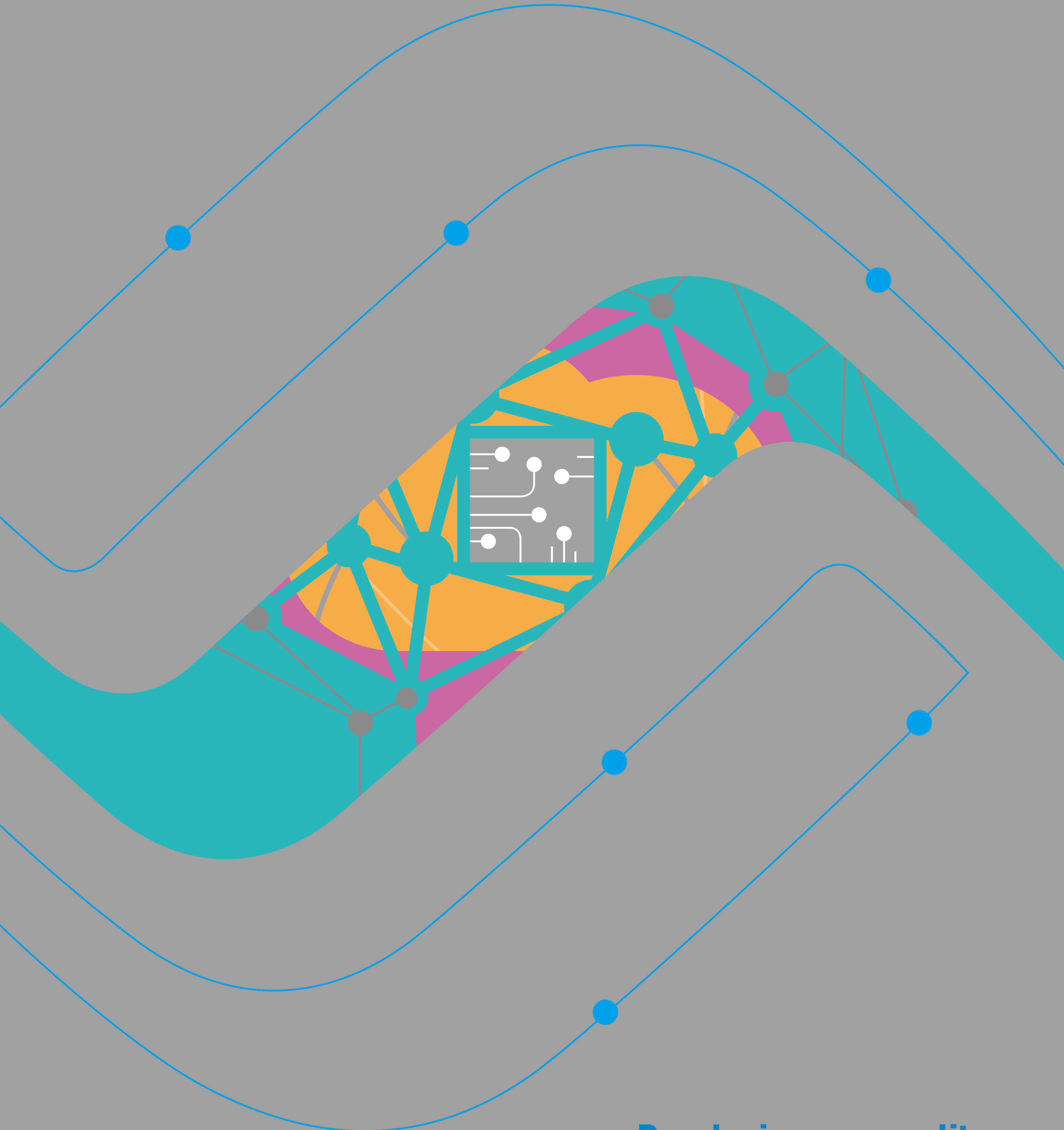
中国移动
China Mobile

China Mobile Limited
Stock Codes: 941 (HKD Counter) and 80941 (RMB Counter)

