.5% of operating revenue. We further strengthened cost efficiency management and maintained sound control over the growth in other operating expenses.

Profitability

In 2022, we continued to improve the quality and efficiency of our operations, enhanced our value to shareholders, and maintained an industry-leading level of profitability. Profit from operations was RMB129.1 billion, up by 9.4% year-on-year. EBITDA was RMB329.2 billion, up by 5.8% year-on-year, and EBITDA margin was 35.1%, down by 1.6 percentage points year-on-year. Benefiting from steady growth in revenue and better cost control, profit attributable to equity shareholders was RMB125.5 billion in 2022, up by 8.0% year-on-year. The margin of profit attributable to equity shareholders was 13.4%.

	2022 RMB million	2021 RMB million	Change
Profit from operations	**129,099**	117,963	9.4%
Other gains	**9,388**	8,257	13.7%
Interest and other income	**15,729**	16,729	–6.0%
Finance costs	**2,330**	2,679	–13.0%
Income from investments accounted for using the equity method	**10,986**	11,914	–7.8%
Taxation	**37,278**	35,878	3.9%
Profit attributable to equity shareholders	**125,459**	116,148	8.0%

CAPITAL STRUCTURE

Our financial position continued to remain robust. As at the end of 2022, total assets and total liabilities were RMB1,935.5 billion and RMB634.1 billion, respectively. The liabilities to assets ratio was 32.8%.

We consistently and firmly adhered to our prudent financial risk management policies and maintained sound repayment capabilities. The effective interest coverage multiple was 64 times.

	As at 31 December 2022 RMB million	As at 31 December 2021 RMB million	Change
Current assets	**456,371**	595,371	–23.3%
Non-current assets	**1,479,167**	1,245,956	18.7%
Total assets	**1,935,538**	1,841,327	5.1%
Current liabilities	**533,337**	582,148	–8.4%
Non-current liabilities	**100,778**	48,887	106.1%
Total liabilities	**634,115**	631,035	0.5%
Non-controlling interests	**4,075**	3,942	3.4%
Total equity attributable to equity shareholders	**1,297,348**	1,206,350	7.5%
Total equity	**1,301,423**	1,210,292	7.5%

FUND MANAGEMENT AND CASH FLOW

We consistently and firmly adhered to our sound and prudent financial policies and stringent fund management systems, and strived to maintain a healthy cash flow and ensure the safety and integrity of our funds through our highly centralized management of investing and financing activities. Meanwhile, we continued to reinforce our centralized fund management efforts and made appropriate allocations of our funds, thereby fully leveraging our fund scale efficiency.

In 2022, our cash flow remained healthy. Net cash generated from operating activities was RMB280.8 billion, down by 10.8% year-on-year. The decrease was primarily driven by delayed settlement of receivables under the influence of the macro-economic environment and, at the same time, we accelerated settlement of payables to support development of our industry chain. Net cash used in investing activities was RMB238.1 billion, down by 0.1% year-on-year. Net cash used in financing activities was RMB120.5 billion, up by 166.6% year-on-year. Free cash flow was RMB95.6 billion, down by 27.2% year-on-year. As at the end of 2022, our total cash and bank balances were RMB269.4 billion, of which 94.2%, 1.5% and 4.2% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively. Our robust fund management and healthy cash flow provided a solid foundation for our sustainable and healthy development.

	2022 RMB million	2021 RMB million	Change
Net cash generated from operating activities	**280,750**	314,764	–10.8%
Net cash used in investing activities	**238,053**	238,296	–0.1%
Net cash used in financing activities	**120,514**	45,201	166.6%
Free cash flow	**95,566**	131,184	–27.2%

CREDIT RATINGS

Currently, the Company's corporate credit ratings are equivalent to China's sovereign credit ratings, namely, A+/Outlook Stable from Standard & Poor's and A1/Outlook Stable from Moody's. These ratings reflect that our sound financial strength, favourable business potential and solid financial management are highly recognized by the market.

Sustainability Report

Guided by the Corporate Social Responsibility (CSR) philosophy of "Sincerity and Fulfillment. Self-Realization and Empowerment", China Mobile strives for high-quality development while maintaining sustainable growth, a high level of transparency, and sound governance. We give prominence to the innovative integration of information and energy and work to create broad social value, bring long-term benefits to investors, and achieve business development that contributes to, and benefits from, better social and environmental outcomes.

Fostering digital-intelligent innovation and maximizing the effectiveness of information services. We built a new information infrastructure centering around 5G, CFN and capability middle platform and a new information services system integrating "connectivity + computing force + capability" to fully empower the digital intelligence transformation in production, life, and governance across all sectors of society. By the end of 2022, we had deployed 1.285 million 5G base stations with a computing force of 8.0 EFLOPS and developed over 18,000 5G commercial use cases. We endeavored to ensure the security of networks, data, communication, and content and played a critical role in providing communications support for major events and during emergencies such as the Luding earthquake. We consistently ramped up security measures, doing our utmost to protect personal data privacy and safeguard users' legitimate rights and interests.

Seeking inclusive growth and sharing the achievements of development with the broader society. We deeply implemented the people-centered development ideology and strove to narrow the digital divide faced by special groups such as people with disabilities, seniors, and those with cultural differences to democratize digital access for all. We worked to widely extend the capabilities of information technology and continued to implement the "Seven Rural Digital-Intelligence Projects". In 2022, we launched 580 5G smart agriculture demonstration projects across the country, bringing the total to 760. As a key part of our ongoing work to promote rural revitalization, we advanced the digital village drive in more than 350,000 remote rural villages. With a deep commitment to doing good, we continued to give back to society in multiple ways, including setting up a charity fund, efficiently operating the online crowdfunding information platform, and launching charitable activities and volunteer services. We took the initiative to integrate ourselves into major national development strategies and strove to be the "engine of innovation" for coordinated regional development and the "pioneer of responsibilities" for the "Belt and Road Initiative" (BRI), giving major support to the positive interplay between domestic and international circulations. We adhered to the long-standing strategy of "Strengthening the Enterprise with Talents" and efficiently nurtured, attracted, gathered, and deployed talents. We also constantly improved the systems and mechanisms for democratic management, career development, and the protection of rights and interests, continuing to implement a suite of programs such as "Five Small Spaces", "Happiness 1+1", and employee hardship assistance. Through these efforts, we sought to achieve development that was inclusive of all stakeholders, such as our employees and customers.

Sustainability Report

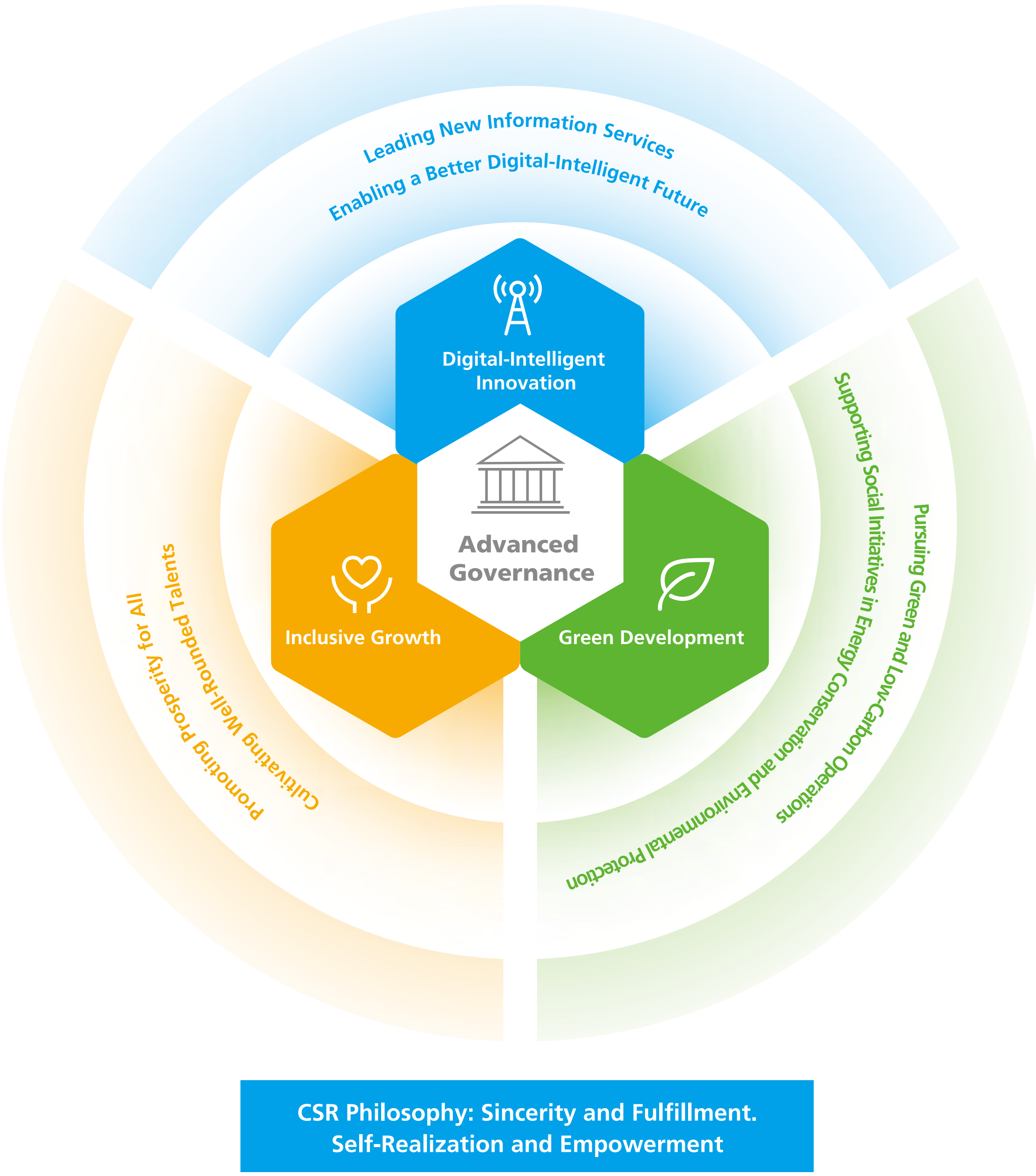
Pursuing green development and enabling changes in the avenues of growth. We embraced the philosophy that lucid waters and lush mountains are invaluable assets and aimed to create a world where humans live in harmony with nature. We formulated an action plan for carbon peaking and continued to implement the "C^2 Three Energy – China Mobile Carbon Peaking and Carbon Neutrality Action Plan". Those efforts led to a steady decline in the consumption of traditional energy and saved 6.43 billion kWh of electricity throughout the year. We actively built a green supply chain, with an energy-saving technology evaluation included in more than 90% of the equipment purchased. We fully leveraged the role of information technologies in carbon reduction to drive the transformation and upgrade of traditional industries such as coal and steel, thus facilitating the green and smart development of cities and the transition to a green lifestyle. We provided extensive support in the collection, monitoring, mining, and analysis of environmental data, thereby strengthening the government's environmental monitoring capabilities. Moreover, through participation in a multitude of ecological protection programs such as the "ten-year fishing ban" in the Yangtze River, we played an active part in improving the stability and sustainability of the ecosystem and making our planet Earth a better place to live. We have been recognized as a leader in climate action by CDP (Carbon Disclosure Project) for seven consecutive years.

Maintaining advanced governance and continuously building a trustworthy enterprise. In accordance with the requirements of prescribed authority and responsibility, transparent authority and responsibility, coordinated operation, and effective checks and balances, we gave full play to the role of the board of directors and management and continuously improved the corporate governance structure to consolidate the foundation of corporate governance. Committed to being a responsible and trusted enterprise, we continued to deepen reform across the board, improve the market-oriented operation mechanism, prevent and resolve all kinds of risks, and promote business ethics and anti-corruption efforts. We further embedded ESG considerations in all aspects of corporate governance and built a new pattern of development in which economic value and social value could reinforce each other.

Sustainability Report

China Mobile's Sustainability Strategy and Management: In 2022, we improved our sustainability management model in light of new changes, both internal and external, new requirements, and new trends.

For more detailed information on our sustainability performance in 2022, please refer to the *2022 China Mobile Limited 2022 Sustainability Report* released on our company website (www.chinamobileltd.com).



China Mobile's Sustainability Model

Sustainability Report

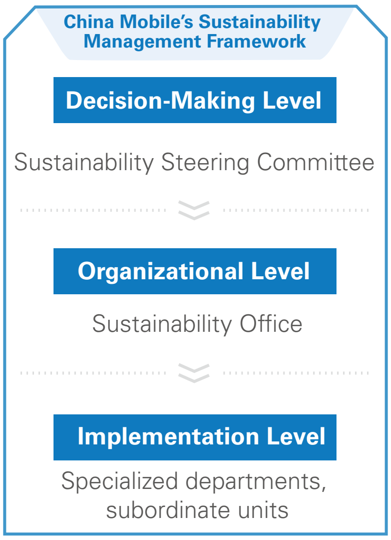
CSR philosophy: "Sincerity and Fulfillment. Self-Realization and Empowerment" means that China Mobile upholds the utmost sincerity and strives to fulfil our own nature, people's nature, and the nature of all things (Sincerity and Fulfillment) and that while pursuing sustainable growth of the Company itself (Self-Realization), we leverage our strengths to contribute to the sustainable development of our economy, society, and environment (Empowerment).

Intrinsic Requirements: "Corporate governance" built on the two pillars of optimizing the corporate governance system and preventing and resolving all kinds of risks.

Main Actions: "Digital-Intelligent Innovation", "Green Development" and "Inclusive Growth".

CSR Topics: "Leading New Information Services", "Enabling a Better Digital-Intelligent Future", "Pursuing Green and Low-Carbon Operations", "Supporting Social Initiatives in Energy Conservation and Environmental Protection", "Promoting Prosperity for All", and "Cultivating Well-Rounded Talents".

The sustainability management framework and system established by the Company over the years provide support for the implementation of the management model.



Corporate Governance Report

Our goal has always been to enhance our corporate value, maintain our sustainable long-term development and generate greater returns for our shareholders. In order to better achieve these objectives, we have established good corporate governance practices following the principles of integrity, transparency, openness and efficiency, and progressively set up and enhanced various policies, internal controls and other management mechanisms and procedures having regard to the major stakeholders in good corporate governance, including shareholders, board of directors and its committees, management and staff, internal auditors, external auditors and the wider community such as customers, local communities, industry peers, regulatory authorities so as to prevent and resolve all kinds of risks.

As a company listed in both Hong Kong and Shanghai, we shall also comply with corporate governance practices required by China Securities Regulatory Commission ("CSRC") and the SSE. On 5 January 2022, we became listed on the SSE. In this connection, in accordance with the requirements under the Securities Law of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "SSE Listing Rules") and other relevant laws and regulations of the mainland of China, we amended and formulated various policies including the Articles of Association of the Company (the "Articles of Association"), Policy Governing the Procedures of General Meetings, Policy Governing the Procedures of Board Meetings, the Terms of References of the Audit Committee, the Terms of References of the Remuneration Committee, the Terms of References of the Nomination Committee, Administrative Measures for External Guarantees, Administrative Measures for External Investment, Administrative Measures for Affiliated (Connected) Transactions, Rules for the Management of Proceeds from RMB Share Issue, Rules for the Management of Investor Relations and Rules for the Management of Information Disclosure, among others. Please see "2. Major Differences Between the Company Laws of the Place of Incorporation, the Articles of Association and the Company Laws and other Domestic Laws" under "Section 9 – Corporate Governance" in the Prospectus for Initial Public Offering of RMB Ordinary Shares (A Shares) of China Mobile Limited dated December 21, 2021 for the major differences between the corporate governance practices of the Company and those required of listed issuers under the regulations of the CSRC.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Our Board of Directors (the "Board") is responsible for corporate governance and formulates terms of reference, corporate governance principles and structure. Throughout the financial year ended 31 December 2022, the Company has complied with all the code provisions of the Corporate Governance Code as set forth in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

We require the procedures of our Board, the Board committees and other internal bodies to strictly comply with the principles of the Corporate Governance Code. The followings are the major aspects in which China Mobile meets or exceeds the principles of the Corporate Governance Code:

✓ More than one-third of the Board (4 out of 8 as of 31 December 2022) are INEDs.

✓ Indication of important shareholders' dates in the coming financial year.

✓ Disclosure of directors' interests in shares of the Company and its associated corporations, and their confirmation of compliance with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules (the "Model Code").

- ✓ Publication of the terms of reference and membership of the Board committees on the websites of the Company, the HKEX and the SSE.
- ✓ All members of our Board committees are INEDs, each with appropriate professional qualifications and extensive experience in accounting, finance and risk management, artificial intelligence and sci-tech research, laws and regulations, economics and business and so forth.
- ✓ Appropriate training to directors and management on an annual basis.
- ✓ Each director discloses to the Company at the time of his/her appointment and timely thereafter for any change of, his/her position in any public companies or organizations and other significant commitments.
- ✓ Publication of Sustainability Reports for sixteen consecutive years, reporting on its performance on ESG issues, which, in many respects, exceed the terms of the ESG Reporting Guide set out in Appendix 27 to the Hong Kong Listing Rules.
- ✓ Our Audit Committee discusses and conducts annual evaluation with respect to the effectiveness of the Company's risk management and internal control system, and publishes the results of its evaluation.
- ✓ The Company and its operating subsidiaries have set up internal audit departments, which independently audit the business units of the Company and its operating subsidiaries.

SHAREHOLDERS

The Company is incorporated in 1997 in Hong Kong and owned by all shareholders. Our ultimate controlling shareholder is CMCC. Our ordinary shares were listed on the HKEX and the SSE on 23 October 1997 and 5 January 2022, respectively. As of 31 December 2022, our total number of issued shares was 21,362,826,764, among which, approximately 69.82% were held directly and indirectly by CMCC. The remaining approximately 30.18% were held by public investors.

At an extraordinary general meeting ("EGM") of the Company held on 9 June 2021 (the "2021 EGM"), the shareholders of the Company approved as a special resolution to amend the Articles of Association to satisfy the relevant regulatory requirements in relation to our corporate governance structure after the initial public offering and listing (the "RMB Share Issue") of RMB Shares on the SSE. The amended Articles of Association took effect from the date of listing of RMB Shares on the SSE, being 5 January 2022. Full text of the amended Articles of Association of the Company is available on the websites of the Company, the HKEX and the SSE.

Shareholder Rights

According to the Articles of Association of the Company and the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Hong Kong Companies Ordinance"), shareholders holding the requisite voting rights may: (i) requisition to move a resolution at an annual general meeting ("AGM"); (ii) requisition to convene an extraordinary general meeting ("EGM"); and (iii) propose a person other than a retiring director for election as a director at a general meeting.

Shareholders may make inquiries in writing to the Board. Inquiries must be deposited at our registered office at 60/F, The Center, 99 Queen's Road Central, Hong Kong (the "Registered Office"), for the attention of the Company Secretary, providing sufficient contact information so that such inquiries can be properly handled. In addition, shareholders may also raise their concerns and suggestions in the Q&A session at our AGMs.

I. Requisition to move a resolution at an AGM

- The Company holds a general meeting as its AGM every year. The AGM is usually held in May.

- A requisition to move a resolution at the AGM may be submitted by:

  (i) any number of shareholders representing not less than one-fortieth (1/40th) of the total voting rights of all shareholders having the right to vote at the AGM; or

  (ii) not less than 50 shareholders holding shares in the Company on which there has been paid up an average sum, per shareholder, of not less than HK$2,000.

- The requisition must state the resolution, and must be signed by all the requisitionists on one or more copies which between them contain the signatures of all the requisitionists.

- The requisition must be deposited at 60/F, The Center, 99 Queen's Road Central, Hong Kong, the registered office of the Company, for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution and not less than one week in the case of any other requisition.

- The requisition will be verified with Hong Kong Registrars Limited, the Company's share registrar, and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the AGM provided that the requisitionists have deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in serving the notice of the resolution in accordance with the statutory requirements to all the registered shareholders of the Company. On the contrary, if the requisition has been verified as not in order or the requisitionists have failed to deposit sufficient sum to meet the Company's expenses for the said purposes, the requisitionists will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM.

II. Requisition to convene an EGM

- Shareholders holding not less than one-twentieth (1/20th) of the paid-up capital of the Company which carries the right of voting at general meetings of the Company can deposit a requisition to convene an EGM.

- The requisition must state the objects of the meeting, and must be signed by the requisitionists and may consist of several documents in like form, each signed by one or more requisitionists. The requisition must be deposited at 60/F, The Center, 99 Queen's Road Central, Hong Kong, the registered office of the Company, for the attention of the Company Secretary.

- The requisition will be verified with Hong Kong Registrars Limited, the Company's share registrar, and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, an EGM will not be convened as requested.

III. Proposing a person other than a retiring director for election as a director at a general meeting

If a shareholder wishes to propose a person other than a retiring director for election as a director at a general meeting, he/she must lodge a written notice to that effect at our Registered Office for the attention of the Company Secretary. In order for the Company to inform shareholders of that proposal, the written notice must state the full name and biographical details of the person proposed for election as a director as required by Rule 13.51(2) of the Hong Kong Listing Rules, and be signed by such shareholder. A written notice signed by the person proposed for election as a director indicating his/her willingness to be elected must also be lodged with the Company. The period for lodgment of such written notices shall be of not less than seven days and shall commence no earlier than the dispatch of the notice of the general meeting and end no later than seven days prior to the date of the general meeting. If the notices are received less than 15 days prior to the general meeting, the Company will need to consider the adjournment of the general meeting in order to allow shareholders 14 days' notice of the proposal.

The above details and procedures are available on our website.

Shareholder Value and Communication

The Company's established principle is to strive to create value and bring favorable returns for shareholders. We believe that our industry-leading profitability and ability to generate healthy cash flow will provide sufficient support for the future development while continuing to create higher value for our shareholders.

On 4 January 2022, the Company announced its plans to exercise its powers granted by the shareholders to make on-market buy-backs of shares in the Company listed on the Main Board of HKEX (the "Hong Kong Shares") on the HKEX after the expiration of the exercise period of the over-allotment option in relation to the RMB Share Issue and subject to compliance with all applicable laws, rules and regulations. In February 2022, we bought back and cancelled a total of 15,424,000 Hong Kong Shares on the HKEX, at a price of HK$54.15 to HK$58.15 per share and an aggregate price of HK$866 million.

Financial Year		**Ordinary Dividend Per Share** (HKD)	**Total Dividend Per Share** (HKD)
2022	final[1]	2.210[2]	4.410
	interim	2.200	
2021	final	2.430	4.060
	interim	1.630	
2020	final	1.760	3.290
	interim	1.530	
2019	final	1.723	3.250
	interim	1.527	
2018	final	1.391	3.217
	interim	1.826	

1 Pending approval at the AGM.

2 The final dividend will be paid to holders of A Shares in RMB at an exchange rate calculated on the basis of the average of the mid-prices of HKD to RMB as announced by the People's Bank of China during the one week prior to the date of the annual general meeting for declaring the dividend.

To ensure the effective communications between the Company and its shareholders, we have formulated communication policies with shareholders. We regularly review the implementation of these policies and consider them to be effective. We have established a securities affairs department, dedicated to providing necessary information and services to, and communicate with, shareholders and investors and other participants in the capital market, to maintain an active dialogue with them and make sure they are fully informed of the Company's operation and development.

Corporate Governance Report

We use a number of formal channels to report to shareholders on the performance and operations of the Company, particularly through our annual and interim reports. Generally, when announcing interim results, annual results or any major transactions in accordance with the relevant regulatory requirements, the Company arranges investment analyst conferences, press conferences and investor conferences to explain the relevant results or major transactions to the shareholders, investors and the general public, listen to their opinions and address any questions that they may have. In addition, the Company adheres to the practice of disclosing certain key, unaudited operational and financial data on a quarterly basis, and voluntarily discloses certain customer statistics on a monthly basis, to further increase the Group's transparency and to provide shareholders, investors and the general public with additional information so as to facilitate their understanding of the Group's operations.

The Company maintains close communication with investors through investment conferences, one-on-one meetings, video-conferencing and other forms of exchange interaction to timely deliver information on our operating conditions to the capital markets. In 2022, our management attended 13 investor conferences and 120 routine investor meetings, and met with 1,196 investors. We will continue our efforts to enhance the investor relations work.

The Company also attaches high importance to the general meetings, including AGMs and EGMs, and makes substantial efforts to enhance communications between the Board and the shareholders. At each general meetings, the Board always makes efforts to fully address questions raised by shareholders. In 2022, we held one AGM and one EGM.

On 18 May 2022, we held our AGM in the Conference Room, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The major items discussed and the percentage of votes cast in favor of the resolutions are set out as follows:

1. to consider and approve the audited consolidated financial statements and the Report of the Auditors prepared in accordance with the Hong Kong Companies Ordinance, and the 2021 annual report published on the SSE (including the audited consolidated financial statements and the Report of the Auditors) for the year ended 31 December 2021 (99.9866%);

2. to consider and approve the Report of the Directors for the year ended 31 December 2021 (99.9942%);

3. to consider and approve the profit distribution plan and declare a final dividend for the year ended 31 December 2021 (99.9942%);

4. to re-appoint KPMG and KPMG Huazhen LLP as the auditors of the Group, and to authorize the Board to fix their remuneration (99.9942%);

5. to give a general mandate to the Board to buy back Hong Kong Shares not exceeding 10% of the number of issued Hong Kong Shares (99.9139%);

6. to give a general mandate to the Board to allot, issue and deal with additional Hong Kong Shares not exceeding 20% of the number of issued Hong Kong Shares (95.6675%);

7. to extend the general mandate granted to the Board to allot, issue and deal with Hong Kong Shares by the number of Hong Kong Shares bought back (95.6781%);

8. to consider and approve the authorization to the Board to determine interim profit distribution for the year ended 31 December 2022 (99.9942%).

9. to consider and approve the external guarantees plan for 2022 (98.7012%); and

10. to consider and approve director and senior management liability insurance (99.9733%).

On 22 December 2022, we held an EGM in the Conference Room, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong to consider and, if thought fit, approve the extension of the shareholding increase plan of the actual controller, CMCC, which was approved with 99.8802% votes cast in favor of the resolution.

All resolutions were duly passed at the AGM and EGM. As at the date of each of the above general meetings, the number of issued shares of the Company was 21,362,826,764 shares, which was the total number of shares entitling the holders to attend and vote for or against all the resolutions proposed at the AGM. China Mobile Hong Kong (BVI) Limited and CMCC, as controlling shareholders of the Company, holding an aggregate of 14,916,325,052 shares (representing approximately 69.82% of the total number of issued shares of the Company), abstained from voting on the resolution proposed at the EGM. As such, the total number of shares entitling the holders to attend and vote for or against the resolution proposed at the EGM was 6,446,501,712 shares. Save as disclosed above, no shareholders were required to abstain from voting on the resolutions proposed at the above General Meetings. Hong Kong Registrars Limited, the Hong Kong share registrar of the Company, acted as scrutineer for vote-taking at the above general meetings. Poll results were announced on the websites of the Company, the HKEX and the SSE on the day of each of the above general meetings.

Shareholders' Calendar

The following table sets out the tentative key dates for our shareholders for the financial year ending 31 December 2023. Such dates are subject to change depending on actual circumstance. Shareholders should note our announcements issued from time to time.

