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CHINA MOBILE LIMITED

中國移動有限公司

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

Stock Codes: 941 (HKD Counter) and 80941 (RMB Counter)

2023 ANNUAL RESULTS

- Operating revenue was RMB1,009.3 billion, up by 7.7% year-on-year; of which, revenue from telecommunications services was RMB863.5 billion, up by 6.3% year-on-year
- Digital transformation revenue reached RMB253.8 billion, up by 22.2% year-on-year, contributing 29.4% of telecommunications services revenue
- Profit attributable to equity shareholders was RMB131.8 billion, up by 5.0% year-on-year
- Total number of mobile customers was 991 million; of which, number of 5G package customers was 795 million; mobile ARPU reached RMB49.3
- Total number of wireline broadband customers was 298 million; of which, number of household broadband customers was 264 million; household customer blended ARPU reached RMB43.1
- The Board recommends a dividend payout ratio of 71% for the full year of 2023; a final dividend payment of HK\$2.40 per share, together with the interim dividend already paid, total dividend for the full year of 2023 amounted to HK\$4.83 per share, an increase of 9.5% from that of 2022

CHAIRMAN’S STATEMENT

Dear Shareholders,

In 2023, despite various challenges faced by the Company in a complex and severe macro-environment, we seized the opportunities emerging from accelerated economic and social digital transformation. This helped anchor us in our position as a world-class information services and sci-tech innovation enterprise. Our efforts were focused on fully implementing our “1-2-2-5”¹ strategy and strengthening innovation and core competitiveness to promote high-quality and sustainable development. Our business results reached new milestones, with revenue surpassing the RMB trillion mark for the first time in our history of development, and net profit attaining a record high. In terms of operations, our strategic transformation, reforms and innovation all advanced to a new level, underscoring our solid progress in establishing a world-class enterprise that takes pride in outstanding products, reputable brands, leading innovation and modern governance.

2023 Results

Our operating revenue for the year reached RMB1,009.3 billion, or 7.7% growth year-on-year. Of this, telecommunications services revenue accounted for RMB863.5 billion, representing an increase of 6.3% year-on-year and surpassing the industry average. The total number of connections² reached 3.35 billion, representing a net addition of 410 million connections. All CHBN³ markets recorded growth, with HBN revenue accounting for 43.2% of telecommunications services revenue, an increase of 3.4 percentage points year-on-year. Digital transformation revenue⁴ increased by 22.2% year-on-year and reached RMB253.8 billion, taking up 29.4% of telecommunications services revenue. We further reinforced our foundation and optimized our revenue structure while seeing strong momentum from the “second curve” in generating growth. This formed a solid base for our sustainable development.

¹ Anchoring ourselves to “one single position” of a world-class information services and sci-tech innovation enterprise; speeding up the “two changes”, which are the shift from quantitative leadership based on scale to qualitative leadership with a focus 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. We will collectively foster the “Two New Elements”: systematically building a new information infrastructure centered on 5G, CN and the integration platform, and developing a new information services system of connectivity, computility and capability. We will proactively unleash the “five benefits” through innovation, customer recognition, reforms, talent and the ecosystem.

² The total number of connections includes mobile handsets, wireline broadband, IoT cards, home devices and industry devices.

³ CHBN refers to the “Customer” market (C), the “Home” market (H), the “Business” market (B), and the “New” market (N).

⁴ Digital transformation revenue includes the revenues from new businesses from the “Customer” market (China Mobile Cloud Drive and others); the revenues from smart home value-added businesses from the “Home” market; the revenues from DICT, IoT and dedicated lines businesses from the “Business” market; and the revenue from the “New” market (excluding revenue from international basic business).

Profit attributable to equity shareholders was RMB131.8 billion, an increase of 5.0% year-on-year, and earnings per share were RMB6.16. Our profitability remained in a leading position among top-tier global telecommunications operators. EBITDA was RMB341.5 billion, an increase of 3.7% year-on-year. EBITDA⁵ as a percentage of telecommunications services revenue was 39.5%. Capital expenditure totaled RMB180.3 billion, accounting for 20.9% of telecommunications services revenue⁴ and decreasing by 1.9 percentage points year-on-year. Free cash flow was RMB123.5 billion, an increase of 29.2% year-on-year. These indicators demonstrated our leading efficiency and effectiveness, and reflected a favorable trajectory for growth.

The Board recommends a dividend payout ratio of 71%⁶ for the full year of 2023. It also recommends a final dividend payment of HK\$2.40 per share⁷ for the year ended 31 December 2023. Together with the interim dividend already paid, total dividend for the full year of 2023 amounted to HK\$4.83 per share, an increase of 9.5% from that of 2022.

To create higher returns for our shareholders and share the results of our growth, after giving full consideration to the Company's profitability, cash flow generation and future development needs, in the three-year period from 2024, the profit to be distributed in cash for each year will gradually increase to above 75% of the profit attributable to equity shareholders of the Company⁸ for that year. The Company will strive to create more value for shareholders.

⁵ EBITDA = profit from operations + depreciation and amortization.

⁶ 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 2023.

⁷ Dividends on A shares will be paid 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 before the annual general meeting declared the dividends.

⁸ The basis of profit distribution of the Company is the profit attributable to equity shareholders under IFRS.

Vigorously Drove Business Transformation and Upgrade Value-oriented Operations Achieved Remarkable Results

Responding to the trends of digitalization and the growing adoption of network and intelligence, we focused on enhancing the capabilities and quality of the information services we provide. We relentlessly pursued value-oriented operations that leverage the scale of our business to drive comprehensive and integrated development in the CHBN markets. We have also built our presence in new areas and opened new markets, effectively discovering and satisfying customer demand for upgrading digital consumption. We achieved remarkable results on these fronts, leading to outstanding performance in all four markets and further consolidating our competitive edges.

“Customer” Market: Integrated Operations Built on Strong Foundation

We furthered the integrated development of data access, applications and customer benefits. The number of 5G customers represented a growing share of our overall customer base resulting from unleashing the synergies between the “Home” and “Business” markets, more precisely targeting customer, scenario and market segments. Moreover, we promoted the upgrade of our benefit superstore to a digital life services platform. We launched the M-zone Mango Card through a joint initiative linking brand operation and ecosystem cooperation. As a result, the scale and value of our “Customer” market continued to form a strong foundation, underscoring its role in offering stability to the Company. In 2023, our “Customer” market revenue reached RMB490.2 billion, up by 0.3% year-on-year. Mobile customers totaled 991 million, with a net addition of 15.99 million customers. In our customer base, 795 million were 5G package customers, representing a net addition of 180 million. The number of customers using our integrated-benefit products⁹ reached 330 million, a net addition of 42.76 million customers. The number of monthly active users of our cloud product China Mobile Cloud Drive recorded a net addition of 23.74 million, bringing the total to 190 million, the second largest in the industry. The number of customers using our 5G new voice over high definition video reached 133 million, a net addition of 41.32 million customers – more than 3.07 million of them were subscribers of AI applications. The M-zone Mango Card recorded sales of 11.47 million in the five months since its launch, demonstrating its popularity among young customers. Mobile ARPU (average revenue per user per month) recorded stable and healthy growth, up 0.6% year-on-year to RMB49.3.

⁹ This refers to the number of normal on-net customers who have subscribed to our benefit products, including benefit-only package products, telecommunications + benefit package products and paid members of our benefit superstore. Duplicate customers within the benefit business are removed.