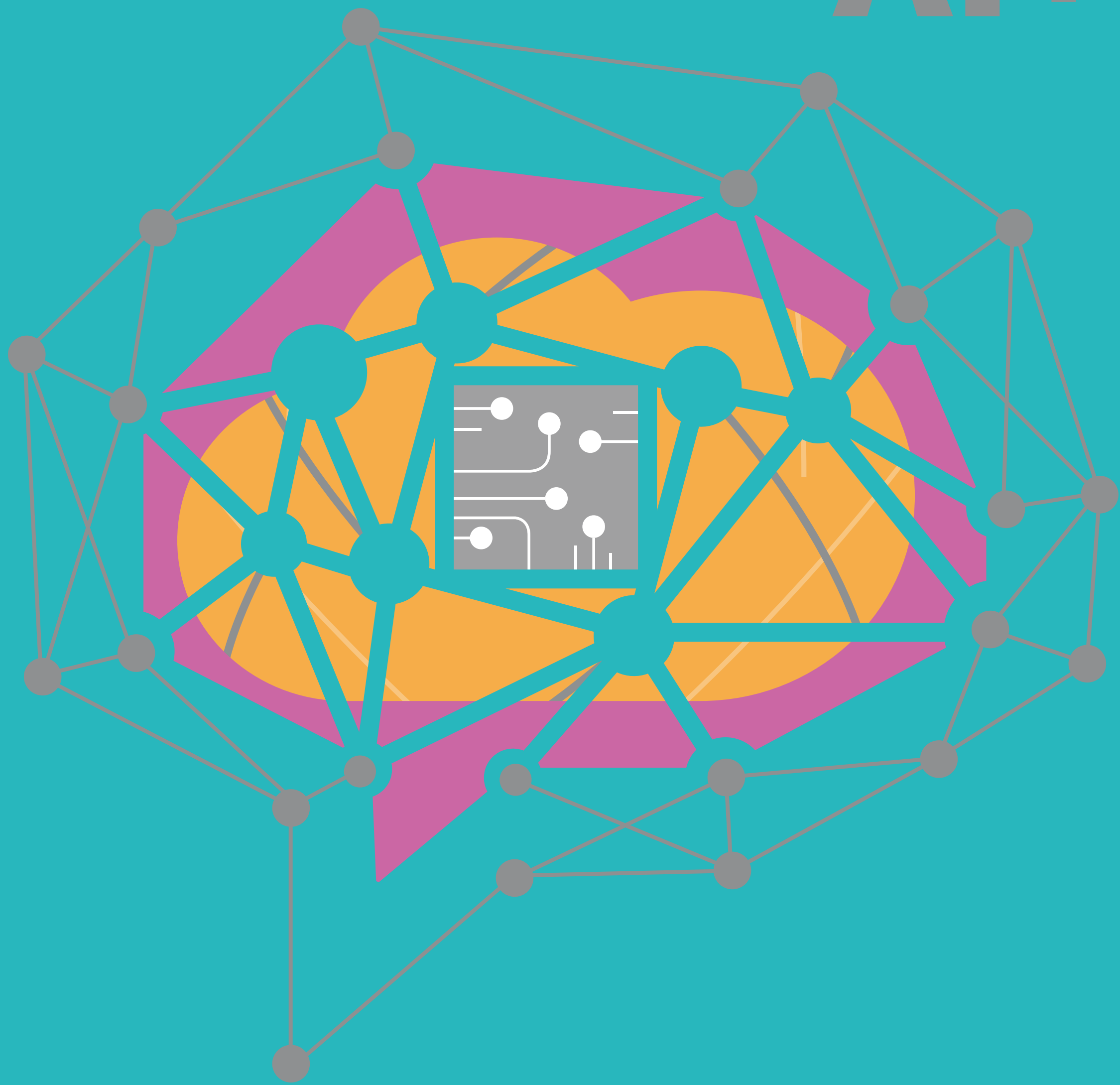


Developing new quality

PRODUCTIVE FORCES

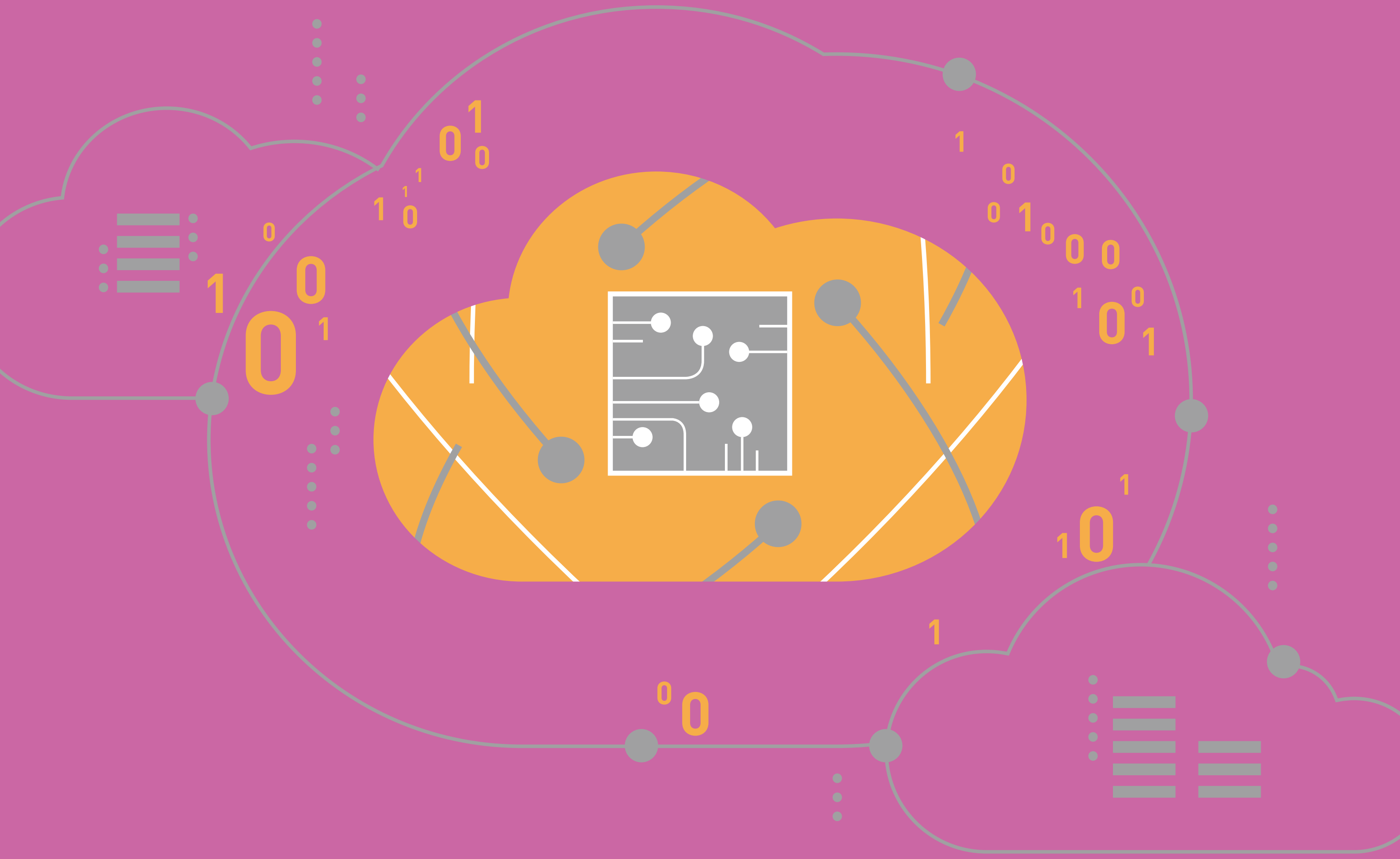
ANNUAL REPORT 2023

AI+



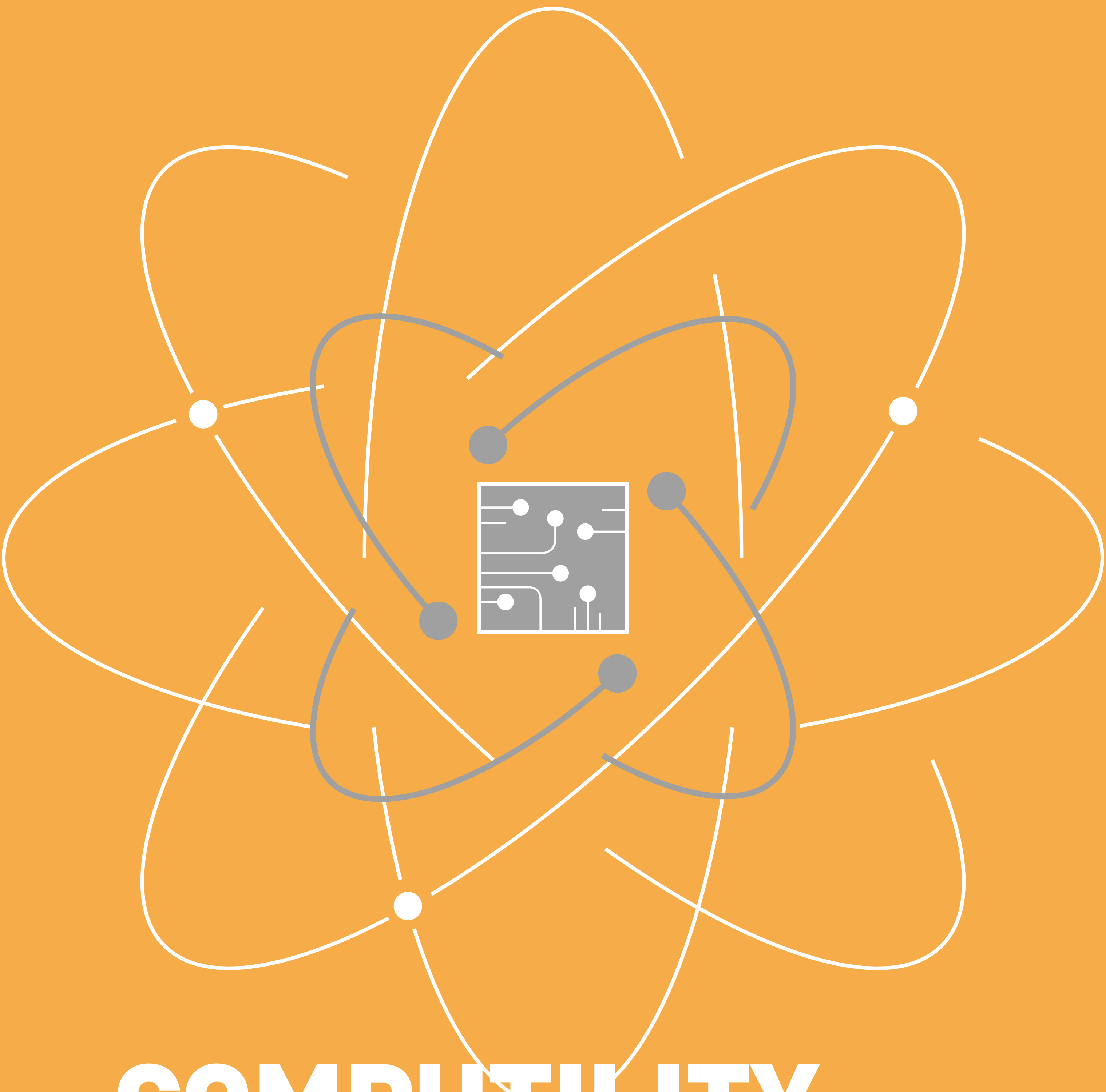
AI

New Instrument of Production



DATA

New Factor of Production



COMPUTILITY

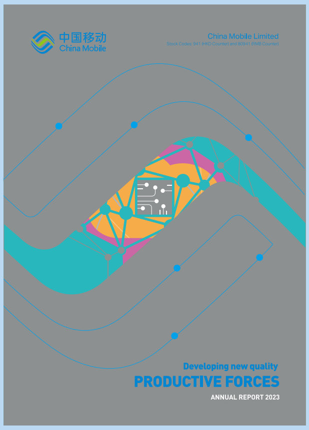
New Fundamental Energy

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.

Theme

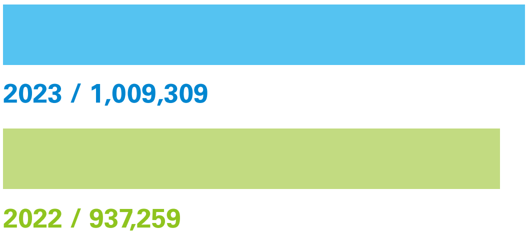
As the integrated innovation of information and energy delves deeper, we see profound changes in how human labor, means