FY 2023 Key Shareholders' Calendar

23 March	Announcement of final results and final dividend for the financial year ended 31 December 2022; Publication of 2022 A Shares annual report on the websites of the Company and the SSE
13 April	Upload of 2022 annual report on the websites of the Company and the HKEX
14 April	Dispatch of 2022 annual reports to Hong Kong shareholders
24 May	2023 AGM
Late June	Payment of final dividend for the financial year ended 31 December 2022
Mid-August	Announcement of interim results and interim dividend for the six months ending 30 June 2023, if any
Late September	Payment of interim dividend for the six months ending 30 June 2023, if any

THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

The Board of Directors

The key responsibilities of the Board include formulating the Group's overall strategies and objectives, setting management targets, overseeing internal controls and financial management, supervising the performance of our management, performing corporate governance responsibilities (the Terms of Reference of its corporate governance functions are available on our Company's website), while day-to-day operations and management are delegated by the Board to the executives of the Company.

In accordance with the Articles of Association and the Policy Governing the Procedures of Board Meetings of the Company, the main functions and powers of the Board include:

1. to convene general meetings and report its work at general meetings;

2. to execute resolutions passed at general meetings;

3. to formulate proposals for distribution of dividends of the Company;

4. to formulate proposals for increasing or reducing the number of issued shares of the Company;

5. to formulate proposals for the amalgamation, winding up or change of company status of the Company (including a change from a public company to a private company):

6. to the extent permitted under or authorized at applicable laws and regulations, the listing rules, general meetings and the Articles of Association, to consider and approve the material transactions, external investments, acquisitions or disposals of assets, pledges of assets, external guarantees, entrusted financial management, connected transactions, affiliated transactions and other matters;

7. to appoint or remove the chief executive officer, other members of senior management and the company secretary of the Company and to determine their remuneration as well as awards and penalties;

8. to formulate proposals for amending the Articles of Association;

9. to propose to the general meeting the appointment or change of the auditors in charge of the audit of the Company;

10. to the extent permitted by applicable laws and regulations and the listing rules, to consider and approve the issue of bonds (other than convertible bonds that require consideration and approval at a general meeting) by the Company; and

11. Other functions and powers as provided under applicable laws and regulations, the listing rules, the Articles of Association and so forth.

The Board currently comprises eight directors, namely Mr. YANG Jie (Chairman), Mr. DONG Xin (CEO), Mr. LI Pizheng and Mr. LI Ronghua (CFO) 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 INEDs. There is no financial, business, family or other material/relevant relationship(s) between the Board members. The list of directors and their role and function is available on the websites of our Company, the HKEX and the SSE. The biographies of our directors are presented on pages 8 to 13 of this annual report and on our website.

In 2022, Mr. WANG Yuhang resigned from his position as an Executive Director of the Company by reason of age with effect from 19 April 2022. Dr. Moses CHENG Mo Chi retired by rotation at the 2022 AGM and did not offer himself for re-election as he would like to devote more time to other businesses; and Mr. Paul CHOW Man Yiu also retired by rotation at the 2022 AGM and also did not offer himself for re-election by reason of age. As a result of the aforesaid retirement by rotation, Dr. Moses CHENG Mo Chi resigned from his positions as an INED, a member of the Audit Committee, a member of the Nomination Committee and the Chairman of the Remuneration Committee; and Mr. Paul CHOW Man Yiu resigned from his positions as an INED, a member of the Audit Committee, the Chairman of the Nomination Committee and a member of the Remuneration Committee, in each case with effect from 18 May 2022 upon the conclusion of the 2022 AGM. Each of Mr. WANG Yuhang, Dr. Moses CHENG Mo Chi and Mr. Paul CHOW Man Yiu confirmed that there was no disagreement with the Board and there was no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

At the Board meeting held subsequent to the conclusion of the 2022 AGM, as proposed by the Nomination Committee and after review and approval by the Board, Mr. LI Pizheng was appointed as an Executive Director; and each of Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee was appointed as an INED, a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee, in each case with effect from 18 May 2022.

Remuneration, Appointment and Rotation of Directors

The Remuneration Committee is responsible for determining the remuneration packages of all executive directors and senior management. The remuneration package of our executive directors consists of a basic annual salary, a performance-linked annual bonus and a term incentive. The remuneration of INEDs is determined in part by reference to their experience, the prevailing market conditions and their workload as INEDs and members of the board committees of the Company. Please refer to note 11 to the consolidated financial statements on page 124 of this annual report for directors' and senior management's remuneration in 2022.

In 2022, based on the work arrangements of the Board committees, after review and approval by the Board, (i) Mr. Stephen YIU Kin Wah, our INED, was appointed as the Chairman of the Remuneration Committee, with effect from 18 May 2022. Mr. YIU will receive an annual fee of HK$80,000 as the Chairman of the Remuneration Committee, in addition to his annual director's fee of HK$180,000 and annual fees of HK$180,000 and HK$50,000 as the Chairman of the Audit Committee and a member of the Nomination Committee, respectively; and (ii) Dr. YANG Qiang, our INED, was appointed as the Chairman of the Nomination Committee and a member of the Remuneration Committee, with effect from 18 May 2022. Dr. YANG Qiang will receive annual fees of HK$65,000 and HK$60,000 as the Chairman of the Nomination Committee and a member of the Remuneration Committee, respectively, in addition to his annual director's fee of HK$180,000 and annual fee of HK$150,000 as a member of the Audit Committee. Dr. YANG Qiang has voluntarily waived all his directors' fees.

Corporate Governance Report

The Board has adopted a Director Nomination Policy. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out below to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. Criteria in evaluating and selecting candidates for directorship include:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, and consideration on diversity under the Board Diversity Policy;
- Requirement for the Board to have independent directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Hong Kong Listing Rules;
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or board committee(s) of the Company; and
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

All newly-appointed directors receive a comprehensive induction of directors' duties to make sure that they have a proper understanding of the operations and business of the Company, and that they are fully aware of their responsibilities as a director, the listing rules of the stock exchanges on which the Company is listed, applicable laws and regulations, and the operation and governance policies of the Company. The service contracts of our INEDs do not provide for a specified length of service. All newly-appointed directors are subject to re-election by shareholders at the first AGM after their appointment. Every director is subject to retirement by rotation and needs to stand for re-election at least once every three years.

In 2022, the nomination and appointment of Mr. LI Pizheng, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee were conducted in accordance with the above policy and procedures. The Company has not entered into any service contract with Mr. LI Pizheng, Mr. Carmelo LEE Ka Sze or Mrs. Margaret LEUNG KO May Yee which provides for a specified length of service. Mr. LI Pizheng, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee will be duly subject to retirement by rotation and re-election at the AGMs in accordance with the requirements of the Articles of Association. As proposed by the Board, each of Mr. LI Pizheng, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee will receive an annual director's fee of HK$180,000 as approved by the shareholders of the Company; in addition, each of Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee will also receive annual fees of HK$150,000, HK$50,000 and HK$60,000 as a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee, respectively. Such fees are payable on a time pro-rata basis for any non-full year's service. The remuneration of Mr. LI Pizheng, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee has been determined by the Board with reference to their respective duties, responsibilities and experience, prevailing market conditions and so forth. Mr. LI Pizheng has voluntarily waived his annual director's fee of HK$180,000.

Board Meetings

Board meetings of the Company are held at least once a quarter and as and when necessary. Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and abstain from voting as appropriate. In 2022, as all of our executive directors hold executive positions at CMCC, they have voluntarily abstained from voting on the board resolution approving the continuing connected and routine affiliated transactions. And our Chairman held one meeting with the INEDs without the presence of other directors in 2022.

During the financial year ended 31 December 2022, the Board met on twelve occasions (including seven occasions by way of written resolutions) and the directors' attendances at the meetings are as follows:

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	AGM	EGM
INEDs						
Dr. Moses CHENG Mo Chi[3]	2	2	2	1	1	–
Mr. Paul CHOW Man Yiu[3]	1	1	1	1	1	–
Mr. Stephen YIU Kin Wah	12	6	4	1	1	1
Dr. YANG Qiang	12	5	2	–	1	1
Mr. Carmelo LEE Ka Sze[4]	10	3	2	–	–	1
Mrs. Margaret LEUNG KO May Yee[4]	10	3	2	–	–	1
Executive Directors						
Mr. YANG Jie (Chairman)	12	–	–	–	1	1
Mr. DONG Xin (CEO)	12	–	–	–	1	1
Mr. WANG Yuhang[5]	0	–	–	–	–	–
Mr. LI Pizheng[4]	9	–	–	–	–	1
Mr. LI Ronghua (CFO)	12	–	–	–	1	1

3 Dr. Moses CHENG Mo Chi and Mr. Paul CHOW Man Yiu resigned from their positions as INEDs in each case with effect from 18 May 2022 upon the conclusion of the AGM.

4 Mr. LI Pizheng was appointed as an Executive Director, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee were appointed as INEDs, in each case with effect from 18 May 2022.

5 Mr. WANG Yuhang resigned from his position as an Executive Director with effect from 19 April 2022.

All board meetings and committee meetings were attended by the directors in person or by video or telephone conferencing. In 2022, the Board met and discussed various matters relating to the annual results, interim results, dividends, change of directors, continuing connected and routine affiliated transactions, second grant of share options, annual business, investment and financial plans, sustainability report, re-appointment of external auditors and determination of their remuneration, amendment of the internal audit charter, deposit and actual utilization of proceeds from RMB Share Issue, INED work report, internal control system evaluation report, annual external guarantees plan and other matters. In addition, the Board reviewed and approved our quarterly results and others by means of written resolutions.

Corporate Governance Report

The Board is responsible for performing the **corporate governance duties** and setting and reviewing the terms of reference on corporate governance functions, which you may review or download on the website of the Company, as well as our corporate governance policies and practices. In 2022, the Board also met and discussed the Company's corporate governance report.

The Board has adopted a **Board Diversity Policy** since September 2013. In considering the composition of the Board, diversity will be considered from a number of perspectives in accordance with our business model and specific needs, including professional experience and qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge and reputation, knowledge of the laws and regulations applicable to the Group, gender, ethnicity, language skills and length of service etc. Such perspectives under the Board Diversity Policy shall be taken into account in recommending appointment and re-election of directors and be monitored on an on-going basis by the Nomination Committee of the Company. In 2022, our Nomination Committee reviewed the structure, composition and succession arrangement of the Board, and provided comments and recommendations to the Board. The Board currently includes one female director and has met its target for gender diversity.

We have established a succession mechanism to maintain a balanced composition of the Board, and to ensure independent views and input are available to the Board. In 2022, having regard to the work load and succession arrangements of the Board, and to enhance our corporate governance, the Board approved the appointment of Mr. LI Pizheng as an executive director, and Mr. Carmelo LEE Ka Sze and Ms. Margaret LEUNG KO May Yee as INEDs of the Company.

The Board has adopted a **Dividend Policy** in 2019 to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment and distribution of dividends to the shareholders of the Company, which includes, among others, in recommending or declaring dividends, the Company shall allow its shareholders to participate in the Company's profits whilst retaining adequate cash reserves for meeting its working capital requirements and long-term sustainable development. The Company shall also take into account the actual financial performance of the Group, the Group's business strategies and operations, including future capital requirements and investment needs; economic conditions and other internal or external factors that may have an impact on the business or financial performance and situation of the Group, and any other factors that the Board may consider relevant, etc. To fully protect the rights and interests of the shareholders, to provide a sustainable, stable and reasonable investment return to the shareholders, to further improve the profits distribution mechanism, and to enable shareholders to supervise the Company's profits distribution, after taking into full account the Company's actual operation conditions and the needs for future development, the Company put forward to the shareholders for approval, and the shareholders approved at the 2021 EGM, a shareholder return plan within three years following the RMB Share Issue. Such shareholder return plan took effect from the date of listing of RMB Shares on the SSE. The profit to be distributed in cash for 2023 will gradually increase to 70% or above of the profit attributable to equity shareholders of the Company for that year.

To ensure the timely disclosure of any change of directors' personal information, we have set up a specific communication channel with each of our directors. The directors have disclosed to the Company their positions in other public companies or organizations and other significant commitments at the time of their appointments, and the Company has made enquiries with all directors for any changes in the course of preparing our annual and interim reports and made appropriate disclosures in a timely manner. Information regarding their directorships in other listed public companies in the last three years is set out on pages 8 to 13 of this annual report and on the Company's website. The Company purchases a directors and officers' liabilities insurance on behalf of its directors and officers and reviews the terms of such insurance annually.

In compliance with the requirement of the Hong Kong Listing Rules, the Company has received a confirmation of independence from each of our INEDs, namely Mr. Stephen YIU Kin Wah, Dr. YANG Qiang, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee and considers them to be independent.

All our directors have complied with Code Provision C.1.4 of the Corporate Governance Code with respect to directors' **continuous professional development**, and provided a record of the trainings they received to the Company. In 2022, we provided the newly-appointed directors with guidance on the continuing obligations of Hong Kong listed companies and their directors as well as training on the standardized operation of A Share listed companies, and also provided trainings on the Company's strategy, internal audit management, innovation and development and other topics.

The Company has adopted the Model Code set out in Appendix 10 to the Hong Kong Listing Rules to regulate the directors' securities transactions. Save and except for the interests disclosed in the report of the directors on page 75 of this annual report, none of the directors had any other interest in the shares of the Company as of 31 December 2022. All directors have confirmed, following specific enquiry by the Company that they have complied with the Model Code during the period between 1 January 2022 and 31 December 2022.

The directors of the Company are responsible for the preparation of the consolidated financial statements of the Company. Our management submits a monthly report to the members of the Board, setting out the Company's performance, and reports and information on the ICT industry, to enable them to make a more comprehensive assessment and to have a more throughout understanding of our performance and prospects. For the reporting responsibilities of the auditors with respect to our financial statements, please refer to the Independent Auditor's Report on pages 85 to 90 in this annual report.

The Board Committees

The Board currently has three principal board committees, which are the Audit Committee, the Remuneration Committee and the Nomination Committee, each consists solely of INEDs. With the appointment and authorization of the Board, each of the board committees operates under its written terms of reference.

On 5 January 2022, in connection with the listing of our RMB Shares on the SSE, the amended terms of reference of the Board committees of the Company took effect, which are available on the websites of the Company, the HKEX and the SSE, and can be obtained from the Company Secretary upon written request.

Audit Committee

Membership

The current members of the Company's Audit Committee are Mr. Stephen YIU Kin Wah (Chairman), Dr. YANG Qiang, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee, who are all INEDs. The members of our Audit Committee possess professional qualifications and extensive experience in accounting, finance and risk management, artificial intelligence and sci-tech research, laws and regulations, economics and business and so forth.

Corporate Governance Report

Authorities and Responsibilities
The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is also authorized to seek any information it requires from any employee and to seek outside legal or other independent professional advice at the Company's expense. The duties of our Audit Committee are to be primarily responsible for, among other things, making recommendations to the Board on the appointment, re-appointment and removal of external auditors, approving the remuneration and terms of engagement of external auditors, dealing with any questions of resignation or dismissal of such auditors; reviewing and monitoring external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; developing and implementing policies on the engagement of external auditors to provide non-audit services; monitoring the truth, integrity and accuracy of financial statements of the Company and the annual reports and accounts, interim report and, where applicable, quarterly reports, and reviewing significant financial reporting judgments contained in them; overseeing the Company's financial reporting system, risk management and internal control procedures; and reviewing and supervising the training and continued professional development of and performance of duties by directors and senior management, and formulating and reviewing manuals (if any) on the performance of duties and compliance by employees and directors and supervising the implementation of such manuals (if applicable).

Work Done in 2022
In 2022, the Audit Committee met on six occasions and the attendance of each member is disclosed on page 57 of this annual report. In addition, the Audit Committee met with the external auditors for four times in 2022 and two of such meetings were held without any executive directors being present.

In 2022, the principal work performed by the Audit Committee includes:

- reviewed and approved the financial statements, annual results, report of the directors, financial review, etc. for the financial year ended 31 December 2021;
- reviewed and approved the 2021 profit distribution plan and the 2022 interim dividend;
- reviewed and approved the re-appointment of external auditors of the Company;
- reviewed and approved our 2021 Annual Report on Form 20-F, which was filed with the US SEC;
- reviewed and approved the 2021 conflict mineral report, which was filed with the US SEC;
- reviewed and approved the interim results for the six months ended 30 June 2022;
- reviewed and approved the budgets and remuneration of the external auditors;
- reviewed and approved the assessment report on the disclosure controls and procedures;
- reviewed and approved the 2021 internal control evaluation report;
- reviewed and approved the 2022 internal audit project plan and budget for external engagements;

- reviewed and approved the Internal Audit Charter;
- reviewed and approved the internal audit reports;
- reviewed and approved the 2022 risk assessment report;
- reviewed and approved the 2021 evaluation report on accounting and financial reporting system;
- reviewed and approved the continuing connected and routine affiliated transactions; and
- reviewed and approved the report on compliance with relevant laws and regulations in 2021.

In 2022, our Audit Committee has completed its review on risk management and internal control systems and their enforcement, and also published a work report on review of its own work performance in the previous year.

Remuneration Committee

Membership

The current members of the Company's Remuneration Committee are Mr. Stephen YIU Kin Wah (Chairman), Dr. YANG Qiang, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee, who are all INEDs.

Responsibilities

The duties of the Remuneration Committee are, among others, to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive directors; to review and approve the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time; to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment, and compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms; to ensure that no director or any of his associates is involved in deciding his own remuneration; to make recommendations to the Board on the Company's policy and structure for remuneration of all directors, senior management and employees including salaries, incentive schemes and other share option schemes, and on the establishment of formal and transparent procedures for developing remuneration policy; to make recommendations to the Board on disclosure of directors' remuneration in the annual report (if applicable) sent by the Board to the shareholders; and to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules.

Work Done in 2022

In 2022, the Remuneration Committee met on four occasions, during which the committee primarily resolved to approve the target and actual completion rate of senior management's annual KPI, the directors and officers' liability insurance, the terms of service contracts and remuneration structure for newly-appointed directors, and the plans for the second grant of share options.

Nomination Committee

Membership
The current members of the Company's Nomination Committee are Dr. YANG Qiang (Chairman), Mr. Stephen YIU Kin Wah, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee, who are all INEDs.

Responsibilities
The duties of the Nomination Committee, among other things, are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the corporate strategy; to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; to assess the independence of INEDs; to make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive Officer.

Work Done in 2022
In 2022, the Nomination Committee met on one occasion, during which the committee reviewed the structure and composition of the Board, and recommended the Board to approve the appointment of new directors.

MANAGEMENT AND EMPLOYEES

The task of the management and employees is to implement the strategy and direction as determined by the Board, to take care of day-to-day operations and functions of the Company, and to maintain the values and corporate culture of China Mobile. The division of responsibilities among our principal executive officers and senior management is set out in the biographies of directors and senior management on pages 8 to 13 of this annual report and on the Company's website.

The Company provides clear guiding principles for our management and employees to do what is right and obey all laws and regulations. They are also subject to various trainings and continuous professional development, including a variety of online learning and information sources, formal executive development programs and attendance at executive briefings on relevant topics. These principles cover all aspects of our operations.

We embrace diversity and uphold non-discriminatory employment practices. Strictly abiding by the requirements under the Special Rules on the Labor Protection of Female Employees and other policies, we have upheld the principles of fairness, openness and impartiality in our recruitment process, and challenged and taken measures to prevent any form of workplace discrimination. We formulated and stipulated in the China Mobile Recruitment Management Measures that there shall be no discriminatory recruitment conditions such as race, ethnicity, gender, religion, body height, appearance or any other conditions that are irrelevant to the work duties. By the end of 2022, the total number of our employees (including senior management) reached 450,698, among which 237,171 were female employees.

Code of Ethics and Anti-Corruption

For the purpose of promoting honest and ethical conducts and deterring wrongdoings, the Company, in 2004, adopted a code of ethics, which is applicable to our chief executive officer, chief financial officer, deputy chief financial officer, assistant chief financial officer and other designated senior officers of the Group. In the event of a breach of the code of ethics, the Company may take appropriate preventive or disciplinary actions after consultation with the Board.

Corporate Governance Report

On whistleblowing, the Company has set up a mailing address (Tower A, 29 Jin Rong Revenue, Xicheng District, Beijing 100033) and a CEO mailbox, as well as welcomes reports during on-site supervision and inspections, as channels for employees and the public to raise concerns about misconduct, malpractices or improprieties in any matter related to the Company. The Company upholds whistleblowers' lawful rights and interests and keeps reports, status of investigations and information of whistleblowers strictly confidential. More information for the number of corruption litigation cases and their results are published on the website of the Central Commission for Discipline Inspection and the National Supervisory Commission.

With respect to anti-corruption, we persisted in establishing anti-corruption systems that cover all aspects of anti-corruption. We furthered and optimized our information platform for prevention and control of corruption risks, and strengthened and solidified our culture of integrity. By the end of 2022, our risk warning platform had collated more than 22,000 corruption risks covering 20 areas at the headquarters and other units and sections, and issued an aggregate of over 29,000 warnings. We formulated and issued the Implementation Opinions on Strengthening a Culture of Integrity in the New Era and introduced 18 implementation measures. Meanwhile, focusing on initiatives, practical results and development, we carried out 11,500 anti-corruption learning and education activities covering over 90% of our employees.

Indicator	**2021**	**2022**
Anti-corruption education events held during the year	11,390	**11,524**
Anti-corruption education and trainings – participants during the year (person-times)	786,085	**724,519**

Management Mechanism

The Company has established collective decision-making policies for major issues. We keep refining our major issue catalogue and criteria to prevent risks in decision-making. We have continuously strengthened the inspection mechanisms, especially on key areas such as procurement biddings to look for loopholes in our management system and resolve them. Within the Group, we urge for honest operation, healthy development, good performance and shareholders' interest protection.

We continued to optimize our management system and improve our business processes. With respect to risk management, we made great efforts on the closed-loop management process of "risk evaluation at the beginning of the year – quarterly risk monitoring – interim risk assessment – annual review and evaluation", and established a reporting mechanism for major business risk events to maintain the bottom line of no major risks occurrence. In 2022, we continued to enhance our risk assessment system by planning and deploying prevention and control measures concurrently with our strategic planning and production and operational decision-taking, thereby ensuring responsibilities for risk prevention and control were taken seriously. We built an internal control risk management system and promoted the digital intelligent transformation of risk control. We further strengthened identification and quantitative assessment of major risks, which enabled us to manage and control risks in an accurate and scientific manner, and issued a total of 13 types of risk warnings throughout the year.

With respect to compliance management, we safeguarded our new development targets by furthering our "Compliance Escort Plan". We ran an extensive campaign during the year to strengthen our compliance management. Through integrating compliance management with our digital intelligent transformation and high-quality development, we continued to enhance our compliance management systems and maintain high compliance standards in operation. Our Chairman took the lead and signed the Compliance Initiative Proposal while our management and employees at all levels echoed the call for compliance and signed a Compliance Undertaking. We conducted follow-on analysis on national laws and regulations, compiled and published compliance guidelines on online transactions and customer data protection, and issued analysis reports on the Anti-monopoly Law of the People's Republic of China, the Law on Combating Telecom and Online Fraud of the People's Republic of China, among others. Meanwhile, we amended and improved our network service agreement for customers and further enhanced customer data protection to safeguard their legitimate rights and interests. We optimized 7 major artificial intelligence modules of our contract management system to further promote the digital intelligent transformation of compliance management. We continued to provide compliance trainings to our legal, compliance and business management and staff, to improve our compliance management capabilities and to shape our compliance culture.

INTERNAL AUDIT

The Internal Audit Department (the "IA Dept.") conducts independent and objective confirmation and provides consulting services in respect of the appropriateness, compliance and effectiveness of the Company's business activities, internal controls and risk management by applying systematic and standardized auditing procedures and methods. The IA Dept. also assists the Company in improving the effectiveness of corporate governance, risk management and internal controls, with an aim to promoting its corporate value, operations, and sustainable and healthy development as well as contributing to the achievement of its strategic objectives.

The Company and its operating subsidiaries have set up internal audit departments, which independently audit the business units of the Company and its operating subsidiaries. The head of the IA Dept. directly reports, four times a year, to the Audit Committee which, in turn, reports to the Board regularly. The Board and the Audit Committee give instructions with respect to internal auditing. The IA Dept. regularly reports to the senior management. The senior management ensures that adequate resources and level of authorization are allocated and granted for internal audit, and deploys and supervises follow-up and rectification in connection with issues identified in audit. The IA Dept. has unrestricted access to the relevant businesses and assets records and personnel in the course of performing their duties.

The IA Dept. establishes an internal audit scope and framework and carries out risk investigations on an annual basis. According to the results of the risk investigations, the IA Dept. formulates an internal audit project rolling plan and an annual audit plan and, together with the Audit Committee and the Board, reviews and approves the annual audit plan and resources allocation. The annual audit plan of the IA Dept. covers various areas including financial audit, internal controls audit, information systems audit and risk assessment. For financial audit, the IA Dept. reviews and assesses the truthfulness, accuracy, compliance and efficiency of the Company's financial activities and financial information as well as the management and utilization of the Company's capital and assets. For internal controls audit, the IA Dept. audits and assesses the effectiveness in the design and implementation of the Company's internal control system. According to the requirements under the Corporate Governance Code under the Hong Kong Listing Rules, the General Provisions on Annual Internal Control Evaluation Report from the CSRC, the Guideline No. 1 for Self-Discipline of Listed Companies – Standardized Operation from the SSE, the Basic Norms for Enterprise Internal Controls, the Guidelines for Evaluation of Enterprise Internal Controls and other relevant regulatory requirements of the mainland of China, the IA Dept. organizes and performs audit assessment on the internal control over financial and non-financial reporting of the Group, covering all material areas such as financial, operational and compliance controls, on an annual basis, to provide assurance for the Company's management in its issuance of the internal control assessment report. The information systems audit focuses on reviewing and assessing the information systems, information technology applications, information security and the related internal controls and procedures. At the same time, the IA Dept. carries on special projects and investigations in response to requests from the Company's management or the Audit Committee or if otherwise required. In addition, without prejudice to its independence, if requested by the Company's management and as required by business needs, the IA Dept. provides management advice or consultancy services by making use of audit resources and audit information to facilitate the Company's decision-making and operational management.

The IA Dept. makes improvement recommendations in respect of its findings in the course of the audits and requests the management to undertake and to confirm the implementation plans, methods and timeline. It regularly monitors the status of the implementation of the recommendations to ensure their completion.

In 2022, based on our development strategy of building a world-class "Powerhouse", we actively explored and implemented research-based audit, and prioritized key areas and issued. We focused our internal audits on key businesses in the CHBN markets, information services facility security, financial income and expenditure, key costs, overseas operations and other key areas, and improved coordination in the reporting of audit findings and supervision to uphold responsibility for rectification of internal audit findings. We also promoted audit informationization in the Group, upgraded our "on-site + remote + cloud" audit model, and furthered the integration development and application of our audit informationization system.

We report regularly to the Board and the Audit Committee with respect to the building up of our internal audit organization, its human resources and qualifications, staff training, annual audit plan and budget, and the audit results. In 2022, we focused our audit on the main findings of each audit project and their rectification. We provide specific guidance on major policies, audit focus, rectification advice, data audit, team building and others to ensure the effectiveness of internal audit functions.