“Home” Market: Upgraded Smart Business with Emphasis on Value

We aspired to develop a smart home ecosystem featuring full-gigabit network and cloud-based applications by cultivating our leadership in gigabit-driven broadband, content-driven large screens, platform-driven IoT and ecosystem-driven HDICT (home data, information and communications technology, collectively “**home informatization solutions**”). We proactively developed growth areas in smart home spending and continuously expanded the scenarios for smart home solutions. Our “Home” market maintained favorable growth, and we remained steadfast in our commitment to a stable and lasting business approach that focuses on value. In 2023, our “Home” market revenue reached RMB131.9 billion, up 13.1% year-on-year. The number of household broadband customers reached 264 million, or a net increase of 20.12 million customers. In terms of net increase, we have held our industry leadership for multiple consecutive years. Gigabit broadband customers accounted for 30.0% of our household broadband customer base, an increase of 14.3 percentage points from the end of 2022. Our mobile HD customer base reached 207 million while the number of customers for smart home network deployment and home security increased by 36.7% and 40.5% respectively year-on-year. Customers for the HDICT solutions grew to 29.21 million, bringing the revenue contribution from household value-added business to 25.6% of the “Home” market revenue. Household customer blended ARPU increased by 2.4% year-on-year to RMB43.1.

“Business” Market: Revenue Growth Engine with Strengthened Capabilities

We focused our efforts on the integrated development of network, cloud and DICT (data, information and communications technology), consistently enhancing industry insights, system planning, product innovation, and support and delivery capabilities in order to establish an innovative operation system that is standardized and product-driven for effective management of platform-based solutions. As a result, our “Business” market sustained rapid growth and continued to be a key driver of incremental revenue. In 2023, “Business” market revenue reached RMB192.1 billion, up 14.2% year-on-year. Our corporate customer base reached 28.37 million, a net increase of 5.17 million. We proactively formulated plans to tap into the blue-ocean informatization market, focusing on nine key industries and delivering more effective end-to-end industry solutions. Our growing influence in the market was evident in a higher share of contracts won in open tenders in 2023. Our share topped the industry, amounting to 14.3% or an increase of 3.0 percentage points year-on-year. China Mobile Cloud comfortably maintained its position as a top-tier player among domestic cloud services providers, with revenue reaching RMB83.3 billion, an increase of 65.6% year-on-year. Revenue from our proprietary capabilities increased by over 100% year-on-year, with IaaS+PaaS revenue share ranked top five in the industry. We continued to advance the integration between cloud on one hand and network, edge computing, data, intelligence and security on the other hand, making solid steps toward our goal of becoming an industry leader in this area. Our ability to use 5G to empower digital transformation across industries continued to be pre-eminent. Throughout 2023, we signed 15,000 5G industry commercialization cases, an increase of 22.4% over the previous year. The contract value of our 5G DICT projects signed during 2023 reached RMB47.5 billion, or a year-on-year increase of 30.1%; 5G dedicated network revenue amounted to RMB5.4 billion, a year-on-year increase of 113.1%. We maintained our leadership in several industry segments including smart mining, smart factories, smart grid, smart hospitals, smart city and autonomous driving. In the “To V” market, we expanded both the scale and capability of our Internet of Vehicles (IoV) market by entering partnerships with all of the Top 10 best-selling new energy vehicle brands in China, boasting the largest market share among telecommunications operators. High-precision positioning services recorded a cumulative deployment of more than 1,000 billion times. We have jointly launched the largest scale nationwide lane-level navigation application. In the “To G” market, alongside a growing impact, we have accumulated capabilities in digital government and demonstrated significant exemplary effects with benchmark projects at the provincial and municipal levels. Throughout 2023, we implemented more than 2,000 projects by deploying our public administration informatization solutions.

“New” Market: Scale Operation with Increased Revenue Contribution

The role of “New” business as a growth driver was underscored by its increased contribution to the incremental revenue, across international business, equity investment, digital content and FinTech. This was achieved by focusing on upscaling, efficiency enhancement and brand building. In 2023, our “New” market revenue reached RMB49.3 billion, up 28.2% year-on-year. In terms of international business, we deepened the synergies between international and domestic markets by quickening the export of outstanding products and 5G solutions to serve the high-quality co-construction of the “Belt and Road”. We also upgraded our overseas digital infrastructure and bolstered international ecosystem collaboration. Our international business revenue reached RMB20.7 billion, up 24.2% year-on-year. In terms of equity investment, we optimized the two-pronged approach of direct investment and investing through funds to actively create a family of businesses to drive ecosystem expansion in the mobile information industry. We continued to foster a partnership system featuring the China Mobile model through industry investment and ecosystem partnerships that amplified the function of capital in connecting and empowering the ecosystem. In terms of digital content, we made every effort to strengthen the integration of content, technology and innovation, refining core products such as MIGU Video while expanding into new areas such as VR/AR, cloud games and the metaverse. The annual revenue of our digital content business reached RMB28.0 billion, growth of 31.6% year-on-year. The monthly active users for cloud games across all platforms reached 120 million, the largest user base in the industry. In terms of FinTech, driven by data mining and scenario empowerment, we continuously promoted the rapid development of financial services throughout the industry value chain, achieving an annual business scale of RMB76.6 billion. Through the creation of an all-in-one digital consumption portal across all platforms, “and-Wallet” monthly active customers grew by 51.8% year-on-year.

We accelerated the pace of digital transformation and development, with a specific focus on value growth and the provision of digital intelligence services centering around digital industrialization and industrial digitization. We sought to continuously improve the level of CHBN business operations, allowing customers to enjoy a greater sense of gain through the advancement of informatization. In 2023, the contribution of our digital transformation revenue to our incremental telecommunications services revenue reached 89.7%. Its share of telecommunications services revenue increased to 29.4%, becoming the strongest driver of revenue growth. Of which, in terms of industry digitalization, DICT revenue increased by 23.8% year-on-year to RMB107.0 billion. In the area of personal and household digitalization, benefit revenue increased 37.1% year-on-year to RMB22.4 billion while smart home value-added business revenue grew by 13.1% year-on-year to RMB33.6 billion.

Vigorously Advanced the Build-out of the “Two New Elements” Significantly Enhanced Information Services Capabilities

We continued to reinforce the foundation for digital intelligence transformation and improve the quality and efficiency of our digital intelligence development. With a focus on developing 5G, computility network (CN) and the integration platform, we relentlessly optimized our new information infrastructure and enriched our new information services system that integrates connectivity, computility and capability.

Maintained leadership in dual gigabit network. We invested every effort to build a premium 5G network. Through co-construction and sharing with China Broadcasting Network Corporation Limited, we have basically achieved continuous coverage across counties and towns nationwide, as well as effective coverage of important venues, districts and village hotspots. In 2023, 5G network investment amounted to RMB88.0 billion. We have accumulatively brought into use more than 1.94 million 5G base stations, including 620,000 700MHz 5G base stations. We provided services to 465 million 5G network customers and delivered a cumulative 33,000 5G commercial cases across industries. Furthermore, we drove 5G technology innovation and built the world’s first 5G new voice network, in addition to our ongoing efforts to build the world’s largest cloud-based core network. We systematically planned for the deployment of the world’s largest RedCap commercial network, constructing the “1+5+5”¹⁰ RedCap showcase cities. We gradually progressed research and experiment around new solutions based on the 5G-A technology including multi-carrier aggregation, sensing and communication integration, passive IoT, space-sky-ground integration and network system AI to accelerate industry development. We continued to evolve and upgrade our autonomous networks and our capability in this area received a high rating of L3.2. We built out our gigabit broadband capabilities with precise scenarios in mind and prioritized the deployment of 10G PON in residential complexes with gigabit network access. We leveraged our extensive wireline coverage to help precision marketing and realize the effective use of resources and generate higher return on investment. As of the end of December 2023, our gigabit platform capability has been available in 100% of OLT¹¹ in urban areas across the country and 95% of OLT in villages. Overall, our gigabit coverage had reached 390 million households.