of labor, subject of labor and their optimal combinations interact. Data has emerged as a new factor of production, computility as a new fundamental energy source and AI as a new instrument of production. Together, they act as prime catalysts in developing new quality productive forces. 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. China Mobile is ready to seize the abundant opportunities for growth that lie ahead.



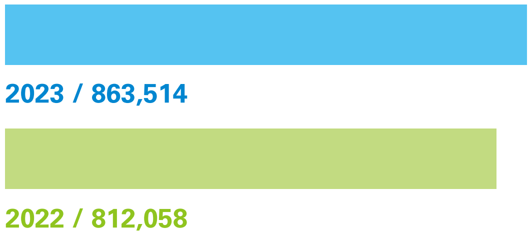
Contents

Financial Highlights

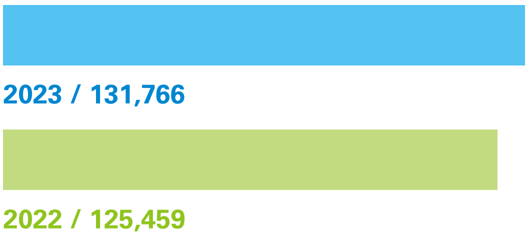
Operating Revenue
(RMB million)



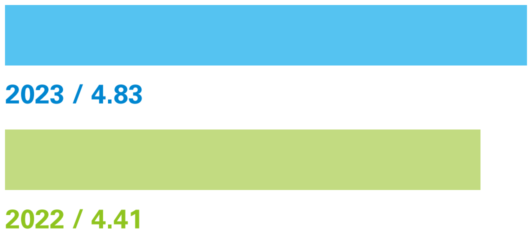
Revenue from Telecommunications Services
(RMB million)



Profit Attributable to Equity Shareholders
(RMB million)



Dividend per Share (Full Year)
(HK$)



	2023	2022
Operating revenue (RMB million)	1,009,309	937,259
Of which: Revenue from telecommunications services (RMB million)	863,514	812,058
EBITDA[1] (RMB million)	341,478	329,176
EBITDA margin[2]	33.8%	35.1%
Profit attributable to equity shareholders (RMB million)	131,766	125,459
Margin of profit attributable to equity shareholders[3]	13.1%	13.4%
Basic earnings per share (RMB)	6.16	5.88
Dividend per share – Interim (HK$)	2.43	2.20
– Final (HK$)	2.40	2.21
– Full year (HK$)	4.83	4.41

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

Milestones for 2023

Mar 2023

The "Computility Routing" Working Group promoted by China Mobile was approved for establishment by the Internet Engineering Task Force (IETF)

May 2023

China Mobile's 5G package customers exceeded 700 million

Jul 2023

Released *Jiutian* large industry models on massive-computing public administration and customer services