In 2023, we will further advance the "1+3+N" internal audit system, the high-quality and comprehensive coverage of audit supervision, the digital and intelligent transformation of "on-site + remote + cloud" audit model, the rectification of audit findings and accountability, and lead audit innovation with research-based audit, so as to promote our high-quality development.

EXTERNAL AUDITORS

CMCC, our ultimate controlling shareholder, is a central state-owned enterprise regulated by the State-owned Assets Supervision and Administration Commission of the State Council of China ("SASAC"). Under the relevant requirements of the Ministry of Finance and SASAC, there are certain limits to the number of years for which an accounting firm may continuously undertake financial auditing work in respect of a central state-owned enterprise and its subsidiaries. Due to the relevant requirements, the former external auditors of the Group, PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP (collectively, "PwC"), retired as the auditors of the Group with effect from the conclusion of the 2021 AGM of the Company and were not re-appointed. PwC had confirmed in writing that there were no other matters or circumstances that need to be brought to the attention of the shareholders of the Company in connection with the above change. The Board confirmed that there were no other matters or circumstances that need to be brought to the attention of the shareholders of the Company in connection with the above change. The Board and the Audit Committee also confirmed that there were no disagreements or unresolved matters between the Company and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

At the recommendation by the Audit Committee, the Board proposed, and the shareholders approved at the 2021 AGM, to appoint KPMG and KPMG Huazhen LLP (collectively, "KPMG") as the auditors of the Group for the year ending 31 December 2021 for financial reporting purposes. Subsequently, with the shareholders' approval at the 2022 AGM, the Company re-appointed KPMG as the external auditors of the Group for the year ending 31 December 2022 for financial reporting purposes. The principal services provided by the external auditors included:

- review of interim consolidated financial information of the Group;
- audit of annual consolidated financial statements of the Group and annual financial statements of its subsidiaries;
- audit of the effectiveness of the Group's internal control over financial reporting as of 31 December 2022; and
- other non-audit services, pre-approved by the Audit Committee.

The following table sets forth the types of, and fees for, the principal audit services and non-audit services provided by the external auditors (please refer to note 7 to the consolidated financial statements for details):

	2021 RMB million	2022 RMB million
Audit fees[6]	92	**88**
Non-audit services fees[7]	–	**2**

6 The item (excluding VAT) includes RMB16 million (2021: RMB18 million) as the fees rendered for the audit of internal control over financial reporting as required by relevant regulatory requirements. The audit fees paid to KPMG were RMB88 million (2021: RMB92 million).

7 Including the fees for tax compliance services and advisory services.

RISK MANAGEMENT AND INTERNAL CONTROLS

Our Audit Committee under the Board is responsible for conducting annual review of the effectiveness of the Group's risk management and internal control systems to reasonably ensure that the Company is operating legally and the assets are safeguarded and to ensure the accuracy and reliability of the financial information that the Company employs in its business or releases to the public. The said systems are designed to manage rather than eliminate the risk of failure to meet business objectives, and can only make reasonable but not absolute assurances against material misstatement or losses. During the year ended 31 December 2022, our Audit Committee evaluated the effectiveness of the Group's risk management and internal controls covering all important aspects including financial, operational and compliance controls, to ensure we have sufficient resources in accounting, internal audit, financial reporting, ESG performance and reporting, staff qualification and experience, staff training courses and related budget. Based on such review, the Board considered the Group's risk management and internal control systems to be effective and adequate.

Our management is responsible for establishing and maintaining internal control over financial reporting. The management of the Company reports to Audit Committee at least twice a year about the building-up and performance of its risk management and internal controls, including interim and annual evaluation reports, and receives guidance and supervision from the Audit Committee. We adopted the control criteria framework set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013). In compliance with the provisions and requirements under the Hong Kong Listing Rules, and Basic Norms for Enterprise Internal Controls, the Guidelines for Evaluation of Enterprise Internal Controls and other relevant regulatory requirements of the mainland of China, we refined our routine management mechanism of internal controls, in establishing a stringent internal control system over financial reporting. In 2022, the Company has received the management's affirmation with respect to the effectiveness of the risk management and internal controls.

We established a hierarchical top-down risk assessment mechanism, relying on the strategic level risk assessment (material risk assessment), the management level risk assessment (major projects risk assessment) and the operational level risk assessment (procedure risk assessment), to assist the management to acknowledge risk information in a timely manner in order to make a reasonable decision. Based on risk assessment, we established a three-tier internal controls of "the top level internal control system, the internal control professional system and the internal control practices guidelines", which brought the control requirements to the whole process of marketing, production and management. Based on our business operation, we focus on high risk and key management areas and perform risk assessment, so as to enforce our internal control requirement in our daily operations. Meanwhile, we assigned specific responsibilities to individuals and input the control requirements in our IT systems to strengthen the internal controls. And through multiple internal and external supervision and inspections, including self-assessment, management evaluation, external audit, etc., we effectively improved the execution efficiency and effectiveness of our internal controls.

Based on the evaluation conducted by the management of the Company, the Board believes that, as of 31 December 2022, the Company's internal control over financial reporting was effective, which provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for reporting purposes in accordance with generally accepted accounting principles.

INFORMATION DISCLOSURE AND INSIDER DEALINGS

Information disclosure by the Company is made under the unified leadership and management of the Board, and performed by the management. Since 2003, the Company has implemented the information disclosure internal controls and procedures, and established a Disclosure Committee, the members of which include our Chairman, chief executive officer, chief financial officer and heads of main functional departments. Empowered by the Board, the Disclosure Committee is responsible for organizing and coordinating routine reporting and disclosure to prompt timely, compliant, truthful and complete disclosure of information, ensure good corporate governance and transparency, properly get back to the investors, analysts and media inquiries, to prevent volatility of our share price caused by false market information.

To satisfy the relevant regulatory requirements in relation to our RMB Share Issue, the Board reviewed and approved the Administrative Measures for Information Disclosure and the Administrative Measures for Raised Funds, which had taken effect on 5 January 2022 and are available in Chinese on the websites of the Company, the HKEX and the SSE.

Under circumstances where any departments or officers are in breach of disclosure procedures and internal controls, resulting in reporting or disclosure errors, or in breach of disclosure related laws and regulations, the Company shall hold the relevant personnel accountable. Members of the Disclosure Committee, heads of our IA Dept. and other relevant departments and each of our subsidiaries shall give confirmations annually and take personal responsibilities with respect to their disclosure duties.

In compliance with the provisions of Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), the Securities Law of China, Administrative Measures for Information Disclosure of Listed Companies from the CSRC and other requirements, we formulated China Mobile Management Method on Inside Information, setting up rules and black-out periods on directors, management and employees in dealing with the shares of the Company or exercising share options while they are in possession of inside information. Those who may come into possession of inside information in performing their duties are required to sign an undertaking on their duty of confidentiality and prohibition against insider dealing. Unauthorized use of confidential or inside information for profits is strictly prohibited to prevent violation of laws and regulations and internal disciplines.

The Company attaches great importance to the management of inside information. In general, any authorized speaker from the Company only makes clarification and explanation on information already available in the market, and avoid revealing any unpublished inside information. Before any external interview, such speaker shall seek verification from the relevant department about any information to be disclosed.

CONTINUOUS EVOLVEMENT OF CORPORATE GOVERNANCE PRACTICES

We will closely study the development of governance practices among the world's leading corporations, future evolution of the relevant regulatory environment and the requirements of the investors on an ongoing basis. We will also review and enhance our corporate governance procedures and practices from time to time to keep improving our capabilities in fulfilling our governance responsibilities, so as to meet our shareholders' expectations and ensure the long-term sustainable development of the Company.

Human Resources Development

In 2022, our human resources work closely adhered to China Mobile's strategy of becoming a world-class enterprise by building a dynamic "Powerhouse", and continued to be strategy-driven, business-driven and innovation-driven. With a focus on key areas such as building of teams, incentive mechanism reforms, transformation of capabilities, we gave full play to the potential of human resources work in driving high-quality development of our Company, and provided solid organizational safeguards and talent support for its mission of becoming a world-class enterprise.

We continued to build up a solid team of talents. We organized and convened our first human resources work meeting, optimized our top-level human resources work practices, and pioneered a new "one core, two axes, four wheels and N plans" human resources work model. We implemented our "T-H-T 2.0" (Ten-Hundred-Thousand 2.0) technical expert system and further expanded our expert teams at each level to empower technological breakthroughs. We introduced the "Top Talent Plan" to recruit mature top talents from the society and to address urgent needs in key areas of our business transformation and development. We furthered our "Golden Seed Plan" campus recruitment program to recruit high-quality graduates with great potential in key fields, cultivating top talents that would serve as our next-generation backbones for innovation. We continued to implement our "Mobility Plan" talent exchange program, making the most out of the synergy among our Company's talent force. Under our "Diamond Plan", we further optimized our workforce structure, strictly enforced control over the scale of our workforce, and efficiently allocated our human resources; we further expanded our investment of resources in areas of transformation under our new information service system of "connectivity, computing force, ability and network information security" and, at the same time, strictly controlled the scale of our workforce in traditional areas.

We continued to expand our incentive mechanism reforms. We stressed attainment of performance targets and promoted an incentive model whereby one takes a fair share of the total labour costs in proportion to contribution. We promoted zero-based budgeting and implemented competitive labour costs control measures. We blended competition and construction into our organizational framework, tailored incentive schemes to reward outstanding performance and special contributions, encouraged frontline units to fiercely explore their limits and perform beyond expectations, and motivated backend units to steadfastly advance product development and strengthen our core capabilities. To support our digital-intelligent transformation and development, we rolled-out specialized incentive mechanisms and devised relevant implementation plans, offered comprehensive incentive packages and gave preferential treatment in allocation of remuneration resources to systematically empower our Company's sci-tech innovation, transformation and development. To support our Company's efforts in building a "talent queue", we coordinated the adoption of flexible and market-driven remuneration practices such as agreeing on wages and remuneration with talents as opposed to enforcing a uniform scale, and offering equity incentives and bonuses, thereby providing ammunition to support our Company's talent recruitment and stimulating creativity and entrepreneurial spirit among our Company's talent force.

We continued to advance transformation of our teams' capabilities. Responding to calls for development of capabilities under the "Powerhouse" strategy, with the aim of building capabilities that meet our needs in transformation and empowerment, we made extensive upgrades to our training system under the themes of "enhancing leadership skills, reshaping core capabilities, forging frontline execution capabilities". Under the wider implementation of the *China Mobile Leadership Training N^5 Model*, we brought the "Helm" leadership development program to executives at all levels and systematically enhanced their business management, execution and management capabilities. Meanwhile, adhering to the spirit of the human resources work meeting, we advanced our "new drivers capability enhancement" package to our core backbone employees and frontline staff, kept them abreast of our transformation, and reshaped our core talents' skillsets. To support implementation of key reform measures, we implemented the "Navigation" qualification program for key positions in our frontline operations, offered specific trainings to different levels and categories of employees, combined online with offline sessions and training with practice, thereby supporting our digital-intelligent transformation and high-quality development.

Report of Directors

The directors take pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Group's principal activity is providing telecommunications and information services in 31 provinces, autonomous regions and directly-administered municipalities in the mainland of China and Hong Kong. The principal activity of the Company is investment holding.

The revenue of the Group during the financial year consisted primarily of revenue generated from the provision of telecommunications and information services.

RMB SHARE ISSUE

In order to grasp the window of opportunity to develop the information services market, promote the implementation of the strategy of becoming a world-class enterprise by building a dynamic "Powerhouse", advance digitalized and intelligent transformation, cultivate a digitalized and intelligent ecosystem with new vitality and build new momentum toward high-quality development, the Company conducted the RMB Share Issue. Resolutions related to the RMB Share Issue were proposed and approved by the shareholders of the Company at the 2021 EGM.

The RMB Shares form the same class of shares as the Hong Kong Shares. However, the RMB Shares and the Hong Kong Shares are not fungible.

On 20 December 2021, being the trading day immediately preceding the date of determination of the offer size and offer price for the RMB Share Issue, the closing market price of Hong Kong Shares was HK$46.35 per share.

On 5 January 2022, the RMB Shares were listed on the Main Board of the SSE. The Company initially issued 845,700,000 RMB Shares (prior to the exercise of the over-allotment option in relation to the RMB Share Issue (the "Over-allotment Option")) to qualified natural persons and institutional investors (except for investors prohibited by laws, regulations and applicable regulatory requirements) at an issue price of RMB57.58 per RMB Share. The total gross proceeds (prior to the exercise of the Over-allotment Option) amounted to RMB48,695,406,000.00. After deducting offering expenses, the net proceeds (prior to the exercise of the Over-allotment Option) amounted to RMB48,122,091,457.60.

The exercise period of the Over-allotment Option expired on 7 February 2022. Pursuant to the Over-allotment Option, the Company issued 57,067,867 RMB Shares at the issue price of RMB57.58 per RMB Share, in addition to the 845,700,000 RMB Shares initially issued. The final number of RMB Shares issued under the RMB Share Issue was 902,767,867 shares. The final total gross proceeds from the RMB Share Issue were RMB51,981,373,781.86. After deducting offering expenses, the final net proceeds from the RMB Share Issue were RMB51,373,879,467.74 (approximately RMB56.91 per share).

As set out in the Company's circular dated 24 May 2021 (the "Circular") and the prospectus dated 21 December 2021 (the "Prospectus") in relation to the RMB Share Issue, and as approved by the shareholders of the Company at the 2021 EGM, after deducting offering expenses, all proceeds from the RMB Share Issue will be used towards projects related to the Company's principal business, which include the development of premium 5G networks, the development of new infrastructure for cloud resources, the development of gigabit broadband and smart home, the development of smart mid-end platform, the research and development of the next-generation information technology and digitalized and intelligent ecosystem. During the year ended 31 December 2022, the proceeds from the RMB Share Issue were used, and were proposed to be used, according to the intentions previously disclosed by the Company in the Circular and the Prospectus, and there was no material change or delay in the use of proceeds.

Details of the use of proceeds from the RMB Share Issue are as follows:

Project	Total proceeds committed RMB million	Amount utilized as at 31 December 2022 RMB million	Amount not yet utilized as at 31 December 2022 RMB million	Expected timing for full utilization of proceeds
Development of premium 5G networks	27,313	27,313	–	2022
Development of new infrastructure for cloud resources	6,875	3,940	2,935	2023
Development of gigabit broadband and smart home	4,297	3,945	352	2023
Development of smart mid-end platform	4,297	3,554	743	2023
Research and development of the next-generation information technology and digitalized and intelligent ecosystem	8,593	4,165	4,428	2023
Total	51,374	42,917	8,457	

Note: Discrepancies in this table between totals and sums of amounts listed are due to rounding.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's aggregate revenue with its five largest customers was RMB30.2 billion, accounting for 4% of the Group's total revenue in 2022. None of the five largest customers is an "affiliated party" within the meaning of the SSE Listing Rules.

Purchases for the Group mainly included network equipment purchases, and payments in relation to network operation and support expenses and interconnection arrangements. Purchases from the largest supplier for the year represented 13% of the Group's total purchases. The Group's aggregate purchases with its five largest suppliers was RMB167.9 billion, accounting for 31% of the Group's total purchases in 2022. Out of the purchases with these five largest suppliers, purchases with affiliated parties within the meaning of the SSE Listing Rules were RMB42.0 billion, accounting for 8% of the Group's purchases in 2022.

Except as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" below, at no time during the year ended 31 December 2022 have the directors, their close associates or any shareholder of the Company (which to the knowledge of the Board owns more than 5% of the number of issued shares of the Company) had any interest in these five largest suppliers.

SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Particulars of the Company's subsidiaries and the Group's investments accounted for using the equity method as at 31 December 2022 are set out in notes 19 and 20, respectively, to the consolidated financial statements, and the list of directors of each of the Company's subsidiaries is available on the Company's website.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2022 and the financial conditions of the Company and the Group as at that date are set out in the consolidated financial statements on pages 91 to 171.

DIVIDENDS

The Board has adopted a dividend policy. In recommending or declaring dividends, the Company shall allow its shareholders to participate in the Company's profits whilst to retain adequate cash reserves for meeting its working capital requirements and long-term sustainable development. The Board has the discretion to propose, declare and distribute dividends to the shareholders of the Company, subject to the Articles of Association and all applicable laws and regulations and taking into account the following factors of the Company and its subsidiaries:

- the actual financial performance of the Group;
- the Group's business strategies and operations, including future capital requirements and investment needs;
- economic conditions and other internal or external factors that may have an impact on the business or financial performance and situation of the Group; and
- any other factors that the Board may consider relevant.

The Board recommends a dividend payout ratio of 67% for the full year of 2022. It also recommends a final dividend payment of HK$2.21 per share for the year ended 31 December 2022. Together with the interim dividend of HK$2.20 per share already paid, total dividend for the full year of 2022 amounted to HK$4.41 per share, an increase of 8.6% from that of 2021. To create higher returns for our shareholders and share the results of our operating gains, after giving full consideration to the Company's profitability, cash flow conditions and future development needs, the profit to be distributed in cash in 2023 will increase to 70% or above of the profit attributable to equity shareholders of the Company for that year. The Company will strive to create more value for shareholders.

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

DONATIONS

Donations made by the Group during the year amounted to RMB76,145,361 (2021: RMB79,833,821).

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 37 to the consolidated financial statements.

RESERVES

Changes to the reserves of the Group during the year are set out in the consolidated statement of changes in equity. Changes to the reserves of the Company during the year are set out in note 37 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the financial year were:

Executive Directors:
YANG Jie *(Chairman)*
DONG Xin
WANG Yuhang *(resigned on 19 April 2022)*
LI Pizheng *(appointed on 18 May 2022)*
LI Ronghua

Independent Non-Executive Directors:
Moses CHENG Mo Chi *(resigned on 18 May 2022)*
Paul CHOW Man Yiu *(resigned on 18 May 2022)*
Stephen YIU Kin Wah
YANG Qiang
Carmelo LEE Ka Sze *(appointed on 18 May 2022)*
Margaret LEUNG KO May Yee *(appointed on 18 May 2022)*

Pursuant to Article 113 of the Articles of Association, Mr. LI Pizheng, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee will hold office until the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election. Besides, pursuant to Article 109 of the Articles of Association, Mr. LI Ronghua and Mr. Stephen YIU Kin Wah 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 (the "Directors for Re-election") are set out on pages 9 to 11 of this annual report. 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 other directors, senior management or substantial or controlling shareholders of the Company. Except as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" below, none of the Directors for Re-election 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 the Directors for Re-election 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. LI Pizheng and Mr. LI Ronghua have voluntarily waived their annual director's fees. 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. Details of the remuneration of the directors of the Company are set out in note 11 to the consolidated financial statements.

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 herein, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, any of its holding companies or subsidiaries, or any of its holding companies' subsidiaries has been a party and in which a director of the Company or an entity connected with a director of the Company is or was materially interested, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 175 of the Articles of Association, every director or other officer of the Company shall be indemnified out of the assets of the Company against all liabilities (to the extent permitted by the Hong Kong Companies Ordinance) sustained or incurred by such director or officer in or about the execution of his office or otherwise in relation thereto. In addition, the Company has purchased directors and officers' liabilities insurance on behalf of its directors and officers.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Details of the directors' holding of shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2022 are as follows:

Long Positions in the Shares and Underlying Shares of the Company

Director	Capacity	Number of ordinary shares held	Percentage of the total number of issued shares*
Margaret LEUNG KO May Yee	Beneficial owner	20,000	0.00%

* The calculation is based on the total number of issued ordinary shares of the Company (i.e. 21,362,826,764 ordinary shares) as at 31 December 2022, and rounded off to two decimal places.

Long Positions in the Shares and Underlying Shares of Associated Corporations

Associated corporation	Director	Capacity	Class of shares	Number of shares held	Percentage of the total number of issued shares in the relevant class of shares#
China Tower	Carmelo LEE Ka Sze	Beneficial owner	H shares	500,000	0.00%

\# The calculation is based on the total number of issued H shares of China Tower (i.e. 46,663,856,000 H shares) as at 31 December 2022, and rounded off to two decimal places.

^ China Tower was one of the Group's five largest suppliers in 2022.

Apart from those disclosed herein, as at 31 December 2022, none of the directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations that is recorded in the register required to be kept under section 352 of the SFO or any interests otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES

Save as disclosed below, at no time during the year ended 31 December 2022 was the Company, any of its holding companies or subsidiaries, or any of its holding companies' subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Option Scheme of the Company

Pursuant to a resolution passed at the annual general meeting of the Company held on 20 May 2020, a share option scheme of the Company (the "Scheme") was adopted. For details of the Scheme, please refer to the following paragraphs and also the Company's circular dated 14 April 2020 in relation to "Proposed Adoption of Share Option Scheme".

Purposes

The Scheme aims at (1) further improving the governance structure of the Company, and establishing and improving the balance of interests mechanism between employees and shareholders, investors and the Company; (2) establishing a benefit sharing and risk sharing mechanism among shareholders, the Company and employees to enhance the Company's performance and long-term stable development; and (3) effectively attracting, motivating and retaining the core backbone employees of the Company to support the Company's strategic transformation and long-term development.

Scope of Scheme Participants

Scheme participants are in principle limited to directors (excluding independent non-executive directors) and senior management of the Company, and backbone management, technical and business personnel who have a direct impact on the Company's operating performance and sustainable development. The assessment results of the scheme participants shall meet or exceed the relevant standards for performance appraisal of the Company.

Effective Period

The Scheme will be effective for a term of 10 years commencing from 20 May 2020, unless terminated in advance under relevant requirements of the Scheme.

Maximum Quantity of Grant

The maximum number of ordinary shares to be issued upon the exercise of the share options granted under the Scheme (and any other schemes) shall not in aggregate exceed 2,047,548,289 shares (the "Scheme Mandate Limit"), being 10% of the total share capital of the Company as at the date of approval of the Scheme or approximately 9.58% of the total share capital of the Company as at the date of this annual report (being 23 March 2023).

Unless approved at a general meeting, the ordinary shares issued and to be issued upon the exercise of the share options granted to any individual scheme participant (including exercised or outstanding share options) during the effective period of the Scheme shall not exceed 1% of the total share capital of the Company.

Exercise Price

The exercise price of the share options shall be determined in accordance with the fair market price principle, with the base day for pricing being the grant date. The exercise price shall not be lower than the higher of:

(i) the closing price of the ordinary shares of the Company on the grant date; and

(ii) the average closing price of the ordinary shares of the Company on the five trading days prior to the grant date.

Application or Acceptance Fee

No fee shall be payable by a scheme participant on the application for or acceptance of the grant of share options. As a formality, a scheme participant shall pay HK$1.00 as nominal consideration for acceptance of the grant of share options.

Lapse and Cancellation of Share Options

If any of certain events (including but not limited to a failure in performing his/her duties effectively or a serious breach or dereliction of his/her duties) occurs in relation to a scheme participant, his/her share options will automatically lapse, and the Board shall cease granting new share options, cancel share options which are not yet exercised by him/her, and recover any gains obtained by him/her from the exercise of the share options.

Details of Share Options Granted During the Year

On 19 September 2022, the Board approved the grant of share options representing an aggregate of 607,649,999 ordinary shares to 10,988 scheme participants (the "Second Grant"), details of which are set forth as follows:

Grantees	Employees and staff members of the Company
Grant date	19 September 2022
Exercise price	HK$51.60 per ordinary share, which is the higher of: (i) HK$51.45, being the closing price of the ordinary shares on the Hong Kong Stock Exchange on the grant date; and (ii) HK$51.60, being the average closing price of the ordinary shares on the Hong Kong Stock Exchange on the five trading days prior to the grant date
Closing price on the Hong Kong Stock Exchange immediately before the grant date	HK$51.50 per ordinary share
Number of scheme participants	10,988
Number of ordinary shares underlying share options granted	607,649,999 (representing 2.8% of the weighted average number of ordinary shares in issue for the year)
Vesting and exercise period	Subject to the satisfaction of the conditions for vesting as provided under the Scheme, the share options granted shall be vested in three batches as follows:

(i) the first batch (being 40% of the share options granted) will be vested on the first trading day after 24 months from the grant date;

(ii) the second batch (being 30% of the share options granted) will be vested on the first trading day after 36 months from the grant date; and

(iii) the third batch (being 30% of the share options granted) will be vested on the first trading day after 48 months from the grant date.

The exercise period begins upon vesting and ends on 10 years from the grant date.

Conditions for vesting

In respect of each scheme participant, the vesting of share options under the Scheme shall be conditional upon fulfilment of certain conditions by the Company, the affiliated unit of the scheme participant (if applicable) and the scheme participant. Such conditions are linked to the performance indicators of the Company, the performance conditions of the relevant affiliated unit (if applicable) and the individual performance appraisal rating of the scheme participant, respectively.

Value of share options granted

HK$3.28 per ordinary share (weighted average fair value calculated using the binomial model with the grant date as the date of measurement)

Due to the subjective nature of and uncertainty related to a number of assumptions of the expected future performance input to the binomial model as well as certain inherent limitations of the model itself, the calculation is subject to certain fundamental limitations. The value of share options varies with different variables of certain subjective assumptions, and any change to the variables used may materially affect the estimation of the fair value of the share options.

Please refer to note 36 headed "Share-based Payment" to the consolidated financial statements for details.

As at the date of the grant, the directors of the Company, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief, none of the scheme participants under the Second Grant was a director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined under the Hong Kong Listing Rules). For details of the Second Grant, please refer to the Company's announcement dated 19 September 2022 in relation to "Second Grant of Share Options under the Share Option Scheme".

Report of Directors

Movement of Share Options During the Year

The movement of share options under the Scheme during the year ended 31 December 2022 is set forth as follows:

Grantees	Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Lapsed and cancelled during the year	Outstanding as at 31 December 2022	Grant date	Exercise price HK$
	Number of ordinary shares underlying share options						
Employees and staff members of the Company	302,096,876	0	0	(21,995,337)	280,101,539	12 June 2020	55.00
	0	607,649,999	0	(151,820)	607,498,179	19 September 2022	51.60
Total	302,096,876	607,649,999	0	(22,147,157)	887,599,718		

	As at 1 January 2022	As at 31 December 2022
Remaining Scheme Mandate Limit	1,745,451,413	1,159,948,571

Note: Subject to the satisfaction of the conditions for vesting as provided under the Scheme, the share options granted shall be vested in three batches as follows:

(i) the first batch (being 40% of the share options granted) will be vested on the first trading day after 24 months from the grant date;

(ii) the second batch (being 30% of the share options granted) will be vested on the first trading day after 36 months from the grant date; and

(iii) the third batch (being 30% of the share options granted) will be vested on the first trading day after 48 months from the grant date.

The exercise period begins upon vesting and ends on 10 years from the grant date.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Company has been notified of the following interests in the Company's issued shares as at 31 December 2022 amounting to 5% or more of the ordinary shares in issue:

Long Positions in the Shares and Underlying Shares of the Company

		Number of ordinary shares held directly	indirectly	Percentage of the total number of issued shares
(i)	CMCC	26,208,210	14,890,116,842	69.82%
(ii)	China Mobile (Hong Kong) Group Limited ("CMHK (Group)")	–	14,890,116,842	69.70%
(iii)	China Mobile Hong Kong (BVI) Limited ("CMHK (BVI)")	14,890,116,842	–	69.70%

Note: As at 31 December 2022, CMCC held 26,208,210 RMB Shares and CMHK (BVI) held 14,890,116,842 Hong Kong Shares. In light of the fact that CMCC and CMHK (Group) directly or indirectly control one-third or more of the voting rights in the shareholders' meetings of CMHK (BVI), in accordance with the SFO, the interests of CMHK (BVI) are deemed to be, and have therefore been included in, the interests of CMCC and CMHK (Group).