¹⁰ One industry cluster innovation center (Chongqing); five technological innovation cities (Shanghai, Guangzhou in Guangdong Province, Ningbo in Zhejiang province, Yueyang in Hunan province, and Shiyan in Hubei province); five application showcase cities (video city in Hangzhou, industrial city in Suzhou, marine city in Ningde, park city in Ningbo and innovation city in Shenzhen).

¹¹ Optical Line Terminal.

CN continued to drive growth. We have been proactive in implementing the national strategy of Eastern Data and Western Computing. Our national CN that boasts leading technology and scale has taken shape within a consistently improving CN infrastructure. Our data center capability covers all nodes across the Eastern Data and Western Computing hubs in China with a general computility capacity of 8 EFLOPS (FP32)¹². We commenced constructing a hyper-scale standalone intelligent computing center in Hohhot, alongside 12 intelligent computing center regional nodes in 11 provinces to speed up the realization of our “N+X”¹³ multi-layer and full-coverage deployment of intelligence computility capability. Our intelligent computility capacity reached 10.1 EFLOPS (FP16). We have established the world’s largest interprovincial backbone 400G OTN network and the “1-5-20ms” three-tier latency ranges. We have seen further breakthroughs in the application of our CN products alongside launching the all-network commercialization pilot test of our *Tianqiong* CN brain to support 115 types of CN business including Eastern Data and Western Computing, intelligent computing and supercomputing and data express delivery. We promoted the CN application in areas such as large-scale data backup and recovery, video rendering, astronomy, as well as medical research and development. In the future, we will broaden our management scope to include more resources, aiming to enrich our offering and upgrade our CN smart brain. In 2023, we launched the *Baichuan* integrated computility and network platform to include general computing, intelligent computing, supercomputing and quantum computing and other social computility from more than 10 providers, with a total computility capacity of over 3.3 EFLOPS (FP16). Our Computility Faucets strategy was set for scaled, standardized and commercialized operation. We continued to drive CN technological innovation by leading more than 100 standards-setting projects in domestic and international organizations. Our proprietary technology such as computility routing has gained international recognition. Our CN brain supported the panoramic overview of our resources and capabilities and flexible deployment, with nearly 10 million daily deployments of resources between eastern and western China. With that, China Mobile CN has entered a new phase of development, referred to as 2.0, that features integration and unification.

¹² According to common industry practice, FP32 is used to measure general computility while FP16 is used to measure intelligent computility.

¹³ N (national, regional intelligent computing centers) + X (localized and customized edge intelligent computing nodes).

Scaled development of our integration platform. We continued to build out a comprehensive empowerment system for our integration platform to expand capability supply services. The development of this platform has been fast-tracked and entered a stage of precise operation and scale expansion. As of the end of December 2023, we had included 1,133 integration platform capabilities, which had been deployed a total of 580.7 billion times throughout the year. The platform played a crucial role in facilitating cloud migration, digitalization and intelligent transformation across society. It successfully helped organizations internally by significantly reducing costs and increasing operational efficiency. At the same time, we fully leveraged our advantages in data resources offered by *Wutong Big Data* to innovatively establish a distributed and synergetic computing platform for big data. On this platform, we centralized the control and management of 80,000 computing nodes, providing the industry with comprehensive, agile and open platform capabilities covering storage and computing, data and tools. We elevated our data management ability and received the highest Data Management Capability Maturity (DCMM) rating (Level 5) certificate for data governance, and the domestically highest Data Security Maturity Model (DSMM) (Level 4) certificate. Our brand influence in the field of big data continued to grow, which saw broader application of services offered by our *Wutong Big Data* platform across public administration, emergency response and fraud prevention. We played an active role in building the national big data system and enriching the “big data+” product offering to provide the fundamental elements for a smooth circulation of data.

Significantly strengthened information services supply capabilities. In terms of product offerings, we have intensified our focus on nurturing core products. As part of this effort, we have introduced a dual-list system that categorizes products into strategic products for marketing and strategic products for development, and formed a product system covering digital intelligence services that generate revenue in the millions, billions, and tens of billions. Our initiatives have yielded favorable results. In the mass market, 17 of our products each had a user base in excess of 100 million. Of them, the number of users of 4 products exceeded 200 million. We have officially launched the cloud handset for commercial use. Based on computility, its industry-leading features, functions and user experience received positive reviews from the market. As of the end of December 2023, the number of customers for cloud handset reached 11.99 million. In the “Business” market, revenue of 6 products exceeded RMB10 billion each. Of them, the service capability of China Mobile Cloud across all platforms was industry leading. We have innovatively built a high-performing computing architecture COCA¹⁴ and fostered the heterogeneous computing ecosystem. Our key products such as the self-developed *Tianyuan* operating system and cloud host boast industry leading core performance. China Mobile Internet of Video Things (IoVT)¹⁵, which specializes in equipping IoT terminal devices with video connection, has deployed innovative business plans. Our “China Mobile Home Guard” and “Clairvoyant” cameras have together obtained 56.26 million customers across the network. In terms of service, we continued to optimize service management covering every aspect and process of service and involving every member of staff, and obtained notable outcomes. We achieved remarkable results in overall customer satisfaction in the industry while maintaining a leading position in terms of customer satisfaction with mobile network quality. Customer satisfaction with household broadband network significantly improved for the second year in a row with key product satisfaction increasing by 1.25 percentage points. The problem-solving rate with regard to large model application increased by 5.0 percentage points while integrated customer request handling time reduced by 47.0%. In terms of brand management, we continued to foster our world-class brands that resonate with our customers and generate favorable perception. We have introduced the “1+4+4” strategic brand system¹⁶ as part of our recent initiatives. China Mobile was a top-ranking brand in the 2023 BrandZ Top 100 Most Valuable Chinese Brand list, underscoring our leading brand value among global telecommunications operators.

Vigorously Fostered Innovation Continuously Enhanced Sustainable Development

The Company has accelerated the advancement of the technological innovation system, continuously expanding an ecosystem of open cooperation and fully leveraging the efficiencies gained from management reform to strengthen its future-proof sustainable development capabilities.

¹⁴ Compute on Chip Architecture.

¹⁵ China Mobile Internet of Video Things (IoVT) is a new information infrastructure specializing in equipping IoT terminal devices with video connection services. Using video IoT terminals as the medium, it converges connection, capabilities and services on a video-connected platform.

¹⁶ “1+4+4” strategic brand system refers to “China Mobile” as the corporate brand; GoTone, M-zone, Easy Own and China Mobile Aijia as four customer brands; and MIGU Video, China Mobile Cloud, Wutong Big Data and Jutian as four product brands.