Aug 2023

China Mobile topped the list of telecommunications companies as the number one telecommunications operator worldwide on the *Fortune Global 500*

Aug 2023

Launched the *Baichuan* integrated computility and network platform to include a wide array of social computilities

Milestones for 2023

Aug 2023

Successfully developed China's first reconfigurable 5G radio frequency transceiver chip "Breaking Wind 8676"

Oct 2023

Jointly released the *Jiutian Zhongqing* foundation large model to achieve independent mastery over core technologies across the entire chain

Oct 2023

Initiated the "BASIC6" sci-tech innovation plan to unleash new momentum for sci-tech innovation

Nov 2023

Co-developed the world's first 1.2T ultra-high-speed next-generation Internet backbone

Dec 2023

China Mobile was named one of the "Top Ten China ESG Model Enterprises" at the first "China ESG Model Annual Ceremony" held by China Media Group

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 (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 and the delisting of the American Depositary Shares of the Company became effective 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 19 June 2023, a RMB counter was added for the trading of shares in the Company listed on the Main Board of the Hong Kong Stock Exchange (the "Hong Kong Shares").

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 2023, the Group's total number of employees approached 451,830, and had a total of 991 million mobile customers and 298 million wireline broadband customers, with its annual revenue reaching RMB1,009.3 billion.

The Company's ultimate controlling shareholder is China Mobile Communications Group Co., Ltd. ("CMCC"), which, as of 31 December 2023, directly and indirectly held approximately 69.81% of the total number of issued shares of the Company. The remaining approximately 30.19% was held by public investors.

In 2023, 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 2023 ranking 73. 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 Negative from Moody's.

China Mobile Principal Organizational Structure
as at 31 December 2023

China Mobile Communications Group Co., Ltd.

China Mobile (Hong Kong) Group Limited

China Mobile Hong Kong (BVI) Limited

69.61%

Other holders of Hong Kong Shares ← 26.17% | 4.22%* → 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 0.20% 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 61, 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. LI Pizheng

Age 59, 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 University 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 58, 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. He is also a member of our Sustainability Committee since 1 January 2024, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Stephen YIU Kin Wah, JP

Age 63, 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 ANTA Sports Products Limited and Amer Sports, Inc. (a company listed on New York Stock Exchange), a Council member and the Treasurer of The Hong Kong University of Science and Technology, a board member of Airport Authority Hong Kong, and a member of the International Advisory Council of the National Financial Regulatory Administration, 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 previously served as an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited, 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.

Biographies of Directors and Senior Management

Dr. YANG Qiang

Age 62, 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 Professor Emeritus 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 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.

Mr. Carmelo LEE Ka Sze, JP

Age 63, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2022, and now also a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee. 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 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 an Independent Non-Executive Director of KWG Group 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.

Biographies of Directors and Senior Management

Mrs. Margaret LEUNG KO May Yee, SBS, JP

Age 71, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2022, and now also the Chairman of the Sustainability Committee and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. 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 55, 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.

Biographies of Directors and Senior Management

Mr. GAO Tongqing

Age 60, 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.

Corporate Recognitions

Chairman's Statement

Chairman's Statement

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 connections[2] reached 3.35 billion, representing a net addition of 410 million connections. All CHBN[3] 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 revenue[4] 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.

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[5] was RMB341.5 billion, an increase of 3.7% year-on-year. EBITDA as a percentage of telecommunications services revenue was 39.5%. Capital expenditure totaled RMB180.3 billion, accounting for 20.9% of telecommunications services revenue 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.

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).

5 EBITDA = profit from operations + depreciation and amortization.

Chairman's Statement

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 share[7] 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 Company[8] for that year. The Company will strive to create more value for shareholders.

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 products[9] 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.

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.

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.

Chairman's Statement

"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.

Chairman's Statement

"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 OLT[11] 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.

Chairman's Statement

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).

Chairman's Statement

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 COCA[14] 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 system[16] 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.

[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 *Jiutian* as four product brands.

Chairman's Statement

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.