Apart from the foregoing, as at 31 December 2022, no other person (other than a director or the chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

CONNECTED OR AFFILIATED TRANSACTIONS

Continuing Connected Transactions

Details of related party transactions entered into by the Group for the year ended 31 December 2022 are set out in note 39 to the consolidated financial statements. The majority of these transactions also constitute continuing connected transactions as defined under Chapter 14A of the Hong Kong Listing Rules.

For the year ended 31 December 2022, the following continuing connected transactions (the "Continuing Connected Transactions") have not exceeded their respective annual caps:

(1) the total value of right-of-use assets recognized by the Group pursuant to the lease of properties from CMCC and its subsidiaries did not exceed RMB1,900 million, and 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 were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. The rental charges payable in respect of individual properties owned by a party or its subsidiaries were 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 leased from third parties and sub-let to the other party or its subsidiaries were determined with reference to the actual rent payable by the lessor party or its subsidiaries to such third parties;

(2) the services charges received by the Group for the provision of telecommunication facilities construction services to CMCC and its subsidiaries did not exceed RMB2,000 million. The provision of telecommunication facilities construction services by the Group to CMCC and its subsidiaries in respect of individual projects were subject to public tender process, and the pricing for the telecommunication facilities construction services were primarily based on market rates as determined through the public tender process and the relevant standards laid down in applicable regulations. For individual projects not subject to the public tender process, selection criteria and pricing mechanism similar to those in a public tender process were applied;

(3) the leasing fees paid by the Group to CMCC and its subsidiaries for the lease of power support and other network assets and resources did not exceed RMB6,500 million, and the leasing fees received by the Group from CMCC and its subsidiaries were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. The leasing fees were determined with reference to prevailing market rates. In determining the market rates for the leasing fees, the Company took 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 paid by the Company to CMCC were not more than the leasing fees charged to independent third parties for same kinds of network assets; and

(4) the total value of right-of-use assets recognized by the Group pursuant to the lease of machinery rooms and transmission pipelines from CMCC and its subsidiaries did not exceed RMB11,000 million, and the leasing fees received by the Group from CMCC and its subsidiaries were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. The leasing fees were determined with reference to prevailing market rates. In determining the market rates for the leasing fees, the Company took 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 paid by the Company to CMCC were not more than the leasing fees charged to independent third parties for same kinds of network assets.

The transactions referred to in paragraph (1) above were entered into pursuant to the 2020-2022 property leasing and management services agreement dated 2 January 2020 between the Company and CMCC (the "2020-2022 Property Leasing Agreement"). The entering into of the 2020-2022 Property Leasing Agreement was announced by the Company on 2 January 2020. The 2020-2022 Property Leasing Agreement had a term of three years commencing on 1 January 2020.

The transactions referred to in paragraph (2) above were entered into pursuant to the 2020 telecommunication facilities construction services agreement dated 2 January 2020 between the Company and CMCC, as further renewed for a term of one year commencing on 1 January 2022 by the 2022 telecommunication facilities construction services extension letter dated 3 January 2022 between the Company and CMCC (the "2022 Telecommunication Facilities Construction Services Extension Letter"). The entering into of the 2022 Telecommunication Facilities Construction Services Extension Letter was announced by the Company on 3 January 2022.

The transactions referred to in paragraph (3) above were entered into pursuant to the 2022 power support and other network assets and resources leasing agreement dated 3 January 2022 between the Company and CMCC (the "2022 Power Support and Other Network Assets and Resources Leasing Agreement"). The entering into of the 2022 Power Support and Other Network Assets and Resources Leasing Agreement was announced by the Company on 3 January 2022. The 2022 Power Support and Other Network Assets and Resources Leasing Agreement had a term of one year commencing on 1 January 2022.

The transactions referred to in paragraph (4) above were entered into pursuant to the 2022-2024 machinery rooms and transmission pipelines leasing agreement dated 3 January 2022 between the Company and CMCC (the "2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement"). The entering into of the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement was announced by the Company on 3 January 2022. The 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement had a term of three years commencing on 1 January 2022.

CMCC is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the transactions referred to in paragraphs (1) to (4) above constitute continuing connected transactions for the Company under the Hong Kong Listing Rules.

In the opinion of the independent non-executive directors of the Company, the Continuing Connected Transactions were entered into by the Group:

(i) in the ordinary and usual course of its business;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company were engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Hong Kong Listing Rules. The auditors' letter has confirmed that nothing has come to their attention that causes them to believe that the Continuing Connected Transactions:

(A) have not been approved by the Board;

(B) were not, in all material respects, in accordance with the pricing policies of the Group as stated in this annual report;

(C) were not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and

(D) have exceeded their respective annual caps for the year ended 31 December 2022 set out in the previous announcements of the Company.

A copy of the auditors' letter in relation to the Continuing Connected Transactions has been provided by the Company to the Hong Kong Stock Exchange.

In respect of the Continuing Connected Transactions, the Company has complied with the disclosure requirements under the Hong Kong Listing Rules in force from time to time, and has followed the policies and guidelines as laid down in the guidance letter HKEx-GL73-14 issued by the Hong Kong Stock Exchange when determining the price and terms of the transactions conducted during the year ended 31 December 2022.

Other Material Affiliated Transactions

CMCC is an "affiliated corporation" of the Company under relevant provisions of the SSE Listing Rules. Apart from the continuing connected transactions with CMCC set out above, there were other transactions between the Company on the one hand and CMCC or China Tower on the other hand that constituted material affiliated transactions under laws and regulations of the mainland of China. Details of such affiliated transactions are set out in the section headed "Material Affiliated Transactions" under "Other Important Matters" in the Company's annual report published on the SSE.

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

The Company bought back a total of 15,424,000 Hong Kong Shares on the Hong Kong Stock Exchange for an aggregate price of HK$865,946,546.35 (excluding expenses) during the year ended 31 December 2022 and such Hong Kong Shares bought back were cancelled, details of which are as follows:

Date of buy-back	Number of Hong Kong Shares bought back	Price paid per Hong Kong Share		Aggregate price paid (excluding expenses)
		Highest	Lowest	
		HK$	HK$	HK$
10 February 2022	7,303,500	58.15	56.65	422,227,750.95
15 February 2022	2,329,500	54.60	54.25	126,862,240.50
17 February 2022	1,900,000	54.55	54.15	103,363,990.00
18 February 2022	3,630,000	55.00	54.20	199,138,896.00
22 February 2022	261,000	55.00	54.95	14,353,668.90
	15,424,000			865,946,546.35

The Board believes that such buy-backs of Hong Kong Shares would benefit the Company and its shareholders, and would lead to an enhancement of the net value of the Company and its assets and/or its earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

FINANCIAL SUMMARY

A summary of the results and of the statements of the assets and liabilities of the Group for the last five financial years is set out on pages 172 to 174 of this annual report.

EMOLUMENT POLICY

In order to continue to maintain the sustainable development of the Group's competitiveness, the Group has always emphasized the importance of recruiting, incentivizing, developing and retaining its employees, paid close attention to the external competitiveness, internal fairness of its remuneration structure and the cost-effectiveness of remuneration and emphasized the importance of the correlation between remuneration management and performance management. For the year ended 31 December 2022, employees' remuneration comprised a basic salary and a performance-based bonus.

EMPLOYEE RETIREMENT BENEFITS

Particulars of the employee retirement benefits of the Group are set out in note 6 to the consolidated financial statements.

PUBLIC FLOAT

As at the date of this annual report and based on the information that is publicly available to the Company and to the knowledge of the directors of the Company, the Company has maintained the public float prescribed under the Hong Kong Listing Rules.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of KPMG and KPMG Huazhen LLP as the auditors of the Group.

LIST OF DIRECTORS OF SUBSIDIARIES

A list of directors of the Group's subsidiaries is set out on the Company's website.

Please also refer to the sections headed "Chairman's Statement", "Business Review", "Financial Review" and "Human Resources Development" in this annual report (which form part of this Report of Directors).

By order of the Board

Yang Jie
Chairman

Hong Kong, 23 March 2023

Independent Auditor's Report

Independent auditor's report
to the members of China Mobile Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Mobile Limited ("the Company") and its subsidiaries ("the Group") set out on pages 91 to 171, which comprise the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to note 2(r) and note 4 of the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is primarily generated from the provision of various telecommunications services and sales of telecommunication related products. The accuracy of revenue recorded in the consolidated financial statements is an inherent industry risk because the billing systems of telecommunications companies are complex which process large volumes of data with a combination of different services provided and products sold. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and involves complex IT systems which give rise to an inherent risk that revenue transactions may be incorrectly recorded using manual journals outside the billing systems or recorded in the incorrect period.	Our audit procedures to assess the recognition of revenue included the following: • assessing, with the assistance of our IT specialists, the design, implementation and operating effectiveness of management's key internal controls over: – the general IT controls for the billing systems, including access to program controls, program change controls, program development controls and computer operation controls; – the completeness and accuracy of bill generation and the end-to-end reconciliation controls from the billing systems to the accounting system; • assessing the appropriateness of the accounting policies adopted in revenue recognition for different revenue streams by inspecting the main terms and conditions in selected contracts; • selecting service packages, on a sample basis, comparing services offering in the selected packages and the package prices with the relevant settings in the billing systems; • selecting bills issued to customers, on a sample basis, and comparing to the services subscribed by the customers, the corresponding accounts receivable details, and, where appropriate, collection records in the billing systems; • reconciling selected revenue records in the Group's accounting system to external cash collection records; • recalculating the balances of accounts receivable and advances from customers at period end with the use of computer assisted audit techniques using data extracted from the billing systems and reconciling the results to the Group's financial records; and • inspecting journals entries relating to revenue which met specific risk-based criteria, and comparing details of these journals entries with relevant underlying documentation.

Impairment assessment on the interest in an associate

Refer to note 2(d), note 2(j) and note 20 of the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The fair value of the Group's investment in Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank") based on quoted market price has been persistently below the carrying amount for a period of time. This is considered as an indicator of impairment. In accordance with IAS/HKAS 36 "Impairment of Assets", where an indication of impairment of these assets exists, the Group will estimate the recoverable amounts of the relevant assets, based on the higher of its fair value less costs of disposal and its value in use. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. As at 31 December 2022, an impairment assessment for the investment in SPD Bank was performed by the Group to determine the recoverable amount based on its value in use by discounted cash flow forecast, which involves management's significant judgements and estimates on certain key assumptions including growth rates and discount rate. Based on the result of the assessment, management determined that there was no impairment loss in this investment. We identified the impairment assessment of the Group's investment in SPD Bank as a key audit matter because there were significant judgements and estimates made by management in determining the discounted cash flow forecast.	Our audit procedures to assess the impairment assessment of the Group's investment in SPD Bank included the following: • assessing the design, implementation and operating effectiveness of key internal controls relating to the impairment assessment of the Group's investment in SPD Bank; • with the assistance of our valuation specialists, evaluating: – the appropriateness of the methodology used in the discounted cash flow forecast; – the appropriateness of the key assumptions adopted by management in the discounted cash flow forecast relating to growth rates and discount rate; • comparing the key assumptions used in prior year's discounted cash flow forecast with the current year's actual performance to consider if there was any indication of management bias; • evaluating the sensitivity analyses prepared by management for the key assumptions adopted in the discounted cash flow forecast and considering if there is any indication of management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment assessment of the Group's investment in SPD Bank with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Kim Tak.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

23 March 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022 (Expressed in Renminbi ("RMB"))

	Note	2022 Million	2021 Million
Operating revenue	4		
Revenue from telecommunications services		**812,058**	751,409
Revenue from sales of products and others		**125,201**	96,849
		937,259	848,258
Operating expenses			
Network operation and support expenses	5	**254,182**	225,010
Depreciation and amortization		**200,077**	193,045
Employee benefit and related expenses	6	**130,157**	118,680
Selling expenses		**49,592**	48,243
Cost of products sold		**122,743**	96,083
Other operating expenses	7	**51,409**	49,234
		808,160	730,295
Profit from operations		**129,099**	117,963
Other gains	8	**9,388**	8,257
Interest and other income	9	**15,729**	16,729
Finance costs	10	**(2,330)**	(2,679)
Income from investments accounted for using the equity method		**10,986**	11,914
Profit before taxation		**162,872**	152,184
Taxation	13(a)	**(37,278)**	(35,878)
PROFIT FOR THE YEAR		**125,594**	116,306
Other comprehensive income for the year, net of tax:			
Items that will not be subsequently reclassified to profit or loss			
Changes in the fair value of financial assets measured at fair value through other comprehensive income		**(226)**	(406)
Remeasurement of defined benefit liabilities	6	**15**	(143)
Share of other comprehensive (loss)/income of investments accounted for using the equity method		**(12)**	7
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**2,575**	(882)
Share of other comprehensive loss of investments accounted for using the equity method		**(1,093)**	(219)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**126,853**	114,663

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022 (Expressed in Renminbi ("RMB"))

	Note	2022 Million	2021 Million
Profit attributable to:			
Equity shareholders of the Company		**125,459**	116,148
Non-controlling interests		**135**	158
PROFIT FOR THE YEAR		**125,594**	116,306
Total comprehensive income attributable to:			
Equity shareholders of the Company		**126,718**	114,505
Non-controlling interests		**135**	158
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**126,853**	114,663
Earnings per share – Basic	14(a)	**RMB5.88**	RMB5.67
Earnings per share – Diluted	14(b)	**RMB5.88**	RMB5.67

The notes on pages 99 to 171 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

as at 31 December 2022 (Expressed in RMB)

	Note	As at 31 December 2022 Million	As at 31 December 2021 Million
Assets			
Non-current assets			
Property, plant and equipment	15	741,029	723,305
Construction in progress	16	73,087	71,742
Right-of-use assets	17(a)	108,749	55,350
Land use rights	17(b)	15,244	15,739
Goodwill	18	35,301	35,344
Other intangible assets		8,691	8,171
Investments accounted for using the equity method	20	175,649	169,556
Deferred tax assets	21	43,638	43,216
Financial assets measured at fair value through other comprehensive income	22	490	689
Financial assets measured at fair value through profit or loss	22	187,130	78,600
Other financial assets measured at amortized cost	23	9,716	283
Bank deposits	24	45,887	17,056
Other non-current assets	25	34,556	26,905
		1,479,167	1,245,956
Current assets			
Inventories	26	11,696	10,203
Contract assets	27	13,657	6,551
Accounts receivable	28	40,245	34,668
Other receivables		12,838	10,137
Amount due from ultimate holding company	29	2,537	2,612
Prepayments and other current assets	30	26,257	28,291
Prepaid income tax		1,055	875
Other financial assets measured at amortized cost	23	16,300	33,884
Financial assets measured at fair value through profit or loss	22	108,303	132,995
Bank deposits	24	56,377	91,212
Cash and cash equivalents	31	167,106	243,943
		456,371	595,371
Total assets		1,935,538	1,841,327
Equity and liabilities			
Liabilities			
Current liabilities			
Accounts payable	32	156,536	152,712
Bills payable		14,759	12,747
Contract liabilities	33	75,255	79,068
Accrued expenses and other payables	34	225,576	274,509
Amount due to ultimate holding company	29	20,136	23,478
Income tax payable		10,156	13,575
Lease liabilities	17(c)	30,919	26,059
		533,337	582,148

Consolidated Balance Sheet

as at 31 December 2022 (Expressed in RMB)

	Note	As at 31 December 2022 Million	As at 31 December 2021 Million
Non-current liabilities			
Lease liabilities – non-current	17(c)	**81,741**	30,922
Deferred revenue	35	**8,810**	8,487
Deferred tax liabilities	21	**2,571**	2,369
Other non-current liabilities		**7,656**	7,109
		100,778	48,887
Total liabilities		**634,115**	631,035
Equity			
Share capital	37(a)	**453,504**	402,130
Reserves		**843,844**	804,220
Total equity attributable to equity shareholders of the Company		**1,297,348**	1,206,350
Non-controlling interests		**4,075**	3,942
Total equity		**1,301,423**	1,210,292
Total equity and liabilities		**1,935,538**	1,841,327

The consolidated financial statements on pages 91 to 171 were approved by the Board of Directors on 23 March 2023 and were signed on its behalf.

Dong Xin
Name of Director

Li Ronghua
Name of Director

The notes on pages 99 to 171 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022 (Expressed in RMB)

	Attributable to equity shareholders of the Company								
	Share capital Million	Capital reserve Million	Exchange reserve Million	PRC statutory reserves Million	Other reserves Million	Retained profits Million	Total Million	Non-controlling interests Million	Total equity Million
As at 1 January 2021	402,130	(264,308)	(198)	346,794	3,786	660,712	1,148,916	3,856	1,152,772
Changes in equity for 2021:									
Profit for the year	–	–	–	–	–	116,148	116,148	158	116,306
Changes in the fair value of financial assets measured at fair value through other comprehensive income	–	(406)	–	–	–	–	(406)	–	(406)
Remeasurement of defined benefit liabilities (note 6)	–	(143)	–	–	–	–	(143)	–	(143)
Currency translation differences	–	–	(882)	–	–	–	(882)	–	(882)
Share of other comprehensive loss of investments accounted for using the equity method	–	(212)	–	–	–	–	(212)	–	(212)
Total comprehensive income for the year	–	(761)	(882)	–	–	116,148	114,505	158	114,663
Dividends approved in respect of previous year (note 37(b)(ii))	–	–	–	–	–	(29,916)	(29,916)	(72)	(29,988)
Dividends declared in respect of current year (note 37(b)(i))	–	–	–	–	–	(27,669)	(27,669)	–	(27,669)
Transfer to PRC statutory reserves (note 37(d)(ii))	–	–	–	579	–	(579)	–	–	–
Share option scheme – Value of share options (note 36)	–	413	–	–	–	–	413	–	413
Changes in the share of other reserves of investments accounted for using the equity method	–	(21)	–	–	–	–	(21)	–	(21)
Others	–	–	–	–	122	–	122	–	122
As at 31 December 2021	402,130	(264,677)	(1,080)	347,373	3,908	718,696	1,206,350	3,942	1,210,292
Reclassification within reserves	–	222	–	–	(238)	16	–	–	–
As at 1 January 2022	**402,130**	**(264,455)**	**(1,080)**	**347,373**	**3,670**	**718,712**	**1,206,350**	**3,942**	**1,210,292**
Changes in equity for 2022:									
Profit for the year	**–**	**–**	**–**	**–**	**–**	**125,459**	**125,459**	**135**	**125,594**
Changes in the fair value of financial assets measured at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**(226)**	**–**	**(226)**	**–**	**(226)**
Remeasurement of defined benefit liabilities (note 6)	**–**	**–**	**–**	**–**	**15**	**–**	**15**	**–**	**15**
Currency translation differences	**–**	**–**	**2,575**	**–**	**–**	**–**	**2,575**	**–**	**2,575**
Share of other comprehensive loss of investments accounted for using the equity method	**–**	**–**	**–**	**–**	**(1,105)**	**–**	**(1,105)**	**–**	**(1,105)**
Total comprehensive income for the year	**–**	**–**	**2,575**	**–**	**(1,316)**	**125,459**	**126,718**	**135**	**126,853**
Dividends approved in respect of previous year (note 37(b)(ii))	**–**	**–**	**–**	**–**	**–**	**(44,594)**	**(44,594)**	**(32)**	**(44,626)**
Dividends declared in respect of current year (note 37(b)(i))	**–**	**–**	**–**	**–**	**–**	**(42,243)**	**(42,243)**	**–**	**(42,243)**
Issuance of RMB Shares and exercise of over-allotment (note 37(a)(i))	**51,374**	**–**	**–**	**–**	**–**	**–**	**51,374**	**–**	**51,374**
Purchase of own shares (note 37(a)(ii))	**–**	**–**	**–**	**–**	**–**	**(707)**	**(707)**	**–**	**(707)**
Transfer to PRC statutory reserves (note 37(d)(ii))	**–**	**–**	**–**	**8,090**	**–**	**(8,090)**	**–**	**–**	**–**
Share option scheme – Value of share options (note 36)	**–**	**411**	**–**	**–**	**–**	**–**	**411**	**–**	**411**
Changes in the share of other reserves of investments accounted for using the equity method	**–**	**(98)**	**–**	**–**	**–**	**–**	**(98)**	**–**	**(98)**
Others	**–**	**107**	**–**	**–**	**12**	**18**	**137**	**30**	**167**
As at 31 December 2022	**453,504**	**(264,035)**	**1,495**	**355,463**	**2,366**	**748,555**	**1,297,348**	**4,075**	**1,301,423**

The notes on pages 99 to 171 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022 (Expressed in RMB)

	Note	2022 Million	2021 Million
Operating activities			
Profit before taxation		**162,872**	152,184
Adjustments for:			
– Depreciation and amortization		**200,077**	193,045
– Net loss on disposal and write-off of property, plant and equipment	7	**892**	1,748
– Expected credit impairment losses	7	**4,453**	4,171
– Impairment losses of contract assets	7	**284**	88
– Write-down of inventories	7	**234**	280
– Interest and other income	9	**(15,729)**	(16,729)
– Finance costs	10	**2,330**	2,679
– Income from investments accounted for using the equity method		**(10,986)**	(11,914)
– Net exchange gain		**(123)**	(11)
– Share options expenses		**411**	413
Operating cash flows before changes in working capital		**344,715**	325,954
Increase in inventories		**(1,727)**	(2,439)
Increase in contract assets		**(9,047)**	(3,337)
Increase in contract costs		**(3,410)**	(3,353)
Increase in accounts receivable		**(10,159)**	(297)
Increase in other receivables		**(2,496)**	(255)
Increase in prepayments and other assets		**(1,507)**	(4,667)
Decrease/(increase) in amount due from ultimate holding company		**75**	(1,216)
Increase in accounts payable		**2,110**	5,546
Increase in bills payable		**3,175**	4,211
(Decrease)/increase in contract liabilities		**(3,813)**	40
Increase/(decrease) in deferred revenue		**323**	(114)
(Decrease)/increase in accrued expenses and other payables		**(1,269)**	24,696
Increase in amount due to ultimate holding company		**4,334**	4,305
Others		**600**	5,084
Cash generated from operations		**321,904**	354,158
Tax paid			
– The mainland of China and other countries and regions' enterprise income tax paid		**(41,058)**	(38,991)
– Hong Kong profits tax paid		**(96)**	(403)
Net cash generated from operating activities		**280,750**	314,764

Consolidated Statement of Cash Flows

for the year ended 31 December 2022 (Expressed in RMB)

	2022 Million	2021 Million
Investing activities		
Payment for property, plant and equipment	**(183,861)**	(202,673)
Payment for land use rights	**(40)**	(44)
Payment for other intangible assets	**(5,687)**	(4,594)
Proceeds from disposal and write-off of property, plant and equipment	**525**	505
Decrease in bank deposits	**5,632**	27,604
Decrease in other financial assets measured at amortized cost	**8,457**	2,483
Interest and other finance income received	**13,525**	13,361
Proceeds from disposal of investments accounted for using the equity method	**58**	523
Purchase of investments accounted for using the equity method	**–**	(277)
Dividends received from investments accounted for using the equity method	**4,356**	3,926
Purchase of financial assets measured at fair value through profit or loss	**(141,693)**	(136,813)
Proceeds from disposal of financial assets measured at fair value through profit or loss	**60,653**	57,687
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	**22**	–
Others	**–**	16
Net cash used in investing activities	**(238,053)**	(238,296)

Consolidated Statement of Cash Flows

for the year ended 31 December 2022 (Expressed in RMB)

	Note	2022 Million	2021 Million
Financing activities			
Subscription funds received from issuance of RMB Shares	34, 37(a)	–	48,695
Proceeds received from exercise of over-allotment of RMB Shares	37(a)	3,286	–
Dividends paid to the Company's equity shareholders		(86,837)	(57,585)
Dividends paid to non-controlling shareholders of subsidiaries		(32)	(72)
Net repayment of short-term deposits placed by CMCC Group	39(a)	(6,648)	(7,541)
Interest paid in relation to short-term deposits placed by CMCC Group		(65)	(131)
Repayment of principal and interest of lease liabilities		(28,925)	(28,502)
Payment for purchase of own shares	37(a)	(707)	–
Others		(586)	(65)
Net cash used in financing activities		(120,514)	(45,201)
Net (decrease)/increase in cash and cash equivalents		(77,817)	31,267
Cash and cash equivalents at beginning of year		243,943	212,729
Effect of changes in foreign exchange rate		980	(53)
Cash and cash equivalents at end of year	31	167,106	243,943

Changes in liabilities arising from financing activities

There are no changes in liabilities arising from financing activities other than the subscription funds received from issuance of RMB Shares (note 34), the receipts and repayment of short-term deposits placed by CMCC Group (note 39(a)), the initial recognition of lease liabilities at the commencement date, and repayment of the related principal and interest associated with lease liabilities.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

China Mobile Limited (the "Company") was incorporated in the Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC") on 3 September 1997. The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the provision of telecommunications and information related services in the mainland of China and in Hong Kong (for the purpose of preparing the consolidated financial statements, the mainland of China refers to the PRC excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan). The Company's immediate holding company is China Mobile Hong Kong (BVI) Limited (incorporated in the British Virgin Islands), and the Company's ultimate holding company is China Mobile Communications Group Co., Ltd. ("CMCC", incorporated in the mainland of China). The address of the Company's registered office is 60th Floor, The Center, 99 Queen's Road Central, Hong Kong.

The ordinary shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "HKEX") since 23 October 1997 and the American Depositary Shares ("ADSs") of the Company had been listed on the New York Stock Exchange LLC (the "NYSE") since 22 October 1997. In January 2021, the NYSE announced to commence delisting proceedings of the ADSs of the Company and on 7 May 2021, the NYSE filed a Form 25 with the US Securities and Exchange Commission (the "SEC") to strike the Company's ADSs from listing and registration. The delisting of the Company's ADSs became effective on 18 May 2021. On 14 September 2022, the Company filed a Form 15F with the SEC to deregister the ADSs and terminate its reporting obligation, which became effective 90 days after the filing.

On 5 January 2022, the Company completed the initial public offering of ordinary shares subscribed for and traded in RMB (the "RMB Shares"), which were listed on the Shanghai Stock Exchange (the "SHEX").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB. Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), are consistent with IFRSs that relates to the Group's financial statements. These financial statements also comply with HKFRSs, the requirements of Hong Kong Companies Ordinance Cap. 622 ("HKCO"), and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEX (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation

The consolidated financial statements for the year ended 31 December 2022 comprise the Group and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis, as modified by the revaluation of certain financial instruments measured at fair value.

All of the amended standards that effective for the year beginning on 1 January 2022 have been applied for the first time by the Group. The details of adopting these amended standards are disclosed in note 3.