Technological Innovation in Full Swing. By upgrading the “Unified Five Rings”¹⁷ technology and innovation framework and initiating the BASIC6¹⁸ sci-tech innovation plan, we bolstered our efforts in nurturing emerging and future strategic industries and actively built an ecosystem of collaborative research and open cooperation. We were able to persistently witness outcomes of innovation. First, our network technologies continued to drive industry development. We led 60 projects in 5G-A international standard setting, more than any other global telecommunications operator. We maintained our leading status among global operators in the number of 6G innovation outcomes. We successfully developed China’s first reconfigurable 5G radio frequency transceiver chip, “Breaking Wind 8676”. We have released top 10 5G-A innovations.¹⁹ Our new 5G RedCap terminals, featuring a smart, simple and lightweight design, are now commercially available in 52 cities across China. We first proposed the 4.9GHz low frequency integrated sensing and communication technology system, conducted R&D into passive IoT 2.0 products, achieved precision identification and management of items in large-scale warehouses, and completed the first-in-industry NR NTN laboratory proof. We successfully sent two land-space experimental satellites – China Mobile 01 satellite and Xinghe verification satellite²⁰ – into Low Earth orbit. In the development of CN, we emphasized CN as an important component for national strategic emerging industries, and co-developed the world’s first 1.2T ultra-high-speed next-generation Internet backbone. Second, we achieved breakthrough improvements with our key digital intelligence capabilities. We have built a “1+N” system of general and industry-specific large models, and independently developed the secure and controllable *Jiutian* series of general large models. Specifically, we launched the *Jiutian Zhongqing* foundation large model, as well as five large industry models covering customer service, public administration, network, corporate calling and dynamic travel analytics. The large model for customer service became the first to commence engineering level application. We have accumulated over 450 AI capabilities in areas such as intelligent speech recognition, natural language processing, machine vision and intelligent analysis. We built infrastructure for the circulation of fundamental data elements by launching Data Switching Service Network (DSSN) and the all-in-one data router. Based on the “AaaS+” action Plan, we built the integration platform to serve the digital transformation of society, strengthened integrated innovation and promoted industry upgrades. We reinforced our security infrastructure to build out traditional security capabilities while deploying emerging security technologies such as 6G and CN native security, and quantum communications.

¹⁷ The “Unified Five Rings” refers to our technology and innovation system that consists of five rings: the inner ring (major research institutes), the mid-ring (specialized companies facilitating industry research collaboration), the outer ring (provincial companies and regional innovation institutes), the partnership ring (tertiary institutes and enterprise partners), and the overseas ring (overseas R&D institutes and international organizations).

¹⁸ B-Big data, A-AI, S-Security, I-Integration platform, C-Computility network, 6-6G.

¹⁹ Top 10 5G-A innovations were: new smart, simple and lightweight terminals; new sensing and communication integration; new land-space connections; new immersive and real-time experiences; new low-altitude coverage business models; new intelligent native capabilities; new passive IoT ecosystem; new ultimate performance benchmarks; new inherently assured services; and new sensing, computing and intelligent architecture.

²⁰ China Mobile 01 satellite carries a base station that supports 5G land-space communication technology. It is the world’s first integrated terrestrial and celestial signal processing system capable of verifying 5G land-space evolutionary technology. Designed with 6G concepts, Xinghe verification satellite deploys the industry-first satellite core network capable of in-orbit operation, making it the world’s first verification satellite to validate 6G architecture.

Extended open collaboration. With the aim of fostering stronger links in the chains connecting industry, innovation, capital, supply, ecosystem and value creation, we launched various initiatives to solidify, complement, reinforce and reshape these chains and continued to expand our circles of “relatives”, “friends” and ecosystem. We strengthened strategic partnerships with central ministries and departments, local governments, enterprises and tertiary institutes, driving cross-disciplinary collaboration in information services to support the further development of the digital economy. We supported ecosystem growth and unleashed the synergies between industry and capital investment by providing venture capital in various sectors including AI, Industrial Internet, network and information security, IoVT, CN and Satellite Internet. We strengthened innovation cooperation by enhancing new joint R&D projects, further implementing the Joint Innovation Plus scheme and partnering with enterprises, tertiary and sci-tech research institutes to advance the integrated innovation of industry, academia, research and application. We also promoted the development of an innovative ecosystem by enhancing our plans on regional and overseas innovation and utilizing capital to unleash the synergy associated with these developments. Drawing on our leadership in the industry chain, we have attracted more than 1,300 companies to become links in the chain. Leveraging our subsidiary chains, we deepened partnership with enterprises of different sizes across verticals and persistently enhanced our leadership and the industry’s resilience, which resulted in the forming of high-quality industry clusters.

Increased effectiveness of enterprise reforms. We continued with enterprise reforms in greater depth and breadth, and improved the authorization mechanism for the boards of directors. In our subsidiary operations, reforms in the boards of directors have improved systems and standardized operations. We achieved breakthrough in building a strategic leadership pipeline, with an enhanced talent pool under the “10-10²-10³-10⁴” program and improved “Technical Chief Engineer System” and “Top Talent Demonstration Zones”. The talent structure continued to be optimized, and the deployment of manpower in key areas of technological innovation and transformation was significantly strengthened, alongside higher competency of the team to support our business transformation. We continued to enhance the incentive system to drive business growth and stimulate technological innovation momentum, and imposed preferential policies for core staff and frontline personnel. Adopting scientific approaches, we continuously strengthened our management system by ensuring the headquarters, regional companies and specialized teams each performed their respective roles in overall strategy-setting and management, driving market development, and enhancing competency. We have also optimized the product operation mechanisms by establishing coordinated product operation teams between provincial and specialized companies, generating greater synergy between headquarters, regional companies, and specialized teams. We promoted the construction of a digital intelligence treasury system, significantly improving the efficiency and effectiveness of our capital and assets. Frontline reforms have generated notable results, highlighted by the forming of 11 research zones including *Jiutian* and *Wutong*, and 11 teams for specialized, premium, unique and new products and capabilities such as *XinSheng* Tech. The assessment results of our subsidiaries in the national technology company development program and the Double-hundred Action put us in a leading position among central state-owned enterprises. The Cloud Capability Center was selected as one of the first batch of World-class Professional Leading Enterprises by the State-owned Assets Supervision and Administration Commission of the State Council.

Vigorously Empowered Economic and Social Development Ongoing Efforts to Enhance Environmental, Social and Governance (ESG) Management

As a responsible corporate citizen, we attach great importance to sustainable development and always adhere to the principles of “Sincerity and Fulfillment, Self-Realization and Empowerment”. We drive growth of our organization, and with that, we benefit and empower the overall development of economy, society and the environment.

Further progress on green development. We advanced the “C² Three Energy – China Mobile Carbon Peak and Carbon Neutrality Action Plan”²¹. With the themes of energy saving, clean energy and empowerment, we focused on key areas and built Eight Major Projects²², which aimed to leverage mega projects to drive development. This initiative has achieved outstanding results. We comprehensively implemented the green transformation of the network architecture, continued to promote low-carbon base stations and data centers, and actively introduced clean energy such as solar and wind. In 2023, our total energy consumption and total carbon emissions per unit of telecommunications business decreased by 13.0% and 13.1% year-on-year respectively. We contributed to society’s wider efforts to reduce carbon emissions by means of information technology adoption and promoted information services applications in the field of pollution control. During the year, we helped reduce carbon emissions by approximately 310 million tonnes across society.