Technological Innovation in Full Swing. By upgrading the "Unified Five Rings"[17] technology and innovation framework and initiating the "BASIC6"[18] 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 satellite[20] – 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.

Chairman's Statement

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 unleased 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 "10-10^2-10^3-10^4" 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 "C^2 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 Projects[22], 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.

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.

[21] C^2 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.

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.

Chairman's Statement

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

Business Review

Business Review

During 2023, we fully implemented our "1-2–2-5" strategy, continuously increased our ability to provide information services and fueled our engine for innovation and development. We steadfastly placed customers at the center of our business, further consolidated our fundamental competencies, continuously developed our scale-based and value-oriented operations in greater depth, robustly drove the comprehensive and integrated development of our CHBN markets and continued to enhance product competitiveness and service quality. Thanks to these efforts, we achieved favorable growth in our overall business and continued to increase customer satisfaction. Our operating revenue amounted to RMB1,009.3 billion. Of which, revenue from telecommunications services was RMB863.5 billion, representing an increase of 6.3% year-on-year.

KEY OPERATING DATA

	2023	2022	Change %
Mobile Business			
Customer Base (million)	**991**	975	1.6%
Of which: 5G Package Customer Base (million)	**795**	614	29.4%
Net Additional Customers (million)	**15.99**	18.11	–11.7%
Of which: Net Additional 5G Package Customers (million)	**180**	227	–20.6%
Average Minutes of Usage per User per Month (MOU) (minutes/user/month)	**242**	256	–5.5%
Average Handset Data Traffic per User per Month (DOU) (GB/user/month)	**15.9**	14.1	12.7%
Average Revenue per User per Month (ARPU) (RMB/user/month)	**49.3**	49.0	0.6%
Broadband Business			
Wireline Broadband Customer Base (million)	**298**	272	9.6%
Of which: Household Broadband Customer Base (million)	**264**	244	8.3%
Wireline Broadband ARPU (RMB/user/month)	**34.5**	34.1	1.2%
Household Customer Blended ARPU (RMB/user/month)	**43.1**	42.1	2.4%
Corporate Business			
Corporate Customer Base (million)	**28.37**	23.20	22.3%
IoT Card Customer Base (million)	**1,316**	1,062	23.9%

ENHANCED HIGH-QUALITY DEVELOPMENT WITH COMPREHENSIVE GROWTH OF CHBN

"Customer" Market

Centered around 5G, we better integrated data access, applications and customer benefits to effectively meet diverse customers' demands for a rich and convenient digital life. We built and continued to upgrade our customer management system covering acquisition, retention, value upgrade, attrition control and win-back, enhancing the retention of existing customers and maintaining value contribution from mid – to high-end customers. We stepped up efforts to accelerate 5G universal adoption and the popularization of 5G devices, and comprehensively enhanced 5G network residency. Moreover, we pursued innovative methods for integrated customer operations and implemented a more sophisticated approach to customer segmentation, seamlessly integrating it into our operations. These initiatives have resulted in a broader customer base, enhanced customer loyalty and increased customer value. Additionally, we have offered more differentiated services through our customer brands of GoTone, M-zone and Easy Own, and we were also able to better leverage scale advantage to aggregate consumption to build the largest digital life services platform in China. The rapid growth in customer scale, coupled with our enhanced integrated operations, has helped our 5G business gain favorable momentum. As of the end of December 2023, our 5G network customer base reached 465 million and its share of our overall customer base increased to an industry-leading 46.9%. We gained a net addition of 138 million customers, or a monthly average net addition of more than 11.47 million. The ARPU and DOU of our 5G network customers reached RMB78.2 and 25.0 gigabytes respectively, driving stable and healthy growth in overall mobile ARPU.