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs and HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in note 44.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries would be changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling shareholders' interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests (Continued)

(ii) Separate financial statements

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iii) Business combination other than under common control

The Group applies the acquisition method to account for combination of entities and businesses which are not under common control. The consideration transferred for the acquisition of a subsidiary includes the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group and the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

(iv) Business combination under common control

Under IFRSs and HKFRSs, the Group uses merger accounting to account for the combination of entities and businesses under common control in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling parties' perspective. No amount is recognized in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the consideration at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which they were incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments in associates and joint arrangements

An associate is an entity, not being a subsidiary, in which the Group exercises significant influence, but not control or joint control, over its management. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The Group has applied IFRS/HKFRS 11 to all joint arrangements. Under IFRS/HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its assets, liabilities, revenue and expenses, and its share thereof, in relation to its interests in the joint operation. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

Investments accounted for using the equity method

The Group accounted for its investment in associates and joint ventures using the equity method.

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's net identifiable assets over the cost of the investment after reassessment (if applicable). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(j)). The Group's share of the post-acquisition post-tax results of the investee for the year is recognized as income from investments accounted for using the equity method in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognized as its share of other comprehensive income in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associates or joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the investee is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates or joint ventures.

Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss. Accounting policies of associates and joint ventures would be changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

Gain or loss on dilution of equity interest in associates and joint ventures are recognized in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising in a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)). Each unit or groups of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose. Goodwill is monitored at the operating segment level.

On disposal of a cash-generating unit, any attributable amount of purchased goodwill is included in the calculation of the gain or loss on disposal.

(f) Other intangible assets

Other intangible assets such as operating license and copyrights that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(j)). Amortization of intangible assets with finite useful lives is recorded in depreciation and amortization on a straight-line basis over the shorter of the assets' estimated useful lives or each asset's contractual period, from the date they are available for use. Both the useful lives and method of amortization of other intangible assets are reviewed at least annually by the Group.

Intangible assets are not amortized where their useful lives are assessed to be indefinite. The useful life of an intangible asset that is not being amortized is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. Otherwise, the change in useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out above.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(j)).

The cost of property, plant and equipment comprises the purchase price and any directly attributable costs of bringing the asset to its working location and condition for its intended use. Subsequent costs are recognized in the carrying amount of an item of property, plant and equipment, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the related assets and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives	Estimated residual value rate
Buildings	8–30 years	3%
Telecommunications transceivers, switching centers, transmission and other network equipment	5–10 years	0-3%
Office equipment, furniture, fixtures and others	3–10 years	3%

Both the assets' useful lives and residual values are reviewed at least annually. In 2021, the Group adjusted the residual value rate of certain wireless and transmission assets (mainly comprising 2G wireless equipment, telecommunications optic cables and pipelines, etc) to zero. The effect of such change in accounting estimate is disclosed in note 15.

(h) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(j)). Cost comprises direct costs of construction as well as interest expense and exchange differences capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether the contract is, or contains, a lease. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As lessee

Other than land use right, the Group primarily leases telecommunications towers, buildings and premises and other network equipment. Lease contracts are typically made for fixed periods with no extension options.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. Unless the group applies the practical expedient permitted under IFRS/HKFRS 16 "Leases".

Recognition and measurement of lease liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date. Lease payments include fixed payments, variable lease payments that are based on an index or a rate, residual value guarantees payments, lease payments to be made under reasonably certain extension options and payments of penalties for exercising an option to terminate the lease.

As the interest rate implicit in the lease of the Group cannot be readily determined, the Group uses incremental borrowing rate as the discounted rate for calculating the present value of lease payments. When determine the incremental borrowing rate, the Group makes adjustments on risk-free interest rate based on lease term and credit risk for leases, as the Group does not have recent third party loan financing. Lease payments are allocated between principal and finance cost. The Group calculates interest on the lease liability based on a constant periodic rate, which is charged to profit or loss as finance cost over the lease period.

Recognition and measurement of right-of-use assets

Right-of-use assets of the Group are measured at cost, comprising the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, initial direct costs and restoration costs, etc. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (Continued)

(i) As lessee (Continued)

Lease modification

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group redetermine the period of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease and recognizing in profit or loss any gain or loss relating to the partial or full termination of the lease. For all other lease modifications, the Group makes a corresponding adjustment to the carrying amount of the right-of-use asset.

Other lease expenses

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Leases of low-value asset are leases for which the underlying asset is of low value, when new. Variable lease payments not based on an index or a rate are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Classification of lease related cash flow

Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities of the Group are included in the cash used in operating activities. Repayment of principal and interest of lease liabilities of the Group is included in the cash used in financing activities.

(ii) As lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the lease asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets

(i) Impairment of investments accounted for using the equity method

Investments accounted for using the equity method are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the entity;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the entity will enter bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the entity; and

– decline in the fair value of an investment in an equity instrument below its carrying amount.

If any such evidence exists, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(j)(ii).

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased, except in the case of goodwill and other intangible assets with indefinite useful lives:

– property, plant and equipment;

– right-of-use assets;

– construction in progress;

– land use rights;

– investments in subsidiaries; and

– other intangible assets with definite life.

If any such indication exists, the asset's recoverable amount is estimated. For goodwill and other intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets (Continued)

(ii) Impairment of other assets (Continued)

– **Calculation of recoverable amount**

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– **Recognition of impairment losses**

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or VIU, if determinable.

– **Reversals of impairment losses**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(k) Inventories

Inventories are carried at the lower of cost and net realizable value. Cost represents purchase cost of goods calculated using the weighted average cost method. Net realizable value is determined by reference to the sales proceeds of items sold in the ordinary course of business or to management's estimates based on prevailing market conditions.

When inventories are sold, the carrying amount of those inventories is recognized as cost of products sold. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments and other financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Classification

The Group classifies its financial assets, depending on the Group's business model for managing the financial assets and the contractual terms of the related cash flows, under the following measurement categories:

- those to be measured at amortized cost, and
- those to be measured at fair value (either through other comprehensive income, or through profit or loss).

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at FVPL are expensed in profit or loss.

(i) The Group's financial assets measured at amortized cost represent those financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains together with foreign exchange gains and losses. Impairment losses are presented in other operating expenses.

(ii) Debt investments are classified as fair value through other comprehensive income ("FVOCI"), if the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale and the contractual cash flows of the investment comprise solely payments of principal and interest. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

For equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for these equity investments at FVOCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established.

(iii) Assets that do not meet the criteria for amortized cost or are not elected/classified as FVOCI are classified as FVPL. A gain or loss on a financial instrument that is subsequently measured at FVPL is recognized in profit or loss and presented net within interest and other income in the period in which it arises.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments and other financial assets (Continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial instruments carried at amortized cost. The Group has adopted the simplified expected credit loss model for its accounts receivable and contract assets, which requires expected lifetime losses to be recognized from their initial recognition.

For other financial instruments carried at amortized cost, which have low credit risk at both the beginning and end of the reporting period, the Group recognizes a loss allowance equal to 12-month expected credit loss unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit loss.

Financial assets are written off when the Group is satisfied that recovery is remote. When loans or receivables have been written off, the Group continues to attempt to recover the receivables due. When recoveries are made, the recovered amount is recognized in profit or loss.

(m) Accounts receivable and other receivables

Accounts receivable are initially recognized at the amount of consideration that is unconditional and other receivables are initially recognized at fair value. Both of them are thereafter measured using the effective interest rate method and stated at amortized cost less related loss allowance for impairment (see note 2(l)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with original maturity within three months, cash at banks and in hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into cash of known amounts and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(o) Accounts payable and other payables

Accounts payable and other payables are initially recognized at fair value. After initial recognition, both of them are stated at amortized cost or invoiced amount if the effect of discounting would be immaterial.

(p) Deferred revenue

A government grant related to an asset is recognized as deferred revenue and amortized over the useful life of the related asset on a reasonable and systematic manner in other gains. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred revenue, and included in other gains in the periods in which the expenses or losses are recognized. It shall be recognized in profit or loss immediately when as compensation for expenses or losses already incurred.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition from contracts with customers

The Group mainly provides voice, data and other telecommunications services to its customers through entering into contracts that are either cancellable on monthly basis or for a fixed contract period generally with prepayment term and/or penalty for early termination. The Group also sells telecommunication related products to its customers.

For the telecommunications services and telecommunication related products and/or other services/ products provided by the Group, if the customer can benefit from the services or products and the Group's promise to transfer the services or products is separately identifiable, the Group identifies them as separate performance obligations.

Revenue is measured at the transaction price which is the amount of consideration to which the Group is entitled in exchange for transferring promised performance obligations to the customer excluding amounts collected on behalf of third parties. The amount of consideration is generally explicitly stated in the contract and does not include significant financing component.

When control of a service or product is transferred to a customer, revenue is generally recognized in profit or loss as follows:

(i) Revenue for each performance obligation is recognized when the Group satisfies the performance obligation by transferring the promised services or products to the customer. Generally, revenue is recognized when the customer obtains the control of the telecommunications services over the time of provision of the services. Revenue is recognized when a customer obtains the control of the product at a point of time.

(ii) For contracts which include the provision of multiple performance obligations including services and products, the Group allocates the transaction price to each performance obligation based on the relative stand-alone selling price. The stand-alone selling price of services and products are mainly based on its observable selling price. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available and maximise the use of observable inputs to estimate the stand-alone selling price. Revenue for each performance obligation is then recognized when the control of the promised services or products is transferred to the customer.

(iii) The Group usually controls the services and the products it provided before they are transferred to the customer. In certain situations, the Group would consider the primary responsibilities in the arrangement, the establishment of selling price, and the inventory risks, etc. to determine if the Group is acting as a principal or agent. If the Group has assessed and concluded that it does not obtain the control of a specified product before transferring to the customer, the Group is acting as agent in satisfying a performance obligation, and the revenue is recognized in the net amount of any fee or commission to which it expects to be entitled from another party.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition from contracts with customers (Continued)

Contract assets primarily relate to the Group's rights to consideration for services or products provided to the customers but for which the Group does not have an unconditional right at the balance sheet date. The contract asset is reclassified to accounts receivable as services are provided and billed. Contract liabilities arise when the Group receives consideration in advance of providing the services or products promised in the contract. Contract liabilities mainly comprise non-refundable prepaid service fees received from customers, unredeemed point rewards under customer point reward program ("Reward Program") and unused data traffic carried over. The refundable prepaid service fees received from customers is recorded as receipts-in-advance.

Contract costs include costs incurred to obtain a contract and cost incurred to fulfil a contract. Costs incurred to obtain a contract represents incremental costs incurred to obtain a contract, which mainly comprise sales commissions payable to third party agents and are amortized on a systemic basis that is consistent with the transfer to the customer of the services or products to which such costs relates over the expected duration of the contract and recorded in selling expense, if it is expected to be recovered. When the expected amortization period is one year or less, the Group utilizes the practical expedient and expenses the costs as incurred. Capitalized incremental costs incurred to obtain a contract is recorded as other non-current assets.

Cost incurred to fulfil a contract represents the cost directly related to the Group's telecommunications service contracts which are not within the scope of another accounting standard. The amount is amortized on a systemic basis that is consistent with the transfer to the customer of the services or products to which the costs incurred to fulfil a customer contract relates over the expected duration of the contract and recorded as network operation and support expenses, if it is expected to be recovered. Capitalized cost incurred to fulfil a contract is recorded as inventory or other non-current assets based on its amortization period.

(s) Interest income

Interest income is recognized as it accrues using the effective interest method.

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets may also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries and associates to the extent that, in the case of taxable temporary differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, and it is not probable that they will reverse in the future.

The amount of deferred tax recognized is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exits when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(v) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Company and subsidiaries incorporated in Hong Kong are required to make contributions to Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Such contributions are recognized as an expense in profit or loss as incurred.

The employees of the subsidiaries in the mainland of China participate in the defined contribution retirement plans managed by the local government authorities whereby the subsidiaries are required to contribute to the schemes at fixed rates of the employees' salary costs. In addition to the local governmental defined contribution retirement plans, the subsidiaries also participate in a pension scheme launched by the Group managed by an independent insurance company whereby the subsidiaries are required to make contributions to the retirement plans at fixed rates of the employees' salary costs or in accordance with the terms of the plans. The Group's contributions to these plans are charged to profit or loss when incurred. During the reporting period, no forfeited contributions were used by the Group to reduce the existing level of contributions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (Continued)

(ii) Supplementary retirement benefits

In addition to participating in local governmental defined contribution social insurance, the Group also provides other post retirement supplementary retirement benefits to those retired employees qualified for certain criteria in accordance with the governmental requirement since 2020. Under such plan, the Group provides or reimburses certain medical benefits to retired employees annually based on certain criteria. The Group's payment obligation in the future under such plan are discounted and recognized as liabilities, the costs of which are recognized in profit or loss. Changes arising from remeasurement of the liability due to changes in the actuarial assumptions are recognized in other comprehensive income when incurred.

(iii) Share-based payments

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed at each balance sheet date. Any resulting adjustment to the cumulative fair value recognized in prior years is recognized in profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve). The equity amount is recognized in the capital reserve until either the option is exercised (when it is transferred to the share capital account) or the option expires (when it is released directly to retained profits). In the Company's balance sheet, share-based payment transactions in which the Company grants share options to subsidiaries' employees are accounted for as an increase in value of investments in subsidiaries, which is eliminated in consolidated financial statements.

(iv) Termination benefits

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment which is without realistic possibility of withdrawal or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Research and development expenses

The development expenses of the Group are capitalized when capitalization criteria are fulfilled, and other research and development expenses are recognized in profit or loss as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(y) Translation of foreign currencies

The functional currency of majority of the entities within the Group is RMB, which is the currency of the primary economic environment in which most of the Group's entities operate. The Group adopted RMB as its presentation currency in the preparation of the consolidated financial statements, which is also the functional currency of the Company.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of overseas entities are translated into RMB at the exchange rates approximating the foreign exchange rate ruling at the dates of transactions. Assets and liabilities are translated into RMB at the exchange rates ruling at the balance sheet date. The resulting currency translation differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve. On disposal of an overseas entity, the cumulative amount of the currency translation differences relating to that particular foreign operation is reclassified from equity to profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas entities within the Group are translated into RMB by using the exchange rates approximating the foreign exchange rate ruling at the dates of the cash flows.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in note 2(z)(a); or

(vii) A person identified in note 2(z)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) 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 ("CODM") in order to allocate resources and assess performance of the segment. The CODM has been identified as the Executive Directors of the Company. For the years presented, the Group as a whole is an operating segment since the Group is only engaged in telecommunications and information related businesses. No geographical information has been disclosed as the majority of the Group's operating activities are carried out in the mainland of China. The Group's assets located and operating revenue derived from activities outside the mainland of China are less than 5% of the Group's assets and operating revenue, respectively.

(ab) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 CHANGES IN ACCOUNTING POLICIES

The following amendments are mandatory for the first time for the Group's financial year beginning on 1 January 2022 and are applicable for the Group:

- Amendments to IAS/HKAS 16, Property, plant and equipment: Proceeds before intended use

- Amendments to IAS/HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The above amendments to IFRS/HKFRS and IAS/HKAS effective for the financial year beginning on 1 January 2022 do not have a material impact on the Group.

In addition, the IASB and HKICPA also published a number of new standards and amendments to standards which are effective for the Group's financial year beginning on or after 1 January 2023 and have not been early adopted by the Group (see note 45). Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

(Expressed in RMB unless otherwise indicated)

4 OPERATING REVENUE

	2022 Million	2021 Million
Revenue from telecommunications services		
Voice services	**75,032**	76,163
SMS & MMS services	**31,344**	31,100
Wireless data traffic services	**395,933**	392,859
Wireline broadband services	**105,030**	94,230
Applications and information services	**182,461**	136,961
Others	**22,258**	20,096
	812,058	751,409
Revenue from sales of products and others	**125,201**	96,849
	937,259	848,258

The majority of the Group's operating revenue is from contracts with customers, and the remaining is not material. The revenue recognition policy has been disclosed in note 2(r), while majority of the Group's revenue from contracts with customers was recognized over time.

Operating revenue is subject to value-added tax ("VAT"). The VAT rate for basic telecommunications services is 9%. The VAT rate for value-added telecommunications services, information technology services and technical consulting services is 6% and the VAT rate for sales of telecommunications terminals is 13%. VAT is excluded from the revenue.

The unsatisfied performance obligation of the Group is mainly related to telecommunications services. The Group generally enters into service contracts with customers monthly or for a fixed term, and bills the customers monthly based on the contract terms for the Group's unconditional right to consideration. Almost all of the transaction considerations that were allocated to unsatisfied performance obligations as at the end of the reporting period are expected to be recognized within one year when services are provided. For the contracts that have an original expected duration of one year or less and the performance obligations which are regarded as satisfied as billed, the Group has applied the practical expedient permitted under IFRS/HKFRS 15 "Revenue from Contracts with Customers", therefore, the information about the remaining performance obligations were not disclosed.

(Expressed in RMB unless otherwise indicated)

5 NETWORK OPERATION AND SUPPORT EXPENSES

	Note	2022 Million	2021 Million
Maintenance, operation support and related expenses		**161,277**	137,095
Power and utilities expenses		**39,841**	36,878
Charges for use of tower assets	(i) (iii)	**26,262**	26,248
Charges for use of lines and network assets	(ii) (iii)	**8,604**	8,272
Charges for use of other assets	(ii) (iii)	**7,854**	6,521
Others		**10,344**	9,996
		254,182	225,010

Note:

(i) Charges for use of tower assets include the non-lease components charges (maintenance, certain ancillary facilities usage and related support services) for use of telecommunications towers and variable lease payments not based on an index or a rate, which are recorded in profit or loss as incurred.

(ii) Charges for use of lines and network assets and other assets mainly include the non-lease components charges and the lease components charges for lease contracts that are exempted from recognition of right-of-use assets and lease liabilities, such as short-term lease payments, lease payments of low-value assets and variable lease payments not based on an index or a rate, which are recorded in profit or loss as incurred.

(iii) For the year ended 31 December 2022, short-term lease payments and lease payments of low-value assets amounted to RMB7,081 million (2021: RMB6,576 million), and variable lease payments not based on an index or a rate (mainly about the lease of tower assets), which are recorded in profit or loss as incurred, amounted to RMB6,743 million (2021: RMB7,160 million).

6 EMPLOYEE BENEFIT AND RELATED EXPENSES

	2022 Million	2021 Million
Salaries, wages, labor service expenses and other benefits	**113,018**	102,943
Retirement costs: contributions to defined contribution retirement plans	**16,728**	15,324
Share-based compensation expenses	**411**	413
	130,157	118,680

Since 2020, the Group has implemented the transfer of the socialized management of existing retirees to external organizations in accordance with the governmental requirement. The Group is also obliged to pay for certain of such retirees' post-retirement benefits (mainly including supplementary medical benefits, etc.) in the future with the principle that the level of such benefits would not be decreased. This benefit plan is accounted for as a long-term defined benefits obligation and does not have any plan assets. As at the end of the reporting period, the Group engaged an independent qualified actuary to calculate the Group's obligation for this benefit plan using the projected unit credit method, and such obligation was recognized as liability. Actuarial assumptions mainly included discount rate and life expectancy. For the year ended 31 December 2022, the discount rate was 3.00% per annum (2021: 3.00%). Life expectancy was determined in accordance with relevant information on the "China Life Insurance Mortality Table (2010-2013) – CL5/CL6". Reasonable changes in actuarial assumptions would not have a significant impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 EMPLOYEE BENEFIT AND RELATED EXPENSES (CONTINUED)

The movement of defined benefit plan liabilities is as follows:

	2022 Million	2021 Million
As at 1 January	**5,814**	4,615
Defined benefit costs included in profit or loss		
– service cost	**631**	1,178
– interest cost	**150**	145
Actuarial (gains)/losses included in other comprehensive income	**(15)**	143
Payments during the year	**(298)**	(267)
As at 31 December	**6,282**	5,814

7 OTHER OPERATING EXPENSES

	Note	2022 Million	2021 Million
Interconnection		**22,359**	20,064
Expected credit impairment losses		**4,453**	4,171
Write-down of inventories		**234**	280
Impairment losses of contract assets		**284**	88
Net loss on disposal and write-off of property, plant and equipment		**892**	1,748
Co-research and development expenses		**6,149**	5,708
Auditors' remuneration			
– audit services	(i)	**88**	92
– other services		**2**	–
Taxes and surcharges		**2,898**	2,722
Others	(ii)	**14,050**	14,361
		51,409	49,234

Note:

(i) The item (excluding VAT) includes service fees for audit of the Group's internal controls over financial reporting pursuant to regulatory requirements amounted to RMB16 million (2021: RMB18 million).

(ii) Others consist of administrative expenses and other miscellaneous expenses.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 OTHER GAINS

	2022 Million	2021 Million
Compensation income	1,151	968
Additional deduction of input VAT	4,223	4,411
Others	4,014	2,878
	9,388	8,257

9 INTEREST AND OTHER INCOME

	2022 Million	2021 Million
Interest income	10,775	10,934
Net gains on hold/disposal of financial assets	4,954	5,795
	15,729	16,729

10 FINANCE COSTS

	2022 Million	2021 Million
Interest for lease liabilities	2,101	2,383
Interest for short-term deposits received (note 39(a))	65	131
Others	164	165
	2,330	2,679

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

11 DIRECTORS' AND OTHER SENIOR MANAGEMENT'S REMUNERATION

Directors' remuneration during 2022 is as follows:

	Directors' fees '000	Salaries, allowances and bonuses '000	Contributions relating to social insurance, housing fund and retirement scheme '000	2022 Total '000
Executive directors (Expressed in RMB)				
YANG Jie	–	952	229	1,181
DONG Xin	–	952	229	1,181
LI Pizheng*	–	405	167	572
LI Ronghua	–	850	219	1,069
WANG Yuhang**	–	536	92	628
	–	3,695	936	4,631
Independent non-executive directors (Expressed in Hong Kong dollar)				
YIU Kin Wah, Stephen	483	–	–	483
YANG Qiang	–	–	–	–
LEE Ka Sze, Carmelo ***	273	–	–	273
LEUNG Ko May Yee, Margaret ***	273	–	–	273
CHENG Mo Chi, Moses****	176	–	–	176
CHOW Man Yiu, Paul*****	174	–	–	174
	1,379	–	–	1,379

* On 18 May 2022, Mr. Li Pizheng was appointed as an Executive Director of the Company

** On 19 April 2022, Mr. Wang Yuhang resigned from his position as an Executive Director of the Company

*** On 18 May 2022, Mr. Carmelo Lee Ka Sze and Mrs. Margaret Leung Ko May Yee were appointed as an Independent Non-Executive Director

**** On 18 May 2022, Dr. Moses Cheng Mo Chi resigned from his position as an Independent Non-Executive Director

***** On 18 May 2022, Mr. Paul Chow Man Yiu resigned from his position as an Independent Non-Executive Director

11 DIRECTORS' AND OTHER SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

Directors' remuneration during 2021 is as follows:

	Directors' fees '000	Salaries, allowances and bonuses '000	Contributions relating to social insurance, housing fund and retirement scheme '000	2021 Total '000
Executive directors (Expressed in RMB)				
YANG Jie	–	918	214	1,132
DONG Xin	–	929	214	1,143
WANG Yuhang	–	850	206	1,056
LI Ronghua	–	600	205	805
	–	3,297	839	4,136
Independent non-executive directors (Expressed in Hong Kong dollar)				
CHENG Mo Chi, Moses	460	–	–	460
CHOW Man Yiu, Paul	455	–	–	455
YIU Kin Wah, Stephen	470	–	–	470
YANG Qiang	–	–	–	–
	1,385	–	–	1,385

In 2022 and 2021, the Company's executive directors and independent non-executive director Dr. YANG Qiang voluntarily waived their directors' fees.

Directors' and other senior management's remuneration paid during 2022 included basic remuneration for the year, performance related bonuses for previous years determined and paid during the year. The unpaid portion of performance related bonuses for 2022 will be determined and paid in 2023 based on their performance, and the additional bonuses related to their term of service will be determined and paid based on their performance upon the completion of three-year evaluation period from 2022 to 2024.

In 2022, the Company also settled the additional bonuses related to executive directors' term of service for the three-year period from 2019 to 2021, including RMB754 thousand for Mr. YANG Jie, RMB758 thousand for Mr. DONG Xin, RMB302 thousand for Mr. LI Ronghua and RMB678 thousand for Mr. WANG Yuhang (resigned).

In 2022, the Company's other senior management's remuneration was within the range between RMB1,050,000 to RMB1,100,000 (2021: RMB1,000,000 to RMB1,050,000). In addition, the additional bonuses related to their term of service for the three-year period from 2019 to 2021 was within the range between RMB450,000 to RMB750,000.

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(Expressed in RMB unless otherwise indicated)

12 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2022 and 2021, none of the five individuals with the highest emoluments in the Group are directors or other senior management. The emoluments payable to the five individuals with highest emoluments are as follows:

	2022 **'000**	2021 '000
Salaries, allowances and benefits in kind	**6,882**	7,765
Performance related bonuses	**6,162**	5,775
Retirement scheme contributions	**396**	336
	13,440	13,876

The emoluments fell within the following bands:

	2022 **Number of individuals**	2021 Number of individuals
Emolument bands		
2,000,001–2,500,000	**3**	3
2,500,001–3,000,000	**1**	1
3,500,001–4,000,000	**1**	–
4,000,001–4,500,000	**–**	1

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

13 TAXATION

(a) Taxation in the consolidated statement of comprehensive income represents:

	Note	2022 Million	2021 Million
Current tax			
Provision for enterprise income tax in the mainland of China and other countries and regions on the estimated assessable profits for the year	(i)	**37,066**	38,957
Provision for Hong Kong profits tax on the estimated assessable profits for the year	(ii)	**489**	431
		37,555	39,388
Deferred tax			
Origination and reversal of temporary differences, net (note 21)		**(277)**	(3,510)
		37,278	35,878

Note:

(i) The provision for enterprise income tax in the mainland of China and other countries and regions has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the regions in which the Group operates. The Company's subsidiaries operate mainly in the mainland of China. The provision for the PRC enterprise income tax is based on the statutory tax rate of 25% (2021: 25%) on the estimated assessable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the year ended 31 December 2022. Certain subsidiaries of the Company entitle to the preferential tax rate of 15% (2021: 15%), and certain research and development costs of the Company's PRC subsidiaries are qualified for 75% (2021: 75%) additional deduction for tax purpose.

(ii) The provision for Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year ended 31 December 2022.

(iii) Pursuant to the "Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" issued by SAT in 2009 ("2009 Notice"), the Company is qualified as a PRC offshore-registered resident enterprise. Accordingly, the dividend income of the Company from its subsidiaries in the PRC is exempted from PRC enterprise income tax.

(Expressed in RMB unless otherwise indicated)

13 TAXATION (CONTINUED)

(b) Reconciliations between income tax expense and accounting profit at applicable tax rates:

	2022 Million	2021 Million
Profit before taxation	**162,872**	152,184
Notional tax on profit before tax, calculated at the PRC's statutory tax rate of 25% (Note)	**40,718**	38,046
Tax effect of non-taxable items		
– Income from investments accounted for using the equity method	**(2,738)**	(2,855)
– Other non-taxable income	**(51)**	(33)
Tax effect of non-deductible expenses	**1,384**	1,162
Tax rate differential (note 13(a)(i)(ii))	**(2,517)**	(1,881)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognized (note 21)	**1,462**	1,972
Additional deduction for qualified research and development costs (note 13(a)(i))	**(980)**	(533)
Taxation	**37,278**	35,878

Note: The PRC's statutory tax rate is adopted as the majority of the Group's operations are subject to this rate.