Solid social responsibility fulfilment. By leveraging the Company’s strengths, we used digital intelligence and innovation to contribute to the high-quality development of society and meet people’s needs for a better life. We comprehensively empowered the digital intelligence transformation of production, livelihood and governance, fully unleashing the efficiency of information services. We enhanced the coupling of strategies to improve coordinated regional development, significantly amplifying the synergy of key regions. We delivered services for major events such as the Chengdu World University Games, Hangzhou Asian Games, and the Belt and Road Forum for International Cooperation. We endeavored to provide reliable communications for disaster relief of floods and earthquakes and actively prevented and fought illegal crimes in communications networks, striving to create a clean cyberspace. We promoted the Digital Intelligence Village Revitalization Plan, helping 390,000 administrative villages across the country meet the standards of digital village. During the year, RMB590 million was allocated to the pro-consumption campaign to aid poverty alleviation. Our charity programs including Heart Caring Campaign and Blue Dream – China Mobile Education Aid Plan have been widely recognized.

²¹ C² Three Energy – China Mobile Carbon Peak and Carbon Neutrality Action Plan; “Three Energy” refers to the three guiding principles of actions which include energy saving, clean energy and empowerment.

²² Eight Major Projects include three projects in the field of energy saving: Green Coverage, Low-carbon Computing Force, and Server Room Renovation; two projects in the field of clean energy: Wind and Solar-Powered Wireless Network and Green Smart Park; three projects in the field of empowerment: Industry Empowerment showcase project that helps industry upgrade, My Share in Carbon Removal project that advocates philanthropy, environmental protection and carbon inclusiveness, and Green Recycling project that promotes carbon reduction in the circular economy.

Remarkable results of corporate governance. To ensure sound corporate governance, we adhered to principles of integrity, transparency, openness and efficiency and fully complied with all applicable listing rules and regulations governing listed companies. We actively responded to global sustainable development initiatives and established the Sustainability Committee to strengthen ESG strategy implementation and performance supervision. We continued to improve our corporate governance and decision-making mechanisms and optimize the top-down design and operating mechanism of compliance management. This helped the Company modernize its governance system and governance capabilities to support the Company's continuing reform and development. We enhanced our internal control and supervision across-the-board with a particular focus on key business areas to strengthen risk prevention and mitigation. By strengthening risk prevention and control and improving risk detection capabilities, we have enhanced the effectiveness of risk management and safeguarded the healthy and sustainable development of the company.

Our overall performance has received widespread acclaim. We were named one of the top ten China ESG Model Enterprises at the first China ESG Model annual ceremony and topped the list of China ESG Listed Companies Pioneer 100 and China ESG Listed Companies Technology Innovation Pioneer 30. *Bloomberg Businessweek/Chinese Edition* bestowed us with the honorary awards of Listed Company of the Year 2023, Most Valuable Investment Listed Enterprise and the ESG Leading Enterprise Award. We received Gold awards for China's Best Large Cap and China's Best Telecommunications Company from the *FinanceAsia* magazine. Our outstanding achievements in overall performance, ESG, investor relations and other areas have also been recognized by *Institutional Investor*, *The Asset*, *Asiamoney* and *Corporate Governance Asia* magazines. We were included in the 2023 Listed Company Directors' Office Best Practices list by China Association for Public Companies, and also listed among 2023 Wind's Top 100 ESG Best Practices for China's Listed Companies.

Future Outlook

The impact of the new wave of technological revolution and industrial reforms will continue to grow, so will the importance of integrated innovation. The three aspects of this integrated innovation will be highlighted in the power of information, the new generation information technology, and the merger of information service and social operation systems. At the same time this integrated innovation will deepen in three directions – the applications of a new generation of information technology to rapidly form new growth momentum, the collaboration of industry, academia, research and application to foster a new innovation paradigm, and the integration of digital and real economy to open up new development opportunities.

We see valuable opportunities as we expand our information services. With the advocacy of the national “AI+” initiative and the further accelerated advancement of Digital China, the industry experiences new growth potential from the development of new quality productive forces. This progress brings forth the emergence of data as a new factor of production, computility as a new fundamental energy source and AI as a new instrument of production. The information services industry has not only in itself become an important sector for the development of new quality productive forces, but also a strong support for other sectors in this pursuit. General AI, particularly represented by AI large models, is developing robustly. The role of AI is also fast changing from an assisting tool that helps different industries improve quality and efficiency, to an indispensable infrastructure and core capability that supports economic and social transformation and development. While AI brings forth disruptive applications, “AI+” opens up vast blue-ocean of opportunities. Fixating the vision of building a world-class information services and sci-tech innovation enterprise, we will capture opportunities arising from the development of “AI+” and extending our “5G+” initiatives towards this direction. We will identify a new roadmap of transformation and upgrade through comprehensive, systematic and deep-dived integrated innovation. In doing so, we will drive more creation to enrich life, enhance quality production and support precise governance powered by digital intelligence. We will satisfy, drive and create demand to form a new for value growth trajectory and fuel the future development of the Company.

In the meantime, we are faced with some uncertainties in our transformation and future development. The business landscape is complex and severe with various international trade and technology barriers. This has threatened the stability of the supply chain and adversely affected our operations to some extent. Integrated innovation and cross-disciplinary collaboration in the information technology sector have emerged as prominent trends, which, coupled with AI and other emerging technologies, have brought disruptive changes to how information services are delivered. Players across the industry chain are trying to dominate key segments of the value chain by integrating capabilities and converging the ecosystems. The information services sector has become more diversified at the same time as seeing more intense competition.

Those who are good at planning will win, those who are forward-looking will prosper. Faced with both opportunities and challenges, we will fully, accurately and comprehensively align with the new development paradigm. We will pursue stable progress while forging ahead with a steadfast focus on integrity and innovation. We will enhance core functions, improve core competitiveness and fully implement the “1-2-2-5” strategy and relentlessly solidify our position as a world-class “Powerhouse”. We will strive to promote digital intelligence transformation and high quality development. Building upon the foundation of deepening the implementation of the “Two New Elements” (new information infrastructure and new information services system), we will comprehensively propel the “BASIC6” sci-tech innovation plan, reinforce strategic planning for “AI+”, develop new quality productive forces at an accelerated pace, and establish ourselves as a world-class information services and sci-tech innovation enterprise to a high standard. In doing so, we strive to achieve favorable growth in revenue and net profit to consistently create greater value for our shareholders and customers.

Acknowledgement

Mr. Dong Xin resigned as executive director and chief executive officer in January 2024, concluding his extensive years of service to the Company. Mr. Dong played a crucial role in promoting China Mobile’s high-quality sustainable development, achieving remarkable results with considerable contributions. On behalf of the Board of Directors, I would like to extend my heartfelt thanks to Mr. Dong.