(c) The tax charged relating to components of other comprehensive income is as follows:

	2022			2021		
	Before tax Million	Tax charged Million	After tax Million	Before tax Million	Tax charged Million	After tax Million
Changes in value of financial assets measured at FVOCI	**(222)**	**(4)**	**(226)**	(398)	(8)	(406)
Remeasurement of defined benefit liabilities	**15**	**–**	**15**	(143)	–	(143)
Currency translation differences	**2,575**	**–**	**2,575**	(882)	–	(882)
Share of other comprehensive loss of investments accounted for using the equity method	**(1,105)**	**–**	**(1,105)**	(212)	–	(212)
Other comprehensive income/(loss)	**1,263**	**(4)**	**1,259**	(1,635)	(8)	(1,643)
Current tax		**–**			–	
Deferred tax		**(4)**			(8)	
		(4)			(8)	

14 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2022 is based on the profit attributable to equity shareholders of the Company of RMB125,459 million (2021: RMB116,148 million) and the weighted average number of 21,346,920,449 shares (2021: 20,475,482,897 shares) in issue during the year.

(b) Diluted earnings per share

For the year ended 31 December 2022 and 2021, the Group has considered the impact from the following factors when calculating diluted earnings per share:

(i) Convertible bonds issued by an associate of the Group ("CB") that were outstanding during the years (note 22);

(ii) Share options issued by the Company that were outstanding during the years (note 36);

(iii) The RMB Shares publicly offered but had yet to be listed on the SHEX during the years (note 37); and

(iv) The over-allotment option that was outstanding during the year (note 37).

Of the above, (i) the CB had no dilutive effect on earnings per share for the year ended 31 December 2022 but not 2021, as the assumed conversion would have increased the profit attributable to equity shareholders of the Company for the year ended 31 December 2022 (2021: decreased).

The following two factors had no dilutive effect for both years, as (ii) the exercise price of the share options exceeded the average market price of the Company's ordinary shares on the HKEX during the periods the share options were outstanding, (iii) the offer price of the RMB Shares was not lower than its fair value during the period from the beginning of the current year to the completion date of the listing on the SHEX, and during the period from the subscription date to 31 December 2021, respectively.

As (iv) the exercise price of the over-allotment option was lower than the average market price of the RMB Shares during the exercisable period, this factor had a dilutive effect during the year.

(Expressed in RMB unless otherwise indicated)

14 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share (Continued)

For the year ended 31 December 2022, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB125,459 million and the weighted average number of 21,346,970,167 shares in issue after adjusting for the effect of all dilutive potential ordinary shares during the year. As the dilutive effect on earnings per share resulting from the assumed exercise of over-allotment option was negligible, therefore diluted earnings per share were the same as basic earnings per share.

For the year ended 31 December 2021, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB116,120 million as a result of the assumed conversion of CB and the weighted average number of 20,475,482,897 shares in issue during the year.

	2021 Million
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share	116,148
Add: changes in share of profit of the associate	308
Less: fair value gain and interest income relating to the CB held by the Group, net of tax	(336)
Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share	116,120

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(Expressed in RMB unless otherwise indicated)

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings Million	Telecommunications transceivers, switching centers, transmission and other network equipment Million	Office equipment, furniture, fixtures and others Million	Total Million
Cost:				
As at 1 January 2021	164,369	1,741,288	17,802	1,923,459
Transferred from construction in progress	6,751	170,961	945	178,657
Other additions	542	2,917	536	3,995
Disposals	(5)	(66)	(30)	(101)
Write-off	(688)	(48,667)	(2,099)	(51,454)
Exchange differences	(136)	(304)	(6)	(446)
As at 31 December 2021	170,833	1,866,129	17,148	2,054,110
As at 1 January 2022	**170,833**	**1,866,129**	**17,148**	**2,054,110**
Transferred from construction in progress	**5,480**	**173,398**	**920**	**179,798**
Other additions	**365**	**3,481**	**331**	**4,177**
Disposals	**(9)**	**(23)**	**(4)**	**(36)**
Write-off	**(375)**	**(38,178)**	**(1,335)**	**(39,888)**
Exchange differences	**357**	**856**	**14**	**1,227**
As at 31 December 2022	**176,651**	**2,005,663**	**17,074**	**2,199,388**
Accumulated depreciation and impairment:				
As at 1 January 2021	62,520	1,142,724	12,668	1,217,912
Charge for the year	6,168	154,461	1,692	162,321
Written back on disposals	(3)	(52)	(14)	(69)
Write-off	(421)	(46,815)	(1,984)	(49,220)
Exchange differences	(24)	(111)	(4)	(139)
As at 31 December 2021	68,240	1,250,207	12,358	1,330,805
As at 1 January 2022	**68,240**	**1,250,207**	**12,358**	**1,330,805**
Charge for the year	**6,201**	**157,796**	**1,463**	**165,460**
Written back on disposals	**(6)**	**(23)**	**(4)**	**(33)**
Write-off	**(313)**	**(36,729)**	**(1,268)**	**(38,310)**
Exchange differences	**83**	**344**	**10**	**437**
As at 31 December 2022	**74,205**	**1,371,595**	**12,559**	**1,458,359**
Net book value:				
As at 31 December 2022	**102,446**	**634,068**	**4,515**	**741,029**
As at 31 December 2021	102,593	615,922	4,790	723,305

(Expressed in RMB unless otherwise indicated)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As disclosed in note 20(d), in accordance with the collaboration agreements with China Broadcasting Network Corporation Ltd. ("CBN"), without consent from the other party, any party may not dispose of (including transfer, mortgage or pledge) its ownership in all or any 700MHz wireless network assets (including but not limited to base stations, antennas and essential wireless ancillary equipment) within the scope of collaboration. As at 31 December 2022, the aforesaid assets amounted to RMB43,949 million and RMB4,276 million were included in property, plant and equipment and construction in progress, respectively.

With the accelerating construction of the Group's 5G telecommunications network, changes in subscribers' behaviour and market conditions, the Group continually terminated or retired the inefficient or invalid assets to further improve network quality. During the process, the Group increasingly noted that the corresponding net disposal proceeds of certain assets may not fully compensate their remaining net book value. In 2021, the Group reviewed the residual value rate of assets, and decided to adjust the residual value rate of certain wireless and transmission assets (mainly comprising 2G wireless equipment, telecommunications optic cables and pipelines, etc) to zero. The aforesaid changes in accounting estimates were made using the prospective application method. The depreciation and amortization for the year ended 31 December 2021 increased by approximately RMB9,420 million as a result of the aforesaid changes in accounting estimates.

16 CONSTRUCTION IN PROGRESS

	2022 **Million**	2021 Million
As at 1 January	**71,742**	71,651
Additions	**181,143**	178,748
Transferred to property, plant and equipment	**(179,798)**	(178,657)
As at 31 December	**73,087**	71,742

Construction in progress primarily comprises expenditure incurred on the network expansion projects but not yet completed.

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17 LEASES

This note provides lease information about the Group as a lessee.

(a) Right-of-use assets

	Telecommunications Towers and related assets Million	Buildings and premises Million	Others Million	Total Million
Cost:				
As at 1 January 2021	84,112	48,159	4,973	137,244
Additions for the year	8,361	9,868	1,857	20,086
Decreases for the year	(3,455)	(8,738)	(1,435)	(13,628)
Exchange differences	–	(47)	–	(47)
As at 31 December 2021	89,018	49,242	5,395	143,655
As at 1 January 2022	**89,018**	**49,242**	**5,395**	**143,655**
Additions for the year	**67,776**	**11,889**	**8,675**	**88,340**
Decreases for the year	**(6,441)**	**(11,579)**	**(2,778)**	**(20,798)**
Exchange differences	**–**	**130**	**–**	**130**
As at 31 December 2022	**150,353**	**49,682**	**11,292**	**211,327**
Accumulated amortization and impairment:				
As at 1 January 2021	44,402	24,512	3,239	72,153
Additions for the year	16,545	9,232	762	26,539
Decreases for the year	(1,392)	(7,640)	(1,328)	(10,360)
Exchange differences	–	(27)	–	(27)
As at 31 December 2021	59,555	26,077	2,673	88,305
As at 1 January 2022	**59,555**	**26,077**	**2,673**	**88,305**
Additions for the year	**17,242**	**8,986**	**3,309**	**29,537**
Decreases for the year	**(4,504)**	**(8,711)**	**(2,124)**	**(15,339)**
Exchange differences	**–**	**75**	**–**	**75**
As at 31 December 2022	**72,293**	**26,427**	**3,858**	**102,578**
Net book value:				
As at 31 December 2022	**78,060**	**23,255**	**7,434**	**108,749**
As at 31 December 2021	29,463	23,165	2,722	55,350

(Expressed in RMB unless otherwise indicated)

17 LEASES (CONTINUED)

(a) Right-of-use assets (Continued)

On 13 December 2022, the board of the Company approved the entering into by China Mobile Communication Co., Ltd. ("CMC") with China Tower Corporation Limited ("China Tower") of the Commercial Pricing Agreement and the Service Agreement, each for a term of five years from 1 January 2023 to 31 December 2027. Subsequently, CMC entered into those agreements with China Tower after the resolution were approved during the extraordinary general meeting of the Company on 11 January 2023.

Pursuant to the Commercial Pricing Agreement and the Service Agreement, China Tower will continue to lease telecommunications towers and provide other related services to CMC's subsidiaries.

As at 31 December 2022, the Group has recognized the related lease liabilities and the corresponding additions of right-of-use assets amounting to RMB59,112 million based on the new lease terms.

(b) Land use rights

For the year ended 31 December 2022, the amortization of land use rights expensed in the profit or loss amounted to RMB472 million (2021: RMB477 million).

(c) Lease liabilities

For the year ended 31 December 2022, lease liabilities of RMB82,503 million (2021: RMB16,467 million) was incurred relating to additions of right-of-use assets.

As at 31 December 2022 and 2021, the maturity analysis of lease liabilities was set out in note 40(b).

18 GOODWILL

	2022 Million	2021 Million
As at 1 January	**35,344**	35,344
Impairment	**(43)**	–
As at 31 December	**35,301**	35,344

Impairment tests for goodwill

As at 31 December 2022, the goodwill is mainly attributable to the cash-generating units in relation to the operation in the mainland of China which management currently monitors. The recoverable amount of the cash-generating unit is determined based on the VIU calculations by using the discounted cash flow method. This method considers the pre-tax cash flows of the subsidiaries (cash-generating unit) for the five years ending 31 December 2027 and the projected perpetual cash flows after the fifth year. For the five years ending 31 December 2027, the average growth rate is assumed to be 1.5%, while for the years beyond 31 December 2027, the assumed continual growth rate to perpetuity is 1%. The present value of cash flows is calculated by discounting the cash flow using pre-tax discount rate of approximately 11%. The management performed impairment test for the goodwill in relation to the operation in the mainland of China and determined such goodwill was not impaired. Reasonably possible changes in key assumptions would not lead to the goodwill impairment losses.

In addition, full impairment provision has been made by a subsidiary of the Group against goodwill arising from acquisition in previous years amounted to RMB43 million in 2022 (2021: nil).

(Expressed in RMB unless otherwise indicated)

19 SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
1	China Mobile Communication (BVI) Limited	the British Virgin Islands ("BVI")	HK$1	100%	–	Investment holding company
2	China Mobile Communication Co., Ltd. **	the mainland of China	RMB53,218,848,326	–	100%	Network and business coordination center
3	China Mobile Group Guangdong Co., Ltd. ("Guangdong Mobile")	the mainland of China	RMB5,594,840,700	–	100%	Telecommunications operator
4	China Mobile Group Zhejiang Co., Ltd.	the mainland of China	RMB2,117,790,000	–	100%	Telecommunications operator
5	China Mobile Group Jiangsu Co., Ltd.	the mainland of China	RMB2,800,000,000	–	100%	Telecommunications operator
6	China Mobile Group Fujian Co., Ltd.	the mainland of China	RMB5,247,480,000	–	100%	Telecommunications operator
7	China Mobile Group Henan Co., Ltd.	the mainland of China	RMB4,367,733,641	–	100%	Telecommunications operator
8	China Mobile Group Hainan Co., Ltd.	the mainland of China	RMB643,000,000	–	100%	Telecommunications operator
9	China Mobile Group Beijing Co., Ltd.	the mainland of China	RMB6,124,696,053	–	100%	Telecommunications operator
10	China Mobile Group Shanghai Co., Ltd.	the mainland of China	RMB6,038,667,706	–	100%	Telecommunications operator
11	China Mobile Group Tianjin Co., Ltd.	the mainland of China	RMB2,151,035,483	–	100%	Telecommunications operator
12	China Mobile Group Hebei Co., Ltd.	the mainland of China	RMB4,314,668,531	–	100%	Telecommunications operator

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19 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
13	China Mobile Group Liaoning Co., Ltd.	the mainland of China	RMB5,140,126,680	–	100%	Telecommunications operator
14	China Mobile Group Shandong Co., Ltd.	the mainland of China	RMB6,341,851,146	–	100%	Telecommunications operator
15	China Mobile Group Guangxi Co., Ltd.	the mainland of China	RMB2,340,750,100	–	100%	Telecommunications operator
16	China Mobile Group Anhui Co., Ltd.	the mainland of China	RMB4,099,495,494	–	100%	Telecommunications operator
17	China Mobile Group Jiangxi Co., Ltd.	the mainland of China	RMB2,932,824,234	–	100%	Telecommunications operator
18	China Mobile Group Chongqing Co., Ltd.	the mainland of China	RMB3,029,645,401	–	100%	Telecommunications operator
19	China Mobile Group Sichuan Co., Ltd.	the mainland of China	RMB7,483,625,572	–	100%	Telecommunications operator
20	China Mobile Group Hubei Co., Ltd.	the mainland of China	RMB3,961,279,556	–	100%	Telecommunications operator
21	China Mobile Group Hunan Co., Ltd.	the mainland of China	RMB4,015,668,593	–	100%	Telecommunications operator
22	China Mobile Group Shaanxi Co., Ltd.	the mainland of China	RMB3,171,267,431	–	100%	Telecommunications operator
23	China Mobile Group Shanxi Co., Ltd.	the mainland of China	RMB2,773,448,313	–	100%	Telecommunications operator
24	China Mobile Group Neimenggu Co., Ltd.	the mainland of China	RMB2,862,621,870	–	100%	Telecommunications operator
25	China Mobile Group Jilin Co., Ltd.	the mainland of China	RMB3,277,579,314	–	100%	Telecommunications operator

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19 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
26	China Mobile Group Heilongjiang Co., Ltd.	the mainland of China	RMB4,500,508,035	–	100%	Telecommunications operator
27	China Mobile Group Guizhou Co., Ltd.	the mainland of China	RMB2,541,981,749	–	100%	Telecommunications operator
28	China Mobile Group Yunnan Co., Ltd.	the mainland of China	RMB4,137,130,733	–	100%	Telecommunications operator
29	China Mobile Group Xizang Co., Ltd.	the mainland of China	RMB5,698,643,686	–	100%	Telecommunications operator
30	China Mobile Group Gansu Co., Ltd.	the mainland of China	RMB1,702,599,589	–	100%	Telecommunications operator
31	China Mobile Group Qinghai Co., Ltd.	the mainland of China	RMB3,422,564,911	–	100%	Telecommunications operator
32	China Mobile Group Ningxia Co., Ltd.	the mainland of China	RMB740,447,232	–	100%	Telecommunications operator
33	China Mobile Group Xinjiang Co., Ltd.	the mainland of China	RMB9,381,599,639	–	100%	Telecommunications operator
34	China Mobile Group Design Institute Co., Ltd.	the mainland of China	RMB160,232,547	–	100%	Provision of telecommunications network planning design and consulting services
35	China Mobile Holding Company Limited**	the mainland of China	US$30,000,000	100%	–	Investment holding company
36	China Mobile Information Technology Co., Ltd.**	the mainland of China	US$7,633,000	–	100%	Provision of roaming clearance, IT system operation technology support services
37	Aspire Holdings Limited	Cayman Islands	HK$93,964,583	66.41%	–	Investment holding company
38	Aspire (BVI) Limited#	BVI	US$1,000	–	100%	Investment holding company

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19 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
39	Aspire Technologies (Shenzhen) Limited***#	the mainland of China	US$10,000,000	–	100%	Development, services and maintenance of industry value-added platform
40	Aspire Information Network (Shenzhen) Limited***#	the mainland of China	US$5,000,000	–	100%	Provision of mobile data solutions, system integration and development
41	Aspire Information Technologies (Beijing) Limited***#	the mainland of China	US$5,000,000	–	100%	Operation support and capability service of digital content
42	Fujian FUNO Mobile Communication Technology Company Limited***	the mainland of China	RMB60,000,000	–	51%	Network construction and maintenance, network planning and optimizing training and information services
43	Advanced Roaming & Clearing House Limited	BVI	US$2	100%	–	Provision of roaming clearance services
44	Fit Best Limited	BVI	US$1	100%	–	Investment holding company
45	China Mobile Hong Kong Company Limited	Hong Kong	HK$951,046,930	–	100%	Provision of telecommunications and related services
46	China Mobile International Holdings Limited	Hong Kong	HK$19,319,810,000	100%	–	Investment holding company
47	China Mobile International Limited	Hong Kong	HK$8,100,000,000	–	100%	Provision of voice and roaming clearance services, internet services and value-added services
48	China Mobile Group Device Co., Ltd.	the mainland of China	RMB6,200,000,000	–	99.97%	Provision of electronic communication products design services and sale of related products

(Expressed in RMB unless otherwise indicated)

19 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
49	China Mobile Group Finance Co., Ltd. ("China Mobile Finance")	the mainland of China	RMB11,627,783,669	–	92%	Provision of non-banking financial services
50	China Mobile IoT Company Limited	the mainland of China	RMB3,500,000,000	–	100%	Provision of network services
51	China Mobile (Suzhou) Software Technology Co., Ltd.	the mainland of China	RMB3,172,000,000	–	100%	Provision of Mobile Cloud research and development and operation support services
52	China Mobile E-Commerce Co., Ltd. ("China Mobile E-Commerce")	the mainland of China	RMB700,000,000	–	100%	Provision of e-payment, e-commerce and internet finance services
53	China Mobile (Hangzhou) Information Technology Co., Ltd.	the mainland of China	RMB1,750,000,000	–	100%	Provision of family information products, technology research and development services
54	China Mobile Online Services Co., Ltd.	the mainland of China	RMB3,500,000,000	–	100%	Provision of call center and internet information services
55	MIGU Company Limited	the mainland of China	RMB10,400,000,000	–	100%	Provision of mobile internet digital content services
56	China Mobile TieTong Company Limited	the mainland of China	RMB31,880,000,000	–	100%	Provision of engineering, maintenance, sales and telecommunications services
57	China Mobile Internet Company Limited	the mainland of China	RMB3,000,000,000	–	100%	Provision of internet related services
58	China Mobile Investment Holdings Company Limited	the mainland of China	RMB2,365,920,000	–	100%	Investment holding company

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19 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
59	China Mobile System Integration Co., Ltd.	the mainland of China	RMB1,500,000,000	–	100%	Provision of computer system integration, construction, maintenance and related technology development services
60	China Mobile (Chengdu) ICT Co., Ltd.	the mainland of China	RMB1,650,000,000	–	100%	Provision of information technology products and technology research and development services
61	China Mobile (Shanghai) ICT Co., Ltd.	the mainland of China	RMB1,630,000,000	–	100%	Provision of information technology products and technology research and development services
62	China Mobile Financial Technology Co., Ltd.	the mainland of China	RMB605,410,800	–	100%	Provision of e-payment, e-commerce and internet finance services
63	China Mobile Xiong'an ICT Co., Ltd.	the mainland of China	RMB570,000,000	–	100%	Provision of information technology products and technology research and development services
64	Zhongyidong Information Technology Co., Ltd.	the mainland of China	RMB1,000,000,000	–	100%	Provision of IT solution including digital technology
65	China Mobile Information System Integration Co., Ltd.	the mainland of China	RMB50,000,000	–	100%	Provision of computer system integration, construction, maintenance and related technology development services
66	China Mobile Park Construction and Development Co., Ltd.	the mainland of China	RMB200,000,000	–	100%	Provision of infrastructure agent construction, centralized park operations, IDC operation and maintenance services

* The nature of all the legal entities established in the mainland of China is limited liability company.

** Companies registered as wholly owned foreign enterprises in the mainland of China.

*** Company registered as a sino-foreign equity joint venture in the mainland of China.

\# Effective interest held by the Group is 66.41%.

No subsidiaries in which the Group have non-controlling interests are material to the Group.

(Expressed in RMB unless otherwise indicated)

20 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

The amounts of investments accounted for using the equity method recognized in the consolidated balance sheet are as follows:

	As at 31 December 2022 Million	As at 31 December 2021 Million
Associates	**174,955**	168,552
Joint ventures	**694**	1,004
	175,649	169,556

(a) Major associates

Details of major associates, all of which are listed on exchanges, are as follows:

Name of associate	**Place of incorporation/ establishment and operation**	**Proportion of ownership interest held by the Company or its subsidiary**	**Principal activity**
Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank")	The PRC	18%	Provision of banking services
China Tower	The PRC	28%	Provision of construction, maintenance and operation of telecommunications towers
True Corporation Public Company Limited ("True Corporation")	Thailand	18%	Provision of telecommunications services

Management has assessed and determined that the Group has significant influence over these associates, including those investments where the ownership interest held by the Group is less than 20%, taking into factors including but not limited to the Group's representation on the boards of the directors of these entities. The consistency of the accounting policies between the Group and its associates has been considered when the Group recognized its interests in these associates.

(Expressed in RMB unless otherwise indicated)

20 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

(i) The fair values of the interests in listed associates are based on quoted market prices (level 1: unadjusted quoted price in active markets) at the balance sheet date without any deduction for transaction costs and disclosed as follows:

	As at 31 December 2022		As at 31 December 2021	
	Carrying amount Million	**Fair value Million**	Carrying amount Million	Fair value Million
SPD Bank	**113,017**	**38,838**	107,982	45,507
China Tower	**52,762**	**36,880**	51,246	34,560
True Corporation	**4,577**	**5,855**	4,903	5,489

(ii) The Group assesses whether there is objective evidence that interests in associates are impaired at each balance sheet date.

As at 31 December 2022, the fair value of investment in SPD Bank was RMB38,838 million (as at 31 December 2021: RMB45,507 million) based on its quoted market price, which was below its carrying amount by 65.6% (as at 31 December 2021: 57.9%). The management of the Group performed an impairment assessment and determined the recoverable amount of the investment based on its VIU. The calculation has considered pre-tax cash flow projections of SPD Bank for the five years ending 31 December 2027 with an extrapolation made to perpetuity. The discount rate used to discount the cash flows to their respective net present values was based on cost of capital used to evaluate investments of similar nature in the mainland of China. Management judgement is required in estimating the future cash flows of SPD Bank. The key assumptions are determined with reference to external sources of information. Based on the management's assessment result, there was no impairment of the investment as at 31 December 2022.

As at 31 December 2022, the fair value of investment in China Tower was RMB36,880 million (as at 31 December 2021: RMB34,560 million) based on its quoted market price, which was below its carrying amount by 30.1% (as at 31 December 2021: 32.6%). The management of the Group performed an impairment assessment and determined the recoverable amount of the investment based on its VIU. Based on the management's assessment result, there was no impairment of the investment as at 31 December 2022.

As at 31 December 2022, there was no impairment indicator of the Group's interests in other associates or joint ventures.

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20 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

(iii) Summarised financial information on major associates:

	SPD Bank As at 31 December 2022 Million	2021 Million
Total assets	**8,704,651**	8,136,757
Total liabilities	**7,997,876**	7,458,539
Total equity	**706,775**	678,218
Total equity attributable to ordinary equity shareholders	**587,963**	560,098
Percentage of ownership of the Group	**18%**	18%
Total equity attributable to the Group	**106,933**	101,898
The impact of fair value adjustments at the time of acquisition, goodwill and others	**6,084**	6,084
Interest in associates	**113,017**	107,982

	China Tower As at 31 December		True Corporation As at 31 December	
	2022 Million	2021 Million	**2022 Million**	2021 Million
Total current assets	**49,706**	48,344	**18,785**	19,143
Total non-current assets	**255,854**	274,915	**99,379**	100,326
Total current liabilities	**65,158**	76,182	**35,994**	33,255
Total non-current liabilities	**46,811**	57,723	**70,431**	70,572
Total equity	**193,591**	189,354	**11,739**	15,642
Total equity attributable to equity shareholders	**193,591**	189,354	**11,658**	15,554
Percentage of ownership of the Group	**28%**	28%	**18%**	18%
Total equity attributable to the Group	**54,070**	52,887	**2,098**	2,800
The impact of fair value adjustments at the time of acquisition, goodwill and others	**–**	–	**2,479**	2,103
Elimination of unrealized profits resulting from the transfer of Tower Assets	**(1,308)**	(1,641)	**–**	–
Interest in associates	**52,762**	51,246	**4,577**	4,903

(Expressed in RMB unless otherwise indicated)

20 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

(iii) Summarised financial information on major associates (Continued):

	SPD Bank	
	2022	2021
	Million	Million
Revenue	**188,622**	190,982
Profit before taxation	**56,149**	59,071
Profit attributable to the equity shareholders of the company	**51,171**	53,003
Other comprehensive loss attributable to the equity shareholders of the company	**———**	(1,155)
Total comprehensive income attributable to the equity shareholders of the company	**———**	51,848
Dividends received from associates	**2,187**	2,561

	China Tower		True Corporation	
	2022	2021	**2022**	2021
	Million	Million	**Million**	Million
Revenue	**92,170**	86,585	**31,392**	33,385
Profit/(loss) before taxation	**11,528**	9,615	**(4,178)**	(318)
Profit/(loss) attributable to equity shareholders of the company	**8,787**	7,329	**(4,249)**	(332)
Other comprehensive (loss)/ income attributable to equity shareholders of the company	**–**	(1)	**31**	8
Total comprehensive income/ (loss) attributable to equity shareholders of the company	**8,787**	7,328	**(4,218)**	(324)
Dividends received from associates	**1,290**	1,099	**85**	88

Note: Up to the approval date of these financial statements, SPD Bank has not yet disclosed their annual financial statements for the year ended 31 December 2022. The numbers presented in the table above are extracted from financial information which was released and publicly disclosed by SPD Bank, with some information such as other comprehensive income attributable to the equity shareholders of the company and total comprehensive income attributable to the equity shareholders of the company not being disclosed.

20 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(b) A major joint venture

In 2015, CMC, a wholly-owned subsidiary of the Company, together with State Development & Investment Corporation and China Mobile State Development & Investment Management Company Limited (45% of its registered capital is owned by CMCC), established China Mobile Innovative Business Fund (Shenzhen) Partnership (Limited Partnership) (the "Fund"). The Group recognized the investment as interest in a joint venture. CMC committed to invest RMB1,500 million, which represents 50% of the equity interest of the Fund. As at 31 December 2022, CMC had contributed RMB1,256 million (as at 31 December 2021: RMB1,256 million) to the Fund with an outstanding commitment to further invest RMB244 million (as at 31 December 2021: RMB244 million) to the Fund upon request to be lodged by the Fund. There were no contingent liabilities related to the Group's interest in this joint venture as at 31 December 2022 and 2021.