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, 21 March 2024

GROUP RESULTS

China Mobile Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

(Expressed in Renminbi (“**RMB**”))

| | Note | 2023 Million | 2022 Million |
|---|------|-------------------------|-----------------|
| Operating revenue | 6 | | |
| Revenue from telecommunications services | | 863,514 | 812,058 |
| Revenue from sales of products and others | | 145,795 | 125,201 |
| | | <u>1,009,309</u> | <u>937,259</u> |
| Operating expenses | | | |
| Network operation and support expenses | 7 | 268,895 | 254,182 |
| Depreciation and amortization | | 207,132 | 200,077 |
| Employee benefit and related expenses | | 144,333 | 130,157 |
| Selling expenses | | 52,477 | 49,592 |
| Cost of products sold | | 142,807 | 122,743 |
| Other operating expenses | 8 | 59,319 | 51,409 |
| | | <u>874,963</u> | <u>808,160</u> |
| Profit from operations | | 134,346 | 129,099 |
| Other gains | | 9,823 | 9,388 |
| Interest and other income | 9 | 21,134 | 15,729 |
| Finance costs | | (3,730) | (2,330) |
| Income from investments accounted for using the equity method | | 8,958 | 10,986 |
| | | <u>170,531</u> | <u>162,872</u> |
| Profit before taxation | | 170,531 | 162,872 |
| Taxation | 10 | (38,596) | (37,278) |
| PROFIT FOR THE YEAR | | <u>131,935</u> | <u>125,594</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

for the year ended 31 December 2023

(Expressed in RMB)

| | Note | 2023 Million | 2022 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 | | 176 | (226) |
| Remeasurement of defined benefit liabilities | | (184) | 15 |
| Share of other comprehensive loss of investments accounted for using the equity method | | (146) | (12) |
| Items that may be subsequently reclassified to profit or loss | | | |
| Changes in the fair value of financial assets measured at fair value through other comprehensive income | | 25 | – |
| Currency translation differences | | 573 | 2,575 |
| Share of other comprehensive income/(loss) of investments accounted for using the equity method | | 1,068 | (1,093) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 133,447 | 126,853 |
| Profit attributable to: | | | |
| Equity shareholders of the Company | | 131,766 | 125,459 |
| Non-controlling interests | | 169 | 135 |
| PROFIT FOR THE YEAR | | 131,935 | 125,594 |
| Total comprehensive income attributable to: | | | |
| Equity shareholders of the Company | | 133,275 | 126,718 |
| Non-controlling interests | | 172 | 135 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 133,447 | 126,853 |
| Earnings per share – Basic | 11(a) | RMB6.16 | RMB5.88 |
| Earnings per share – Diluted | 11(b) | RMB6.15 | RMB5.88 |

Details of dividends to the equity shareholders of the Company are set out in note 12.

CONSOLIDATED BALANCE SHEET

as at 31 December 2023

(Expressed in RMB)

| | Note | As at 31 December 2023 Million | As at 31 December 2022 Million (Re-presented) |
|---|------|---|---|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 714,663 | 717,121 |
| Construction in progress | | 74,496 | 73,087 |
| Right-of-use assets | | 94,753 | 108,749 |
| Land use rights | | 14,877 | 15,244 |
| Goodwill | | 35,301 | 35,301 |
| Development expenditure | | 2,279 | 1,334 |
| Other intangible assets | | 32,720 | 31,265 |
| Investments accounted for using the equity method | | 181,715 | 175,649 |
| Deferred tax assets | | 47,337 | 43,638 |
| Financial assets measured at fair value through other comprehensive income | | 3,518 | 490 |
| Financial assets measured at fair value through profit or loss | | 185,621 | 187,130 |
| Other financial assets measured at amortized cost | | 5,628 | 9,716 |
| Bank deposits | | 55,387 | 45,887 |
| Other non-current assets | | 46,258 | 34,556 |
| | | <u>1,494,553</u> | <u>1,479,167</u> |
| Current assets | | | |
| Inventories | | 12,026 | 11,696 |
| Contract assets | | 19,407 | 13,657 |
| Accounts receivable | 13 | 54,881 | 42,757 |
| Other receivables | | 12,342 | 12,863 |
| Bills receivable | | 1,205 | 777 |
| Prepayments | | 7,516 | 7,040 |
| Prepaid income tax | | 809 | 1,055 |
| Other non-financial assets | | 23,108 | 18,440 |
| Financial assets measured at fair value through profit or loss | | 156,018 | 108,303 |
| Other financial assets measured at amortized cost | | 32,020 | 16,300 |
| Bank deposits | | 37,213 | 56,377 |
| Cash and cash equivalents | | 141,559 | 167,106 |
| | | <u>498,104</u> | <u>456,371</u> |
| Total assets | | <u><u>1,992,657</u></u> | <u><u>1,935,538</u></u> |

CONSOLIDATED BALANCE SHEET (CONTINUED)

as at 31 December 2023

(Expressed in RMB)

| | Note | As at 31 December 2023 Million | As at 31 December 2022 Million (Re-presented) |
|--|------|---|---|
| Equity and liabilities | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | 14 | 297,456 | 271,306 |
| Bills payable | | 26,520 | 14,759 |
| Contract liabilities | | 66,193 | 75,255 |
| Receipts in advance | | 79,035 | 84,446 |
| Other payables | | 38,201 | 46,496 |
| Income tax payable | | 15,985 | 10,156 |
| Lease liabilities | | 35,175 | 30,919 |
| | | <u>558,565</u> | <u>533,337</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 67,759 | 81,741 |
| Deferred revenue | | 9,281 | 8,810 |
| Defined benefit plan and other employee benefit liabilities | | 6,408 | 5,951 |
| Deferred tax liabilities | | 3,077 | 2,571 |
| Other non-current liabilities | | 1,582 | 1,705 |
| | | <u>88,107</u> | <u>100,778</u> |
| Total liabilities | | <u>646,672</u> | <u>634,115</u> |
| Equity | | | |
| Share capital | | 455,001 | 453,504 |
| Reserves | | 886,731 | 843,844 |
| Total equity attributable to equity shareholders of the Company | | <u>1,341,732</u> | <u>1,297,348</u> |
| Non-controlling interests | | <u>4,253</u> | <u>4,075</u> |
| Total equity | | <u>1,345,985</u> | <u>1,301,423</u> |
| Total equity and liabilities | | <u>1,992,657</u> | <u>1,935,538</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023
(Expressed in RMB)

| | 2023 Million | 2022 Million (Re-presented) |
|---|-------------------------------|-----------------------------------|
| Net cash generated from operating activities | 303,780 | 280,750 |
| Net cash used in investing activities | (205,699) | (238,053) |
| Net cash used in financing activities | (123,843) | (120,514) |
| Net decrease in cash and cash equivalents | (25,762) | (77,817) |
| Cash and cash equivalents at beginning of year | 167,106 | 243,943 |
| Effect of changes in foreign exchange rate | 215 | 980 |
| Cash and cash equivalents at end of year | 141,559 | 167,106 |

NOTES:

(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.

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 Basis of Preparation

These consolidated 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 consolidated financial statements. These consolidated financial statements also comply with HKFRSs, the requirements of Hong Kong Companies Ordinance (Cap. 622), and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEX (the “Listing Rules”).

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results 2023 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 December 2023 in due course.

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

3 Changes in Accounting Policies

The following new and amended IFRSs/HKFRSs are mandatory for the first time for the Group's financial year beginning on 1 January 2023 and are applicable for the Group:

- IFRS/HKFRS 17, Insurance contracts
- Amendments to IAS/HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to IAS/HKAS 1, Presentation of financial statements and IFRS/HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to IAS/HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS/HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The adoption of the above new and amended IFRSs/HKFRSs effective for the financial year beginning on 1 January 2023 does not have a material impact on the Group. Among which, impacts of the adoption of the amendments to IAS/HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction are discussed below:

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognized the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately, and the associated deferred tax assets and liabilities are required to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the consolidated financial statements, but does not impact the overall deferred tax balances or retained earnings/other components of equity presented in the consolidated balance sheet as the related deferred tax balances qualify for offsetting under IAS/HKAS 12.

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 2024 and have not been early adopted by the Group. Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

4 Re-presentation of Certain Items in Consolidated Balance Sheet

For the year ended 31 December 2023, to better reflect the function or nature of items within the Group and to better align the financial information the Group presents in two different markets in which the Company's shares are listed, the Group has re-presented certain line items in its consolidated balance sheet. Comparative figures in the consolidated balance sheet and the consolidated statement of cash flows have also been re-presented to conform to the presentation for the year. Such re-presentation did not have any impact on the Group's total amount of non-current/current assets, non-current/current liabilities, equity as at 31 December 2022, and the profit or loss, total comprehensive income and cash flows for the year then ended.

5 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.

6 Operating Revenue

| | 2023 Million | 2022 Million |
|--|-------------------------|-----------------------|
| Revenue from telecommunications services | | |
| Voice services | 72,258 | 75,032 |
| SMS & MMS services | 31,106 | 31,344 |
| Wireless data traffic services | 394,797 | 395,933 |
| Wireline broadband services | 118,768 | 105,030 |
| Applications and information services | 221,642 | 182,461 |
| Others | 24,943 | 22,258 |
| | <u>863,514</u> | <u>812,058</u> |
| Revenue from sales of products and others | <u>145,795</u> | <u>125,201</u> |
| | <u><u>1,009,309</u></u> | <u><u>937,259</u></u> |

The majority of the Group's operating revenue is from contracts with customers, and the remaining is not material. Majority of the Group's revenue from contracts with customers was recognized over time.

7 Network Operation and Support Expenses

| | Note | 2023 Million | 2022 Million |
|---|------------|-----------------|-----------------|
| Maintenance, operation support and related expenses | | 175,551 | 161,277 |
| Power and utilities expenses | | 41,799 | 39,841 |
| Charges for use of tower assets | (i) (iii) | 24,866 | 26,262 |
| Charges for use of lines, network and other assets | (ii) (iii) | 18,415 | 16,458 |
| Others | | 8,264 | 10,344 |
| | | 268,895 | 254,182 |

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, network 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 2023, short-term lease payments and lease payments of low-value assets amounted to RMB9,950 million (2022: RMB7,081 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 RMB6,058 million (2022: RMB6,743 million).

8 Other Operating Expenses

| | Note | 2023 Million | 2022 Million |
|--|------|-----------------|-----------------|
| Interconnection | | 24,867 | 22,359 |
| Expected credit impairment losses | | 9,227 | 4,453 |
| Write-down of inventories | | 246 | 234 |
| Impairment losses of contract assets | | 216 | 284 |
| Net loss on disposal and write-off of property, plant and equipment and other intangible assets | | 390 | 892 |
| Co-research and development expenses | | 6,815 | 6,149 |
| Auditors' remuneration | | | |
| – audit services | (i) | 86 | 88 |
| – other services | | 1 | 2 |
| Taxes and surcharges | | 3,071 | 2,898 |
| Others | (ii) | 14,400 | 14,050 |
| | | <u>59,319</u> | <u>51,409</u> |

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 (2022: RMB16 million).
- (ii) Others consist of administrative expenses and other miscellaneous expenses.

9 Interest and Other Income

| | 2023 Million | 2022 Million |
|--|-----------------|-----------------|
| Interest income | 7,332 | 10,775 |
| Net gains on hold/disposal of financial assets | <u>13,802</u> | <u>4,954</u> |
| | <u>21,134</u> | <u>15,729</u> |

10 Taxation

Taxation in the consolidated statement of comprehensive income represents:

| | Note | 2023 Million | 2022 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) | 41,221 | 37,066 |
| Provision for Hong Kong profits tax on the estimated assessable profits for the year | (ii) | 585 | 489 |
| | | <u>41,806</u> | <u>37,555</u> |
| Deferred tax | | | |
| Origination and reversal of temporary differences, net | | <u>(3,210)</u> | <u>(277)</u> |
| | | <u>38,596</u> | <u>37,278</u> |

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% (2022: 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 2023. Certain subsidiaries of the Company entitle to the preferential tax rate of 15% (2022: 15%). And certain research and development costs of the Company's PRC subsidiaries are qualified for 100% additional deduction since 30 September 2022 (Before 30 September 2022: 75%) for tax purpose.
- (ii) The provision for Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year ended 31 December 2023.
- (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.

11 Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2023 is based on the profit attributable to equity shareholders of the Company of RMB131,766 million (2022: RMB125,459 million) and the weighted average number of 21,376,288,436 shares (2022: 21,346,920,449 shares) in issue during the year.

(b) Diluted earnings per share

For the year ended 31 December 2023 and 2022, 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;
- (ii) Share options issued by the Company that were outstanding during the years;
- (iii) The RMB Shares publicly offered but had yet to be listed on the SHEX during the preceding year; and
- (iv) The over-allotment option that was outstanding during the preceding year.

Of the above, the first two factors had dilutive effects for the year ended 31 December 2023 but not 2022. In particular, (i) the assumed conversion of the CB would have decreased the profit attributable to equity shareholders of the Company (for the year ended 31 December 2022: increased), and (ii) to the extent that the performance conditions would have been satisfied if the end of the year were the end of the performance period, the exercise price of the relevant share options were below the average market price of the Company’s ordinary shares on the HKEX during the period those share options were outstanding (for the year ended 31 December 2022: above).

The third factor had no dilutive effect during the preceding year, as (iii) the offer price of the RMB Shares was not lower than its fair value during the period from the beginning of the preceding year to the completion date of the listing on the SHEX.

The fourth factor had a dilutive effect during the preceding year, 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.

11 Earnings Per Share (Continued)

(b) Diluted earnings per share (continued)

For the year ended 31 December 2023, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB131,699 million and the weighted average number of 21,408,818,755 shares in issue after adjusting for the effect of all dilutive potential ordinary shares during the year.

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

| | 2023 |
|--|-----------------------|
| | Million |
| Profit attributable to equity shareholders of the Company used in calculating basic earnings per share | 131,766 |
| Add: changes in share of profit of the associate | 254 |
| Less: fair value gain and interest income relating to the CB held by the Group, net of tax | (321) |
| | <hr/> |
| Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share | <u><u>131,699</u></u> |

(ii) Weighted average number of ordinary shares (diluted)

| | 2023 |
|---|------------------------------|
| | Number of shares |
| Weighted average number of shares in issue during the year | 21,376,288,436 |
| Dilutive equivalent shares arising from share options | 32,530,319 |
| | <hr/> |
| Weighted average number of shares (diluted) during the year | <u><u>21,408,818,755</u></u> |

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.

12 Dividends

(i) Dividends attributable to the year:

| | 2023 Million | 2022 Million |
|---|-----------------|-----------------|
| Ordinary interim dividend declared and paid of HK\$2.430 (equivalent to approximately RMB2.240) (2022: HK\$2.200 (equivalent to approximately RMB1.881)) per share | 47,674 | 42,243 |
| Ordinary final dividend proposed after the balance sheet date of HK\$2.400 (equivalent to approximately RMB2.175) (2022: HK\$2.210 (equivalent to approximately RMB1.974)) per share | 46,524 | 42,182 |
| | <u>94,198</u> | <u>84,425</u> |

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 29 December 2023 and 30 June 2023 (2022: 30 December 2022 and 30 June 2022).