(c) Immaterial associates and joint ventures

The aggregate carrying amount of investments in other associates and joint ventures and related financial information are not material to the Group.

(d) Investments in a joint operation

To efficiently enhance its 5G network coverage, the Group entered into a series of collaboration agreements with CBN to co-construct and share 700MHz 5G wireless network (the "Co-construction and Sharing Agreement"). In accordance with the Co-construction and Sharing Agreement, the parties shall co-construct and share 700MHz wireless network (including but not limited to base stations and antennas) based on all 700MHz frequency bands of the radio spectrum in respect of which CBN had been permitted to use by relevant national departments. The parties shall jointly determine network construction plans. Without consent from the other party, any party may not dispose of (including transfer, mortgage or pledge, etc) all or any of the 700MHz wireless network assets within the scope of collaboration. The Group initially bear the construction costs of the 700MHz 5G wireless network within the agreed scope under the Co-construction and Sharing Agreement and shall initially own the assets underlying the said wireless network. CBN shall pay the Group network usage fees based on fair and reasonable negotiations. Therefore, both parties have the right to use the 700MHz wireless network. Subject to compliance with applicable laws, regulations and regulatory requirements, CBN may purchase 50% of the 700MHz 5G wireless network assets from the Group by stages, at the then assessed fair value.

(Expressed in RMB unless otherwise indicated)

21 DEFERRED TAX ASSETS AND LIABILITIES

The analysis of deferred tax assets and liabilities taking into consideration the balances before offsetting related to the same tax authority are as follows:

	As at 31 December 2022 Million	As at 31 December 2021 Million
Deferred tax assets before offsetting:		
– Deferred tax assets to be recovered after 12 months	7,435	6,434
– Deferred tax assets to be recovered within 12 months	40,813	40,123
	48,248	46,557
Deferred tax liabilities before offsetting:		
– Deferred tax liabilities to be settled after 12 months	(3,358)	(2,580)
– Deferred tax liabilities to be settled within 12 months	(3,823)	(3,130)
	(7,181)	(5,710)

As at 31 December 2022, the offsetting amount of deferred tax assets and deferred tax liabilities was RMB4,610 million (as at 31 December 2021: RMB3,341 million).

The components of deferred tax assets and liabilities recognized and the movements during the year ended 31 December 2022 are as follows:

	As at 1 January 2022 Million	(Charged)/ credited to profit or loss Million	Charged to other comprehensive income Million	Exchange differences Million	As at 31 December 2022 Million
Deferred tax assets before offsetting:					
Write-down of obsolete inventories	85	(11)	–	–	74
Depreciation, write-off and impairment of property, plant and equipment	8,226	959	–	–	9,185
Accrued expenses	20,610	1,446	–	–	22,056
Unredeemed Reward Program	9,815	(2,316)	–	–	7,499
Expected credit impairment losses	2,382	399	–	–	2,781
Recognition of right-of-use assets and lease liabilities	653	(187)	–	–	466
Others	4,786	1,394	–	7	6,187
	46,557	1,684	–	7	48,248
Deferred tax liabilities before offsetting:					
Change in value of financial assets measured at FVPL	(1,164)	(310)	–	–	(1,474)
Accelerated depreciation of property, plant and equipment	(4,047)	(641)	–	(59)	(4,747)
Others	(499)	(456)	(4)	(1)	(960)
	(5,710)	(1,407)	(4)	(60)	(7,181)
Total	40,847	277	(4)	(53)	41,067

(Expressed in RMB unless otherwise indicated)

21 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The components of deferred tax assets and liabilities recognized and the movements during the year ended 31 December 2021 are as follows:

	As at 1 January 2021 Million	Credited/ (charged) to profit or loss Million	Charged to other comprehensive income Million	Exchange differences Million	As at 31 December 2021 Million
Deferred tax assets before offsetting:					
Write-down of obsolete inventories	43	42	–	–	85
Depreciation, write-off and impairment of property, plant and equipment	6,615	1,611	–	–	8,226
Accrued expenses	18,744	1,866	–	–	20,610
Unredeemed Reward Program	8,676	1,139	–	–	9,815
Expected credit impairment losses	2,302	80	–	–	2,382
Recognition of right-of-use assets and lease liabilities	746	(93)	–	–	653
Others	4,457	333	–	(4)	4,786
	41,583	4,978	–	(4)	46,557
Deferred tax liabilities before offsetting:					
Change in value of financial assets measured at FVPL	(302)	(862)	–	–	(1,164)
Accelerated depreciation of property, plant and equipment	(3,595)	(470)	–	18	(4,047)
Others	(356)	(136)	(8)	1	(499)
	(4,253)	(1,468)	(8)	19	(5,710)
Total	37,330	3,510	(8)	15	40,847

Deferred tax assets are recognized for deductible temporary differences and tax losses carry-forwards only to the extent that the realization of the related tax benefit through future taxable profits is probable. Certain subsidiaries of the Group did not recognize deferred tax assets of RMB14,383 million (2021: RMB12,953 million) in respect of deductible temporary differences and tax losses amounting to RMB75,221 million (2021: RMB68,571 million) that can be carried forward against future taxable income as at 31 December 2022. The deductible tax losses of entities in mainland of China are allowed to be carried forward within next five years against future taxable profits, while those of high-tech enterprises are allowed to be within next ten years, and entities operating in Hong Kong can carry forward tax losses for unlimited period.

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Methods of determining fair value of financial instruments

The following table presents the fair value and fair value hierarchy of the Group's financial instruments measured at the end of the reporting period on a recurring basis. The level into which a fair value measurement is classified is determined with reference to the lowest level input that is significant to the entire measurement. The different levels have been defined as follows:

- Level 1 valuations: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: observable inputs which fail to meet Level 1, and not using significant unobservable inputs.
- Level 3 valuations: fair value measured using significant unobservable inputs.

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22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Assets measured at fair value on a recurring basis

The following table presents the Group's assets that are measured at fair value at 31 December 2022:

	Level 1 Million	Level 2 Million	Level 3 Million	Total Million
Financial assets measured at FVPL				
Wealth management products ("WMPs")	–	–	184,912	184,912
Asset management plans	–	–	50,011	50,011
Bond funds and monetary funds	48,816	–	–	48,816
CB	9,532	–	–	9,532
Equity investments and others	931	–	1,231	2,162
Financial assets measured at FVOCI	364	–	126	490
Total	59,643	–	236,280	295,923

The following table presents the Group's assets that are measured at fair value at 31 December 2021:

	Level 1 Million	Level 2 Million	Level 3 Million	Total Million
Financial assets measured at FVPL				
WMPs	–	–	169,231	169,231
Bond funds and monetary funds	30,346	–	–	30,346
CB	9,618	–	–	9,618
Equity investments and others	1,502	–	898	2,400
Financial assets measured at FVOCI	600	–	89	689
Total	42,066	–	170,218	212,284

Note: The Group's asset management plans are issued by domestic public offering fund, securities companies and other financial institutions investing in low or medium risk underlying assets, which mainly consist of money market instruments, PRC treasury bond, central bank bill, local government debt, corporate bond or debt with high credit ratings, debt assets and some stock investments.

For the year ended 31 December 2022, the Group didn't convert any CB into SPD Bank's common stock (2021: Nil).

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22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Valuation techniques used and the qualitative information of key parameters for fair value measurements categorized as Level 3

The financial assets categorized into Level 3 mainly represented wealth management products, asset management plans and unlisted equity investments. The fair value of wealth management products and asset management plans is determined based on their net asset value provided by the counterparty financial institutions as at the end of the reporting period, where the significant unobservable inputs are the net assets. The relationship of unobservable inputs to fair value is positive correlation. The fair value of unlisted equity investments is measured using the market approach, where the significant unobservable inputs are the liquidity discount of similar financial instruments. The relationship of unobservable inputs to fair value is negative correlation.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	As at 31 December 2021 Million	Purchase Million	Disposal Million	Recognized in profit or loss Million	Recognized in other comprehensive income Million	As at 31 December 2022 Million
Financial assets measured at FVOCI	89	–	–	–	37	126
Financial assets measured at FVPL	170,129	120,690	(57,106)	2,441	–	236,154
	170,218	120,690	(57,106)	2,441	37	236,280

(d) Transfers between Levels

There were no transfers between the levels of fair value hierarchy for the year ended 31 December 2022 and 2021.

23 OTHER FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	As at 31 December 2022			As at 31 December 2021		
	Non-current assets Million	Current assets Million	Total Million	Non-current assets Million	Current assets Million	Total Million
Other financial assets measured at amortized cost						
– PRC treasury bonds	9,331	–	9,331	–	–	–
– Other debt instrument investments	385	16,300	16,685	283	33,884	34,167
	9,716	16,300	26,016	283	33,884	34,167

As at 31 December 2022, the aggregated principal of PRC treasury bonds amounted to RMB9,000 million, which will mature in 2052 and bear interest at a fixed rate of 3.32% per annum.

Other debt instrument investments mainly include various debt instrument investments to banks, other financial institutions and third parties.

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24 BANK DEPOSITS

		As at 31 December 2022			As at 31 December 2021		
	Note	Non-current assets Million	Current assets Million	Total Million	Non-current assets Million	Current assets Million	Total Million
Term deposits and certificates of deposits	(i)	**39,331**	**53,902**	**93,233**	10,010	89,049	99,059
Restricted bank deposits	(ii)	**6,556**	**2,475**	**9,031**	7,046	2,163	9,209
		45,887	**56,377**	**102,264**	17,056	91,212	108,268

Note:

(i) The item represents deposits with banks with original maturity exceeding three months. The applicable interest rate is determined in accordance with the benchmark interest rate published by the People's Bank of China ("PBOC") or with reference to the market interest rate. As at 31 December 2022, interest receivable amounting to RMB2,935 million (as at 31 December 2021: RMB3,734 million) was included in the item.

(ii) As at 31 December 2022 and 2021, restricted bank deposits included in non-current assets were mainly about the statutory deposit reserves by China Mobile Finance in accordance with relevant requirements of PBOC, which are not available for use in the Group's daily operations.

As at 31 December 2022 and 2021, restricted bank deposits included in current assets were mainly about the deposited customer reserves, performance bonds and others.

25 OTHER NON-CURRENT ASSETS

	As at 31 December 2022 Million	As at 31 December 2021 Million
Contract assets (note 27)	**3,756**	2,099
Contract costs (Note)	**21,250**	17,840
Long-term prepaid expenses	**4,667**	4,466
Others	**4,883**	2,500
	34,556	26,905

Note: Contract costs capitalized mainly related to the relevant costs incurred for the customers accessing to the Group's telecommunications network (such as wireline broadband access). As at 31 December 2022, capitalized contract costs that are expected to be amortized exceeding one year amounted to RMB5,526 million (as at 31 December 2021: RMB5,178 million). For the year ended 31 December 2022, the amortization of capitalized contract costs amounted to RMB25,968 million (2021: RMB23,837 million).

26 INVENTORIES

	As at 31 December 2022 Million	As at 31 December 2021 Million
Handsets and other terminals	**8,345**	7,316
Others	**3,351**	2,887
	11,696	10,203

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27 CONTRACT ASSETS

	As at 31 December 2022 Million	As at 31 December 2021 Million
Contract assets	**18,019**	8,972
Loss allowance	**(606)**	(322)
	17,413	8,650
Less: non-current portion included in other non-current assets	**(3,756)**	(2,099)
	13,657	6,551

28 ACCOUNTS RECEIVABLE

(a) Aging analysis

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

	As at 31 December 2022 Million	As at 31 December 2021 Million
Base on invoice date:		
Within 30 days	**14,580**	12,198
31–60 days	**4,197**	3,855
61–90 days	**3,658**	4,045
91 days–1 year	**15,033**	11,457
Over 1 year	**2,777**	3,113
	40,245	34,668

The accounts receivable of the Group are primarily comprised of receivables due from customers and other telecommunications operators.

(b) Expected credit impairment loss allowance of accounts receivable

The following table summarizes the changes in expected credit impairment loss allowance of accounts receivable:

	2022 Million	2021 Million
As at 1 January	**13,117**	11,590
Recognized	**4,582**	4,030
Written-off	**(2,112)**	(2,503)
As at 31 December	**15,587**	13,117

(Expressed in RMB unless otherwise indicated)

29 AMOUNT DUE FROM/TO ULTIMATE HOLDING COMPANY

As at 31 December 2022, amount due to ultimate holding company primarily comprises the short-term deposits of CMCC in China Mobile Finance amounting to RMB11,489 million (as at 31 December 2021: RMB19,165 million) and the corresponding interest payable. The deposits are unsecured and carry interest at prevailing market rate. Apart from the above, amount due from and other balance of amount due to ultimate holding company arises from the ordinary course of business, which is unsecured, interest free and repayable on demand.

30 PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 31 December 2022 Million	As at 31 December 2021 Million
Prepaid VAT and input VAT to be deducted, etc.	**16,817**	18,523
Prepayments (Note)	**7,040**	9,326
Others	**2,400**	442
	26,257	28,291

Note: Prepayments mainly include terminal prepayments, power and utilities prepayments, maintenance prepayments, etc.

31 CASH AND CASH EQUIVALENTS

	As at 31 December 2022 Million	As at 31 December 2021 Million
Bank deposits with original maturity within three months	**11,954**	5,268
Cash at banks and on hand	**155,152**	238,675
	167,106	243,943

32 ACCOUNTS PAYABLE

Accounts payable primarily include payables for expenditure of network expansion, maintenance and support expenses and interconnection expenses, etc.

The aging analysis of accounts payable is as follows:

	As at 31 December 2022 Million	As at 31 December 2021 Million
Base on invoice date:		
Within 180 days	**93,269**	86,545
181 days – 1 year	**26,253**	28,948
Over 1 year	**37,014**	37,219
	156,536	152,712

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

(Expressed in RMB unless otherwise indicated)

33 CONTRACT LIABILITIES

	As at 31 December 2022 Million	As at 31 December 2021 Million
Non-refundable prepaid service fees	**21,672**	17,280
Unredeemed Reward Program	**35,557**	45,957
Unused data traffic carried over	**15,909**	13,046
Others	**3,030**	3,492
	76,168	79,775
Less: non-current portion	**(913)**	(707)
	75,255	79,068

Contract liabilities would be recognized as operating revenue upon the rendering of services. Almost all of the contract liability balance as at 31 December 2021 was recognized as operating revenue in the consolidated statement of comprehensive income within one year.

34 ACCRUED EXPENSES AND OTHER PAYABLES

	As at 31 December 2022 Million	As at 31 December 2021 Million
Receipts-in-advance	**84,446**	85,292
Accrued salaries, wages and other benefits	**5,893**	5,463
Accrued expenses	**107,191**	106,216
Subscription funds received from issuance of RMB Shares (Note)	**–**	48,695
Other payables	**28,046**	28,843
	225,576	274,509

Note: As at 31 December 2021, the Company's RMB Share Issue was in progress, and shares subscription funds received amounting to RMB48,695 million were included in this item. Such amount, after deducting related issuance and professional expenses, is recorded as share capital in 2022.

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35 DEFERRED REVENUE

	2022 Million	2021 Million
As at 1 January	**8,487**	8,601
Additions during the year	**2,750**	1,870
Recognized in the consolidated statement of comprehensive income	**(2,427)**	(1,984)
As at 31 December	**8,810**	8,487

36 SHARE-BASED PAYMENT

At the Company's Annual General Meeting ("AGM") held on 20 May 2020, the shareholders of the Company approved the adoption of the Share Option Scheme (the "Scheme"), for the grant of share options ("Share Options") to qualified participants.

The maximum number of shares to be issued upon the exercise of the Share Options granted under the Scheme shall not in aggregate exceed 10% of the total share capital of the Company as at the date of approval of the Scheme at a general meeting of shareholders.

The exercise price of options shall be determined in accordance with the fair market price principle, with the base day for pricing being the Grant Date. The exercise price shall not be lower than the higher of the following prices: (i) the closing price of the Shares on the Grant Date; and (ii) the average closing price of the Shares on the HKEX for the five trading days prior to the Grant Date. Subject to the satisfaction of the conditions for vesting as provided under the Scheme, the Share Options granted shall be vested in three batches as follows: (i) the first batch (being 40% of the Share Options granted) will be vested on the first trading day after 24 months from the Grant Date; (ii) the second batch (being 30% of the Share Options granted) will be vested on the first trading day after 36 months from the Grant Date; and (iii) the third batch (being 30% of the Share Options granted) will be vested on the first trading day after 48 months from the Grant Date. Vesting period ends ten years from the Grant Date.

Participants are backbone management, technical and business personnel who have a direct impact on the Company's operating performance and sustainable development. No Share Options had been granted to the directors, chief executive or substantial shareholders of the Company or any of their related parties.

On 12 June 2020 (the "First Grant"), the Board of Directors of the Company approved the grant of Share Options representing an aggregate of 305,601,702 shares to 9,914 participants of the Scheme pursuant to the aforementioned authorization, which represented 1.5% of the Company's issued share capital at then. The exercise price was HK$55.00 per share.

On 19 September 2022 (the "Second Grant"), the Board of Directors of the Company approved the grant of Share Options representing an aggregate of 607,649,999 shares to 10,988 participants of the Scheme pursuant to the aforementioned authorization, which represented 2.8% of the Company's issued share capital at then. The exercise price was HK$51.60 per share.

(Expressed in RMB unless otherwise indicated)

36 SHARE-BASED PAYMENT (CONTINUED)

For the year ended 31 December 2022, share options compensation expenses recorded in profit or loss amounted to RMB411 million (2021: RMB413 million).

(a) Movements in share options

Movements in the numbers of share options outstanding and their related weighted average exercise prices are as follows:

	Share option scheme Average exercise prices	Numbers of options
As at 1 January 2021	HK$55.00	304,702,702
Forfeited	HK$55.00	(2,605,826)
As at 31 December 2021	HK$55.00	302,096,876
Vested and exercisable as at 31 December 2021	HK$55.00	–
As at 1 January 2022	**HK$55.00**	**302,096,876**
Granted	**HK$51.60**	**607,649,999**
Forfeited	**HK$54.98**	**(22,147,157)**
As at 31 December 2022	**HK$52.67**	**887,599,718**
Vested and exercisable as at 31 December 2022	**HK$55.00**	**101,069,905**

For the year ended 31 December 2022 and 2021, no ordinary shares had been issued by the Company as no Share Options was exercised.

(b) Share options outstanding

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2022 and 2021 are as follows:

Grant Date	Normal exercise period	Exercise price	No. of shares involved in the options outstanding as at 31 December 2022	No. of shares involved in the options outstanding as at 31 December 2021
12 June 2020	12 June 2022-12 June 2030	HK$55.00	**101,069,905**	120,838,750
12 June 2020	12 June 2023-12 June 2030	HK$55.00	**89,515,817**	90,629,063
12 June 2020	12 June 2024-12 June 2030	HK$55.00	**89,515,817**	90,629,063
19 September 2022	19 September 2024-19 September 2032	HK$51.60	**242,999,271**	———
19 September 2022	19 September 2025-19 September 2032	HK$51.60	**182,249,454**	———
19 September 2022	19 September 2026-19 September 2032	HK$51.60	**182,249,454**	———

The options outstanding as at 31 December 2022 had a weighted average remaining contractual life of 9.0 years (as at 31 December 2021: 8.5 years).

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36 SHARE-BASED PAYMENT (CONTINUED)

(c) Fair value of share options

The Company used the Binomial Model to determine the fair value of the Share Options as at the Grant Date, which is to be recorded in profit or loss over the vesting period.

The weighted average fair value of the Share Options granted by the Company was HK$4.00 per share (the First Grant) and HK$3.28 per share (the Second Grant). The model inputs to determine the fair value of Share Options granted included:

	Granted on 12 June 2020 the First Grant	Granted on 19 September 2022 the Second Grant
Exercise prices	HK$55.00	HK$51.60
The closing price at the Grant Date	HK$54.25	HK$51.45
Risk-free interest rate	0.65%	3.34%
Expected dividend yield	5.90%	9.04%
Expected volatility (Note)	21.34%	22.23%

Note: The expected volatility is determined based on the historical average daily trading price volatility of the shares of the Company.

37 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Note	**Number of shares**	**RMB Million**
Ordinary shares, issued and fully paid:			
As at 31 December 2021		**20,475,482,897**	**402,130**
Issuance of RMB Shares and exercise of over-allotment, net of related issuance and professional expenses	(i)	**902,767,867**	**51,374**
Purchase of own shares	(ii)	**(15,424,000)**	**–**
As at 31 December 2022		**21,362,826,764**	**453,504**
Of which: Shares listed on the HKEX		**20,460,058,897**	
Shares listed on the SHEX		**902,767,867**	

Note:

(i) In January 2022, the Company made an initial public offering of 845,700,000 RMB Shares (before the exercise of the over-allotment option) on the SHEX, and subsequently made an over-allotment of 57,067,867 shares in February 2022. The total number of shares issued was 902,767,867 shares at the issue price of RMB57.58 per share. The amounts received, after deducting related issuance and professional costs, are recorded as share capital.

(ii) In February 2022, the Company repurchased and cancelled its own 15,424,000 shares listed on the HKEX, with the price paid between HK$54.15 and HK$58.15 per share. The aggregate amount paid was HK$866 million (equivalent to RMB707 million). Such buy-backs were financed out of the Company's distributable profits, as a result, the aforesaid buy-backs were reduced from the Company's retained profits, in accordance with the requirements of HKCO.

(iii) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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(Expressed in RMB unless otherwise indicated)

37 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

(i) Dividends attributable to the year:

	2022 Million	2021 Million
Ordinary interim dividend declared and paid of HK$2.200 (equivalent to approximately RMB1.881) (2021: HK$1.630 (equivalent to approximately RMB1.356)) per share	**42,243**	27,669
Ordinary final dividend proposed after the balance sheet date of HK$2.210 (equivalent to approximately RMB1.974) (2021: HK$2.430 (equivalent to approximately RMB1.987)) per share	**42,182**	42,443
	84,425	70,112

The proposed/approved ordinary final dividend/ordinary interim dividend per share, which is declared in Hong Kong dollar, is translated into RMB with reference to the exchange rate, being the respective rate announced by the State Administration of Foreign Exchange in the PRC on 30 December 2022 and 30 June 2022 (2021: 31 December 2021 and 30 June 2021).

As the ordinary final dividend was declared after the balance sheet date, such dividend is not recognized as liability as at 31 December 2022. In case of any change in the total number of issued shares of the Company between the date of approval for these financial statements and the record date for the implementation of the 2022 final dividend, the Company intends to keep the amount of dividend per share unchanged and adjust the total amount of profit distribution accordingly.

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 for shares listed on the HKEX, as at the record date for such dividend, and who were not individuals.

(ii) Dividends attributable to the previous financial year, approved and paid during the year:

	2022 Million	2021 Million
Ordinary final dividend in respect of the previous financial year, approved and paid during the year, of HK$2.430 (equivalent to approximately RMB1.987) (2021: HK$1.760 (equivalent to approximately RMB1.481)) per share	**44,594**	29,916

(Expressed in RMB unless otherwise indicated)

37 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital Million	Capital reserve Million	Other reserves Million	Retained profits Million	Total equity Million
As at 1 January 2021	402,130	232	72	89,316	491,750
Changes in equity for 2021:					
Profit for the year	–	–	–	63,058	63,058
Total comprehensive income for the year	–	–	–	63,058	63,058
Dividends approved in respect of previous year (note 37(b)(ii))	–	–	–	(29,916)	(29,916)
Dividends declared in respect of current year (note 37(b)(i))	–	–	–	(27,669)	(27,669)
Share option scheme – Value of share options (note 36)	–	413	–	–	413
As at 31 December 2021	402,130	645	72	94,789	497,636
Reclassification within reserves	–	72	(72)	–	–
As at 1 January 2022	**402,130**	**717**	**–**	**94,789**	**497,636**
Changes in equity for 2022:					
Profit for the year	**–**	**–**	**–**	**83,894**	**83,894**
Total comprehensive income for the year	**–**	**–**	**–**	**83,894**	**83,894**
Issuance of RMB Shares and exercise of over-allotment (note 37(a)(i))	**51,374**	**–**	**–**	**–**	**51,374**
Dividends approved in respect of previous year (note 37(b)(ii))	**–**	**–**	**–**	**(44,594)**	**(44,594)**
Dividends declared in respect of current year (note 37(b)(i))	**–**	**–**	**–**	**(42,243)**	**(42,243)**
Purchase of own shares (note 37(a)(ii))	**–**	**–**	**–**	**(707)**	**(707)**
Share option scheme – Value of share options (note 36)	**–**	**411**	**–**	**–**	**411**
As at 31 December 2022	**453,504**	**1,128**	**–**	**91,139**	**545,771**

37 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of different reserves

(i) Capital reserve

The capital reserve as at 31 December 2022 mainly comprises the following:

– RMB295,665 million debit balance brought forward as a result of the elimination of goodwill arising on the acquisition of subsidiaries before 1 January 2001 against the capital reserve;

– The difference between the consideration and the carrying amounts of net assets of acquired business under business combinations under common control; and

– The fair value of share options granted to employees of the Group that are recognized in accordance with the accounting policy in note 2(v)(iii).

Apart from the aforementioned items, the capital reserve as at 31 December 2021 also includes share of other comprehensive (loss)/income of investments accounted for using the equity method, and the changes in fair value of financial assets measured at FVOCI before the financial assets are derecognized, net of tax. These items were reclassified to other reserves for the year ended 31 December 2022 (note 37(d)(iii)).

(ii) PRC statutory reserves

PRC statutory reserves mainly include statutory surplus reserve and discretionary surplus reserve.

In accordance with the Company Law of the PRC, domestic enterprises in the mainland of China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC ("PRC GAAP"), to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of relevant mainland subsidiaries. Moreover, upon a resolution made by the shareholders, a certain percentage of domestic enterprises' profit after taxation, as determined under PRC GAAP, is transferred to the discretionary surplus reserve. During the year, appropriations were made by such subsidiaries to the statutory surplus reserves and discretionary surplus reserves accordingly.

The statutory and discretionary surplus reserves can be used to reduce previous years' losses, if any, and may be converted into paid-up capital, provided that the statutory reserve after such conversion is not less than 25% of the registered capital of relevant subsidiaries.

(Expressed in RMB unless otherwise indicated)

37 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of different reserves (Continued)

(iii) Other reserves

Other reserves as at 31 December 2022 mainly include: in accordance with relevant regulations issued by the Ministry of Finance of the PRC, a subsidiary of the Company, China Mobile Finance, is required to set aside a reserve through appropriations of profit after tax according to a certain ratio of the ending balance of its gross risk-bearing assets to cover potential losses against such assets, and the items reclassified from capital reserve to other reserves for the year (note 37(d)(i)).

Other reserves as at 31 December 2021 only include the aforementioned reserve set aside by China Mobile Finance.

(iv) Exchange reserve

The exchange reserve comprises all foreign currency translation differences arising from the translation of foreign currency denominated financial statements of overseas enterprises. The reserve is dealt with in accordance with the accounting policies set out in note 2(y).

(e) Capital management

The Group's primary objectives of capital management are to maintain a reasonable capital structure and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders. The Group actively and regularly reviews and manages its capital structure to stabilize the capital position and prevent operation risk. Meanwhile, the Group will maximize the shareholders' return and will make adjustment on the capital structure in accordance with the changes in economic conditions.