As the ordinary final dividend was declared after the balance sheet date, such dividend is not recognized as liability as at 31 December 2023. 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 2023 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:

| | 2023 Million | 2022 Million |
|--|-----------------|-----------------|
| Ordinary final dividend in respect of the previous financial year, approved and paid during the year, of HK\$2.210 (equivalent to approximately RMB1.974) (2022: HK\$2.430 (equivalent to approximately RMB1.987)) per share | <u>43,414</u> | <u>44,594</u> |

13 Accounts Receivable

Aging analysis

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

| | As at 31 December 2023 Million | As at 31 December 2022 Million (Re-presented) |
|------------------------------|---|---|
| Base on invoice date: | | |
| Within 30 days | 16,350 | 16,348 |
| 31 – 60 days | 6,283 | 4,248 |
| 61 – 90 days | 5,209 | 3,699 |
| 91 days – 1 year | 20,342 | 15,282 |
| Over 1 year | 6,697 | 3,180 |
| | <u>54,881</u> | <u>42,757</u> |

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

14 Accounts Payable and Accrued Expenses

| | As at 31 December 2023 Million | As at 31 December 2022 Million (Re-presented) |
|------------------|---|---|
| Accounts payable | 173,309 | 161,520 |
| Accrued expenses | 124,147 | 109,786 |
| | <u>297,456</u> | <u>271,306</u> |

This item primarily includes payables and accrued items for purchases of network expansion, maintenance and support expenses and interconnection expenses, etc.

The aging analysis of accounts payable is as follows:

| | As at 31 December 2023 Million | As at 31 December 2022 Million (Re-presented) |
|------------------------------|---|---|
| Base on invoice date: | | |
| Within 180 days | 105,895 | 97,042 |
| 181 days – 1 year | 28,732 | 26,730 |
| Over 1 year | 38,682 | 37,748 |
| | <u>173,309</u> | <u>161,520</u> |

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

15 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:

| | 2023 Million | 2022 Million |
|---|-------------------------------|-----------------|
| Land and buildings | 2,829 | 2,205 |
| Telecommunications equipment and others | 20,066 | 27,552 |
| | 22,895 | 29,757 |

16 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 2023.

Change of the depreciable life of 5G wireless assets and related transmission equipment

On 21 March 2024, the Board of Directors of the Company approved to change the depreciable life of 5G wireless assets and related transmission equipment. At the end of 2023, the IMT-2030 (6G) Promotion Group formally proposed that the 6G standard shall be established in 2025 with commercialization expected in 2030. It was also clearly stated that 5G network investments shall be reused in 6G network infrastructure to the maximum extent, and therefore it is expected that 5/6G networks will co-exist after commercialization of 6G and 5G equipment will have a relatively long life cycle. After full consideration of technology, business and other factors and detailed assessment of the state of use of relevant assets, and also with reference to the practices of other telecommunications operators, the Board of Directors of the Company resolved and approved an adjustment of the depreciable life of the 5G wireless assets and related transmission equipment from 7 years to 10 years with effect from 1 January 2024, which the Company considers to be a more objective and fair reflection of the expected useful life of such type of assets and their actual state of use. The aforesaid change in accounting estimate will be made using the prospective application method with no need for any retrospective adjustment, and hence the Group's financial reports for 2023 and earlier years will not be affected. The aforesaid changes are estimated to affect the Group's depreciation by a decrease of approximately RMB18.0 billion for the year ending 31 December 2024.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee reviewed the Group's audited financial statements for the year ended 31 December 2023. Based on the review and discussions with management, the Audit Committee was satisfied that these statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2023.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2023, the Company complied with all the code provisions under Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

ANNUAL GENERAL MEETING

The 2024 annual general meeting of the Company (the "**2024 AGM**") will be held in the Grand Ballroom, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 22 May 2024 at 10:00 a.m.. The notice of the 2024 AGM, the accompanying circular and the proxy form will be despatched to holders of shares in the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Shares**") in accordance with the Hong Kong Listing Rules.

CLOSURE OF REGISTER OF MEMBERS FOR HONG KONG SHARES

The register of members of the Company for the Hong Kong Shares will be closed during the following periods:

- i. from Friday, 17 May 2024 to Wednesday, 22 May 2024 (both days inclusive) for the purpose of ascertaining entitlement of holders of Hong Kong Shares to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all transfers of Hong Kong Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 16 May 2024; and

- ii. from Tuesday, 11 June 2024 to Thursday, 13 June 2024 (both days inclusive) for the purpose of ascertaining entitlement of holders of Hong Kong Shares to the 2023 final dividend (the “**2023 Final Dividend**”). In order to qualify for the 2023 Final Dividend, all transfers of Hong Kong Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 7 June 2024.

Subject to the approval by shareholders at the 2024 AGM, the 2023 Final Dividend will be paid on or about Wednesday, 26 June 2024 to those holders of Hong Kong Shares on the register of members on Thursday, 13 June 2024 (the “**Record Date**”).

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2023 FINAL DIVIDEND

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China” (the “**Enterprise Income Tax Law**”), the “Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” and the “Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management”, the Company is required to withhold and pay 10 per cent. enterprise income tax on the distribution of the 2023 Final Dividend to non-resident enterprise holders of Hong Kong Shares. The withholding and payment obligation lies with the Company. In respect of all holders of Hong Kong Shares whose names appear on the Company’s register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited (“**HKSCC**”), other corporate nominees or trustees such as securities companies and banks, and other entities or organizations, which are all considered as non-resident enterprise holders of Hong Kong Shares), the Company will distribute the 2023 Final Dividend after deducting enterprise income tax of 10 per cent.. The Company will not withhold and pay the individual income tax in respect of the 2023 Final Dividend payable to any natural person holders of Hong Kong Shares whose names appear on the Company’s register of members as at the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) holder of Hong Kong Shares listed on the Company’s register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10 per cent. enterprise income tax, it shall lodge with Hong Kong Registrars Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend to which it is entitled not later than 4:30 p.m. on Friday, 7 June 2024.

Investors who invest in Hong Kong Shares through the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect investors), whether natural persons or enterprises, are investors who hold Hong Kong Shares through HKSCC, and in accordance with the above requirements, the Company will pay to HKSCC the amount of the 2023 Final Dividend after withholding for payment the 10 per cent. enterprise income tax.

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

PUBLICATION OF 2023 ANNUAL RESULTS AND 2023 ANNUAL REPORT

This announcement is published on the HKEXnews website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.chinamobileltd.com>. The 2023 Annual Report prepared in accordance with relevant requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Hong Kong Listing Rules will be despatched to holders of Hong Kong Shares and be available on the aforesaid websites.

The consolidated financial information set out above does not constitute the Company's statutory financial statements for the year ended 31 December 2023 but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2023, which contain an unqualified auditor's report, will be delivered to the Registrar of Companies as well as made available on the Company's website at <http://www.chinamobileltd.com>.

FORWARD-LOOKING STATEMENTS

Forward-looking statements contained in this announcement 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.

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yang Jie, Mr. Li Pizheng and Mr. Li Ronghua 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 independent non-executive directors.