The Group monitors capital on the basis of liabilities-to-assets ratio. This ratio is calculated as total liabilities divided by total assets. At the end of reporting period, the Group's liabilities-to-assets ratio is as follows:

	As at 31 December 2022 Million	As at 31 December 2021 Million
Total assets	**1,935,538**	1,841,327
Total liabilities	**634,115**	631,035
Liabilities-to-assets ratio	**32.8%**	34.3%

Except for China Mobile Finance that is subject to certain capital requirements imposed by China Banking and Insurance Regulatory Commission, the Company and its other subsidiaries are not subject to externally imposed capital requirements.

(Expressed in RMB unless otherwise indicated)

38 BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2022 Million	As at 31 December 2021 Million
Assets			
Non-current assets			
Property, plant and equipment		**1**	1
Investments in subsidiaries		**546,634**	494,647
		546,635	494,648
Current assets			
Amounts due from subsidiaries		**1,346**	6,347
Prepayments and other current assets		**1**	38
Prepaid income tax		**–**	5
Other receivables		**18**	1
Bank deposits		**549**	753
Cash and cash equivalents		**4,889**	48,795
		6,803	55,939
Total assets		**553,438**	550,587
Equity and liabilities			
Liabilities			
Current liabilities			
Amount due to a subsidiary		**7,510**	4,234
Accrued expenses and other payables		**52**	48,717
Income tax payable		**105**	–
		7,667	52,951
Total liabilities		**7,667**	52,951
Equity			
Share capital	37(a)	**453,504**	402,130
Reserves	37(c)	**92,267**	95,506
Total equity		**545,771**	497,636
Total equity and liabilities		**553,438**	550,587

The balance sheet of the Company was approved by the Board of Directors on 23 March 2023 and was signed on its behalf.

Dong Xin
Name of Director

Li Ronghua
Name of Director

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS

(a) Transactions with CMCC Group

The following is a summary of principal related party transactions entered into by the Group with CMCC and its subsidiaries excluding the Group ("CMCC Group") for the years ended 31 December 2022 and 2021. The majority of these transactions also constitute continuing connected transactions as defined under Chapter 14A of Listing Rules. Further details of these continuing connected transactions are disclosed under the paragraph "Continuing Connected Transactions" in the Report of Directors.

	Note	2022 Million	2021 Million
Revenue from telecommunications facilities construction services	(i)	**1,859**	1,607
Revenue from comprehensive support services	(ii)	**505**	329
Technical support services charges	(iii)	**439**	271
Additions of right-of-use assets	(iv)	**9,139**	712
Related costs for lease of network assets and property	(iv)	**9,067**	5,982
Interest expenses	(v)	**65**	131
Net repayment of short-term deposits	(v)	**(6,648)**	(7,541)

The outstanding balances related to transactions with CMCC Group are included in the following accounts captions summarized as follows:

	As at 31 December 2022 Million	As at 31 December 2021 Million
Accounts receivable	**289**	228
Other receivables	**2**	–
Prepayments and other current assets	**1**	1
Amount due from ultimate holding company	**2,537**	2,612
Right-of-use assets	**6,818**	631
Lease liabilities	**7,467**	728
Accounts payable	**2,196**	2,992
Accrued expenses and other payables	**1,694**	578
Amount due to ultimate holding company	**20,136**	23,478

These amounts arise in the ordinary course of business and with terms determined through mutual negotiation which are fair and reasonable.

Note:

(i) The Group provides telecommunications facilities construction services to CMCC Group for the telecommunications project planning, design, construction, maintenance and other services.

(ii) The Group provides comprehensive management, support and other services to CMCC Group.

(iii) The Group purchases technical support and other services from CMCC Group.

(iv) The amounts primarily represent the additions of right-of-use assets/the charges to CMCC Group for the lease of machinery rooms and transmission pipelines, power support and other network assets and resources, offices and retail outlets.

For the year ended 31 December 2022, the Group recognized the right-of-use assets for the lease of machinery rooms and transmission pipelines amounting to RMB8,552 million, and recognized the right-of-use assets for the lease of offices and retail outlets amounting to RMB587 million. Related costs for lease of machinery rooms and transmission pipelines include the depreciation of right-of-use assets, finance costs associated with the lease liabilities and other charges amounting to RMB2,425 million. Related costs for lease of power support and other network assets and resources amounting to RMB5,417 million. Related costs for lease of offices and retail outlets include the depreciation of right-of-use assets, finance costs associated with the lease liabilities and other charges amounting to RMB1,225 million.

(v) The amounts represent the bank deposits received from or repaid to CMCC Group and related interest expenses. The interest rate of short-term bank deposits is negotiated based on the benchmark interest rate published by the PBOC.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Principal transactions with associates and joint ventures of the Group

The following is a summary of principal related party transactions entered into by the Group with the associates and joint ventures of the Group for the year ended 31 December 2022 and 2021, the terms of which are fair and reasonable.

	Note	2022 Million	2021 Million
Revenue from telecommunications services	(i)	**1,197**	796
Telecommunications services charges	(i)	**97**	40
Technical support services charges	(ii)	**5,101**	4,847
Property leasing and management services revenue	(iii)	**110**	33
Dividend received		**3,726**	3,927
Related costs for use of tower assets	(iv)	**41,544**	41,486
Additions of right-of-use assets	(iv)	**62,907**	4,393
(Decrease)/increase in cash, cash equivalents and bank deposits	(v)	**(18,512)**	17,179
(Decrease)/increase in other financial assets measured at amortized cost	(vi)	**(5,650)**	304
Purchase of financial assets measured at FVPL	(vii)	**10,000**	18,500
Disposal of financial assets measured at FVPL	(vii)	**8,838**	14,549
Interest and other income	(viii)	**2,174**	3,174

The outstanding balances related to transactions with the associates and joint ventures of the Group are included in the following accounts captions summarized as follows:

	As at 31 December 2022 Million	As at 31 December 2021 Million
Accounts receivable	**278**	260
Right-of-use assets	**67,776**	20,169
Other receivables	**252**	340
Cash, cash equivalents and bank deposits	**56,052**	75,362
Other financial assets measured at amortized cost	**201**	5,783
Financial assets measured at FVPL	**32,185**	30,623
Prepayments and other current assets	**3**	–
Lease liabilities	**70,599**	22,836
Accounts payable	**4,056**	4,692
Bills payable	**5,026**	3,534
Accrued expenses and other payables	**11,334**	9,908

39 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Principal transactions with associates and joint ventures of the Group (Continued)

Note:

(i) The Group provides/purchases telecommunications services to/from Group's associates and joint ventures for the telecommunications project planning, design and construction services and telecommunications services.

(ii) The Group purchases technical support and other services from the Group's associates and joint ventures.

(iii) The Group provides property leasing and management service to China Tower and other associates and joint ventures.

(iv) The amounts primarily represent the related costs for tower assets leasing and other service charges. For the year ended 31 December 2022, related costs for use of tower assets include the depreciation of right-of-use assets amounting to RMB14,545 million (2021: RMB14,162 million), charges for use of tower assets and finance costs associated with the lease liabilities amounting to RMB26,580 million (2021: RMB27,034 million), other service charges amounting to RMB419 million (2021: RMB209 million).

The Group recognized the addition of lease liabilities and the right-of-use assets for the lease of tower assets. As set out in note 17, the board of the Company approved the Commercial Pricing Agreement and the Service Agreement on 13 December 2022. The Group recognized the related lease liabilities and the corresponding additions of right-of-use assets amounting to RMB59,112 million based on the new lease terms.

(v) The amounts represent the deposits placed with SPD Bank, the interest rate of which is negotiated based on the benchmark interest rate published by PBOC.

(vi) The amounts represent the short-term loans granted to China Tower and debt instrument investments placed with SPD Bank. The related interest rates are mutually agreed among both parties with reference to the market interest rates.

(vii) The amounts represent the WMPs purchased from SPD Bank. The return rates of WMPs are determined with reference to market conditions.

(viii) The amounts primarily represent interest income from the deposits placed with SPD Bank, the short-term loans granted to China Tower and debt instrument investments placed with SPD Bank, and the income derived from WMPs purchased from SPD Bank and the CB publicly issued by SPD Bank.

(c) Transactions with associates and joint ventures of CMCC Group

In addition, the Group has entered into transactions with associates and joint ventures of CMCC Group during the ordinary course of the Group's business based on terms comparable to terms of transactions enacted with other entities, the amounts of such transactions and related outstanding balances were not material.

39 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with other government-related entities in the PRC

The Group is a government-related enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through government authorities, agencies, affiliations and other organization (collectively referred to as "government-related entities").

Apart from transactions with CMCC Group (notes 29 and 39(a)) and associates and joint ventures (note 39(b)), the Group has collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

– rendering and receiving telecommunications services, including interconnection revenue/charges

– sharing certain telecommunications network infrastructures and frequency bands of the radio spectrum

– purchasing of goods, including use of public utilities

– placing of bank deposits and purchasing of investment products

These transactions are conducted during the ordinary course of the Group's business based on terms comparable to the terms of transactions enacted with other entities that are not government-related. The Group prices all its telecommunications services and products based on commercial negotiations with reference to rules and regulations stipulated by related authorities of the PRC Government, where applicable. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

(e) For key management personnel remuneration please refer to note 11.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk and concentration risk

The Group's credit risk is primarily attributable to the financial assets in the balance sheet, which mainly include deposits with banks, WMPs, asset management plans, CB, accounts receivable, other receivables and other financial assets measured at amortized cost. The maximum exposure to credit risk is represented by the carrying amount of the financial assets.

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(i) Risk management

Substantially all the Group's cash at banks, and bank deposits are deposited in financial institutions in the mainland of China and Hong Kong. The credit risk on liquid funds is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies and large state-controlled financial institutions. The Group's WMPs and asset management plans are issued by major domestic banks and other financial institutions investing in low or medium risk underlying assets, which mainly consist of money market instruments, PRC treasury bond, central bank bill, local government debt, corporate bond or debt with high credit ratings, and some stock investments. CB are bonds with AAA credit rating bonds issued by SPD Bank. Other financial assets measured at amortized cost primarily include PRC treasury bonds, various debt instrument investments to banks and other financial institutions and third parties with high credit, as such, the related credit risk is considered as immaterial.

The accounts receivable of the Group are primarily comprised of receivables due from customers and other telecommunications operators. Accounts receivable from individual customers are spread among an extensive number of customers and the majority of the receivables from individual customers are due for payment within one month from the date of billing. For corporate customers, the credit period granted by the Group is based on the service contract terms, normally not exceeding 1 year. Other receivables primarily comprise receivables due from deposits and retention money. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis, taking into account the counter parties' financial position, the Group's past experience and other factors. Meanwhile, concentrations of credit risk with respect to accounts receivables are limited due to the Group's customer base being large and unrelated. As such, management considers the aggregate risks arising from the possibility of credit losses is limited and acceptable.

(ii) Impairment of financial assets

The Group has the following types of assets that are subject to expected credit loss model:

– Accounts receivable and contract assets

– Other financial assets measured at amortized cost

Accounts receivable and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable and contract assets.

To measure the expected credit losses, accounts receivable have been grouped by amounts due from individual customers, corporate customers, and other miscellaneous customer groups based on similar credit risk characteristics and ages.

The expected loss rates are based on the payment profiles of sales over a period before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The Group's expected loss rates are mainly determined based on the corresponding historical credit losses. The Group also has considered the expected changes in macroeconomic factors, such as Consumer Price Index ("CPI"), Producer Price Index ("PPI") and Gross Domestic Product ("GDP"), and adjusted the historical loss rates based on expected changes in these factors accordingly to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

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40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(ii) Impairment of financial assets (Continued)

Accounts receivable and contract assets (Continued)

The expected credit loss as at 31 December 2022 and 2021 was determined as follows for each customers group of accounts receivables due from individual customers and corporate customers, respectively:

	Within 30 days Million	31 days to 90 days Million	91 days to 1 year Million	Over 1 year Million
As at 31 December 2022				
Individual customers				
Expected loss rate	**2%**	**20%**	**80%**	**100%**
Gross carrying amount	**2,890**	**742**	**1,520**	**1,380**
Loss allowance	**(58)**	**(148)**	**(1,216)**	**(1,380)**

	Within 180 days Million	181 days to 1 year Million	1 year to 2 years Million	2 years to 3 years Million	Over 3 years Million
As at 31 December 2022					
Corporate customers					
Expected loss rate	**3%**	**25%**	**65%**	**85%**	**100%**
Gross carrying amount	**15,812**	**8,782**	**4,556**	**2,401**	**3,002**
Loss allowance	**(474)**	**(2,196)**	**(2,961)**	**(2,041)**	**(3,002)**

	Within 30 days Million	31 days to 90 days Million	91 days to 1 year Million	Over 1 year Million
As at 31 December 2021				
Individual customers				
Expected loss rate	2%	20%	80%	100%
Gross carrying amount	2,943	790	1,518	1,420
Loss allowance	(59)	(158)	(1,214)	(1,420)

	Within 180 days Million	181 days to 1 year Million	1 year to 2 years Million	2 years to 3 years Million	Over 3 years Million
As at 31 December 2021					
Corporate customers					
Expected loss rate	3%	25%	65%	85%	100%
Gross carrying amount	15,403	6,315	4,237	2,353	2,072
Loss allowance	(462)	(1,579)	(2,754)	(2,000)	(2,072)

As at 31 December 2022 and 2021, the expected loss rates for contract assets are from 3% to 5%.

The expected credit loss of the receivables from other customers is insignificant.

(Expressed in RMB unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(ii) Impairment of financial assets (Continued)

Accounts receivable and contract assets (Continued)

Expected credit impairment losses on accounts receivable are presented within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost include cash and cash equivalents, bank deposits, other receivables, PRC treasury bonds, other debt instrument investments and amount due from ultimate holding company, etc. They are considered to be of low credit risk and the relevant expected credit loss is insignificant.

(b) Liquidity risk

Liquidity risk refers to the risk that funds will not be available to meet liabilities as they fall due, and results from timing and amount mismatches of cash inflow and outflow. The Group maintains sufficient cash balances and bank deposits (which are readily convertible to known amounts of cash) to meet its funding needs, including working capital, capital expenditures, dividend payments, and payments for short-term deposits of CMCC Group received by China Mobile Finance, etc.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates at the balance sheet date) and the earliest date the Group would be required to repay:

	Carrying amount Million	Total contractual undiscounted cash flow Million	Within 1 year or on demand Million	More than 1 year but less than 3 years Million	More than 3 years but less than 5 years Million	More than 5 years Million
As at 31 December 2022						
Accounts payable	156,536	156,536	156,536	–	–	–
Bills payable	14,759	14,759	14,759	–	–	–
Accrued expenses and other payables	214,366	214,366	214,366	–	–	–
Amount due to ultimate holding company	20,136	20,136	20,136	–	–	–
Lease liabilities	112,660	122,029	32,970	41,922	32,636	14,501
Other non-current liabilities	383	423	–	84	81	258
	518,840	528,249	438,767	42,006	32,717	14,759

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (Continued)

	Carrying amount Million	Total contractual undiscounted cash flow Million	Within 1 year or on demand Million	More than 1 year but less than 3 years Million	More than 3 years but less than 5 years Million	More than 5 years Million
As at 31 December 2021						
Accounts payable	152,712	152,712	152,712	–	–	–
Bills payable	12,747	12,747	12,747	–	–	–
Accrued expenses and other payables	264,545	264,545	264,545	–	–	–
Amount due to ultimate holding company	23,478	23,478	23,478	–	–	–
Lease liabilities	56,981	61,776	26,519	19,875	8,552	6,830
Other non-current liabilities	373	425	–	78	75	272
	510,836	515,683	480,001	19,953	8,627	7,102

(c) Interest rate and fair value risk

The Group consistently monitors the current and potential fluctuation of interest rates in managing the interest rate risk on a reasonable level. As at 31 December 2022, the Group did not have any interest-bearing borrowings at variable rates, but had RMB11,489 million (as at 31 December 2021: RMB19,165 million) of short-term bank deposits placed by CMCC, which were at fixed rate and expose the Group to fair value interest rate risk. The Group determines the amount of its fixed rate borrowings depending on the prevailing market condition. Management does not expect fair value interest rate risk to be high as the interest involved will not be significant.

As at 31 December 2022, total cash and bank deposits balances of the Group amounted to RMB269,370 million (as at 31 December 2021: RMB352,211 million), interest-bearing other financial assets measured at amortized cost amounted to RMB26,145 million (as at 31 December 2021: RMB34,426 million), and WMPs, monetary funds and other investment products amounted to RMB283,767 million (as at 31 December 2021: RMB199,741 million). The interest and other income generated by the assets mentioned above for 2022 was RMB16,109 million (2021: RMB16,361 million) and the average interest rate was 2.76% (2021: 3.00%). Assuming the total cash and bank balances, interest-bearing receivables and WMPs are stable in the coming year and interest rate increases/decreases by 100 basis points, the profit for the year and total equity would approximately increase/decrease by RMB4,345 million (2021: RMB4,396 million).

The carrying amount of the financial instruments carried at amortized cost are not materially different from their respective fair values at the balance sheet dates as they are readily convertible into cash or repayable on demand.

(d) Foreign currency risk

The Group has foreign currency risk as certain cash and deposits with banks are denominated in foreign currencies, principally Hong Kong dollars and US dollars that is different from the functional currency of the respective group entities. As the amount of the Group's foreign currency cash and deposits with banks represented 3.4% (2021: 1.8%) of the total cash and deposits with banks, the Group considered the related foreign currency risk was immaterial.

(Expressed in RMB unless otherwise indicated)

41 CAPITAL COMMITMENTS

The Group's capital expenditure contracted for as at 31 December but not provided for in the consolidated financial statements are as follows:

	2022	2021
	Million	Million
Land and buildings	**2,205**	4,049
Telecommunications equipment and others	**27,552**	29,510
	29,757	33,559

42 EVENTS AFTER THE REPORTING PERIOD

Proposed dividend

After the balance sheet date, the Board of Directors proposed a final dividend for the year ended 31 December 2022. Further details are disclosed in note 37(b)(i).

43 COMPARATIVE FIGURES

Certain comparative figures on the consolidated financial statements have been reclassified to conform to the presentation for the year.

44 ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical estimations and judgements are as follows:

Impairment losses of accounts receivable

The impairment loss allowance of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group assesses these assumptions and selects the inputs to the impairment calculation, based on the Group's historical credit losses, macroeconomic factors as well as expected changes in these factors at each balance sheet date.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are determined based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Taxation

The Group is subject to income taxes mainly in the mainland of China and Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred tax assets could be recovered. Deferred tax assets are recognized based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(Expressed in RMB unless otherwise indicated)

44 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Impairment of property, plant and equipment, goodwill, right-of-use assets, other intangible assets and investments accounted for using the equity method

The Group's property, plant and equipment, goodwill, right-of-use assets, other intangible assets and investments accounted for using the equity method comprise a significant portion of the Group's total assets. Changes in technology or industry conditions may cause the value of these assets to change. Property, plant and equipment, right-of-use assets, other intangible assets subject to amortization and investments accounted for using the equity method, are reviewed at least annually to determine whether there is any indication of impairment. The recoverable amount is estimated whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. In addition, for goodwill and other intangible assets with indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculation of the estimated future cash flow requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable estimation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in further impairment charge or reversal of impairment in future periods. Additional information for the impairment assessment of goodwill and investments accounted for using the equity method is disclosed in notes 18 and 20, respectively.

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, INTERPRETATIONS AND DISCLOSURES ISSUED BUT NOT YET EFFECTIVE OR MANDATORY FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, the IASB/HKICPA has issued a number of amendments and new standards which are not yet effective or mandatory for the year ended 31 December 2022 and which have not been adopted in these financial statements. Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 1, "Presentation of financial statements" and IFRS/HKFRS Practice Statement 2, "Making materiality judgements" – Disclosure of accounting policies	1 January 2023
Amendments to IAS/HKAS 8, "Accounting policies, changes in accounting estimates and errors" – Definition of accounting estimates	1 January 2023
Amendments to IAS/HKAS 12, "Income taxes" – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS/HKAS 1, "Presentation of financial statements" – Classification of liabilities as current or non-current	1 January 2024
Amendments to IFRS/HKFRS 10, "Consolidated Financial Statements" and IAS/HKAS 28, "Investments in associates and joint ventures" – Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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.

Financial Summary

(Expressed in RMB)

RESULTS

	2022 Million	2021 Million	2020 Million	2019 Million	2018 Million
Operating revenue					
Revenue from telecommunications services	**812,058**	751,409	695,692	674,392	670,907
Revenue from sales of products and others	**125,201**	96,849	72,378	71,525	65,912
	937,259	848,258	768,070	745,917	736,819
Operating expenses					
Network operation and support expenses	**254,182**	225,010	206,424	175,810	200,007
Depreciation and amortization	**200,077**	193,045	172,401	182,818	154,154
Employee benefit and related expenses	**130,157**	118,680	106,429	102,518	93,939
Selling expenses	**49,592**	48,243	49,943	52,813	60,326
Cost of products sold	**122,743**	96,083	73,100	72,565	66,231
Other operating expenses	**51,409**	49,234	47,039	46,244	40,775
	808,160	730,295	655,336	632,768	615,432
Profit from operations	**129,099**	117,963	112,734	113,149	121,387
Other gains	**9,388**	8,257	5,602	4,029	2,906
Interest and other income	**15,729**	16,729	14,341	15,560	15,885
Finance costs	**(2,330)**	(2,679)	(2,996)	(3,246)	(144)
Income from investments accounted for using the equity method	**10,986**	11,914	12,678	12,641	13,861
Profit before taxation	**162,872**	152,184	142,359	142,133	153,895
Taxation	**(37,278)**	(35,878)	(34,219)	(35,342)	(35,944)
PROFIT FOR THE YEAR	**125,594**	116,306	108,140	106,791	117,951

Financial Summary

(Expressed in RMB)

	2022 Million	2021 Million	2020 Million	2019 Million	2018 Million
Other comprehensive income for the year, net of tax:					
Items that will not be subsequently reclassified to profit or loss					
Changes in the fair value of financial assets measured at fair value through other comprehensive income	**(226)**	(406)	957	(75)	(168)
Remeasurement of defined benefit liabilities	**15**	(143)	–	–	–
Share of other comprehensive (loss)/income of investments accounted for using the equity method	**(12)**	7	(32)	14	60
Items that may be subsequently reclassified to profit or loss					
Currency translation differences	**2,575**	(882)	(1,915)	683	1,160
Share of other comprehensive loss of investments accounted for using the equity method	**(1,093)**	(219)	(585)	428	1,188
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**126,853**	114,663	106,565	107,841	120,191
Profit attributable to:					
Equity shareholders of the Company	**125,459**	116,148	107,843	106,641	117,781
Non-controlling interests	**135**	158	297	150	170
PROFIT FOR THE YEAR	**125,594**	116,306	108,140	106,791	117,951
Total comprehensive income attributable to:					
Equity shareholders of the Company	**126,718**	114,505	106,268	107,691	120,021
Non-controlling interests	**135**	158	297	150	170
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**126,853**	114,663	106,565	107,841	120,191

Financial Summary

(Expressed in RMB)

ASSETS AND LIABILITIES

	As at 31 December 2022 Million	As at 31 December 2021 Million	As at 31 December 2020 Million	As at 31 December 2019 Million	As at 31 December 2018 Million
Property, plant and equipment	**741,029**	723,305	705,547	674,832	666,496
Construction in progress	**73,087**	71,742	71,651	67,978	72,180
Right-of-use assets	**108,749**	55,350	65,091	74,308	–
Land use rights	**15,244**	15,739	16,192	16,489	16,593
Goodwill	**35,301**	35,344	35,344	35,343	35,343
Other intangible assets	**8,691**	8,171	7,213	3,475	2,620
Investments accounted for using the equity method	**175,649**	169,556	161,811	155,228	145,325
Deferred tax assets	**43,638**	43,216	38,998	32,628	29,654
Financial assets measured at fair value through other comprehensive income	**490**	689	1,111	513	587
Financial assets measured at fair value through profit or loss	**187,130**	78,600	–	–	–
Other financial assets measured at amortized cost	**9,716**	283	–	–	–
Bank deposits	**45,887**	17,056	23,836	10,063	12,369
Other non-current assets	**34,556**	26,905	21,345	28,517	19,627
Current assets	**456,371**	595,371	579,743	529,866	535,116
Total assets	**1,935,538**	1,841,327	1,727,882	1,629,240	1,535,910
Current liabilities	**533,337**	582,148	517,274	462,067	474,398
Lease liabilities – non-current	**81,741**	30,922	42,460	51,635	–
Deferred revenue	**8,810**	8,487	8,601	6,861	4,881
Deferred tax liabilities	**2,571**	2,369	1,668	1,388	822
Other non-current liabilities	**7,656**	7,109	5,107	–	–
Total liabilities	**634,115**	631,035	575,110	521,951	480,101
Total equity	**1,301,423**	1,210,292	1,152,772	1,107,289	1,055,809

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. YANG Jie
(Executive Director & Chairman)
Mr. DONG Xin
(Executive Director & Chief Executive Officer)
Mr. LI Pizheng
(Executive Director)
Mr. LI Ronghua
(Executive Director & Chief Financial Officer)

Independent Non-Executive Directors

Mr. Stephen YIU Kin Wah
Dr. YANG Qiang
Mr. Carmelo LEE Ka Sze
Mrs. Margaret LEUNG KO May Yee

PRINCIPAL BOARD COMMITTEES

Audit Committee

Mr. Stephen YIU Kin Wah (Chairman)
Dr. YANG Qiang
Mr. Carmelo LEE Ka Sze
Mrs. Margaret LEUNG KO May Yee

Remuneration Committee

Mr. Stephen YIU Kin Wah (Chairman)
Dr. YANG Qiang
Mr. Carmelo LEE Ka Sze
Mrs. Margaret LEUNG KO May Yee

Nomination Committee

Dr. YANG Qiang (Chairman)
Mr. Stephen YIU Kin Wah
Mr. Carmelo LEE Ka Sze
Mrs. Margaret LEUNG KO May Yee

COMPANY SECRETARY

Ms. WONG Wai Lan, Grace

AUDITORS

KPMG
Registered Public Interest Entity Auditor
KPMG Huazhen LLP
Recognised Public Interest Entity Auditor

LEGAL ADVISER

Sullivan & Cromwell (Hong Kong) LLP

REGISTERED OFFICE

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183 Queen's Road East
Wanchai, Hong Kong

RMB SHARE REGISTRAR

China Securities Depository and Clearing Corporation Limited (CSDC)
Head Office Address:
No. 17 Tai Ping Qiao Street,
Xicheng District,
Beijing, P.R. China
Postal Code: 100033
www.chinaclear.cn

PUBLICATIONS

As required by the laws and regulations of People's Republic of China and Hong Kong SAR, the Company shall file an annual report with Shanghai Stock Exchange and Hong Kong Stock Exchange by the end of April each year. Copies of the annual reports of the Company, once filed, will be available at:

Hong Kong and the mainland of China:

China Mobile Limited
60/F, The Center,
99 Queen's Road Central
Hong Kong

29 Jing Rong Avenue,
Xi Cheng District, Beijing, China
www.chinamobileltd.com

SSE: www.sse.com.cn
HKEX: www.hkexnews.hk

Forward-Looking Statements

Forward-looking statements contained in this annual report 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.

中国移动
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