"Home" Market

Focusing on smart home, we steadfastly pursued the direction of scale expansion, brand recognition, ecosystem building and value enhancement in the development of the "Home" market and accelerated household digital intelligence transformation. We continued to consolidate the foundation for our family information services and accelerate the upgrade of household broadband network towards diversified connectivity, scenario-based experience and cloud-based terminal computility. We increased the value contribution of Mobile HD through centralized big-screen operations and diversified screen types, while infusing greater innovation into vertical scenarios and adopting a digital intelligence operation. We consistently upgraded our home security intelligent services, enriched value-added AI functions, and diversified terminal types through enhanced resolution and computility. Moreover, we extended application scenarios to home security surveillance and the governance of rural villages. We optimized the operation of our family services portal to realize the auto detection, auto display and auto control of devices, unleashing synergies across different scenarios. We continued to extend the living circle around the family, and accelerated the integration of health and elderly care, digitalized community, and the scenario-based governance of rural villages. As a result of these initiatives, our "Home" market achieved rapid growth in revenue and stable and healthy growth in customer value. As of the end of December 2023, the number of household broadband customers reached 264 million, with an average monthly net addition of 1.68 million, while Mobile HD customers reached 207 million, with a net addition of 14.92 million. Home network deployment, big screen, security and other key smart home businesses saw a rapid uptick in scale, while health and elderly care, full household intelligence and other new HDICT scenarios witnessed accelerated growth. Household broadband revenue grew by 13.5%, smart home value-added business revenue increased by 13.1%, and household customer blended ARPU maintained stable and healthy growth.

Business Review

“Business” Market

Centering around the positioning of the “Business” market as the new driver of revenue growth and a major force for enterprise transformation and upgrade, we developed “Business” market product and solution lists with key products and sectors in mind. In doing so, we leveraged the advantages of our innovation capabilities, organizational synergy, infrastructure resource and localized services to continue improving the scale, quality and competence of this business. We strove to build a leading cloud engine that allows customers to seamlessly connect to the cloud when they access our network anywhere, from edge devices and within milliseconds. We committed to core technologies that are self-developed and under our control, ensuring our leadership in the evolution of the CN brain. We promoted the compatibility and openness of the industry ecosystem, marking a positive start in the establishment of our industry-leading China Mobile Cloud. We maintained our leading position in empowering all sectors with 5G, represented by the development of a dedicated 5G network 3.0 that can be integrated into enterprise production as a foundation for connection. Centered around the 9-One Industry Platform and our high-value applications, we developed a 4-in-1 solution that integrates cloud, network, platform and applications, resulting in the scale replication across multiple market segments from an initial stage of isolated adoption. We have achieved significant digital intelligence transformation in various verticals thanks to these initiatives. In 2023, we achieved leapfrog development in industry cloud, with revenue amounting to RMB70.8 billion. Our cloud computer’s full-stack capabilities were entirely self-developed and the product recorded a sales volume of over 2.70 million, representing a more than ten-fold increase year-on-year. The number of IoT card customers reached 1.316 billion, with a net addition of 254 million.

“New” Market

In terms of the international business, to support the high-quality co-construction of the “Belt and Road”, we continued to optimize the planning of our overseas information infrastructure, continuously enhancing our end-to-end service quality, expanding our “circle of friends”, and increasing the scale of our international business. During the year, revenue from the international business increased by 24.2% year-on-year to RMB20.7 billion. In terms of equity investment, we focused on securing industry leadership, improved the ecosystem, reinforced core competence through direct investment, and strengthened our foothold in leading funds to support technological innovation through a specialized, refined, differentiated and innovative approach. With a focus on key fields such as AI, Industrial Internet and Visual Internet of Things, we created a bigger “circle of relatives” to collaboratively provide information services, boosting synergy and unleashing the potential of capital. In the area of digital content, we adopted the content, technology, and integrated innovation approach to strengthen content generation, aggregation and dissemination, consistently building an industry-leading content ecosystem. In 2023, alongside fast growth in active users of MIGU Video, cloud games and video connecting tones, revenue from the content business increased by 31.6% year-on-year. The number of MIGU Video APP’s monthly active customers reached 116 million and the customer base for video connecting tones exceeded 400 million. In terms of FinTech, monthly active customers of “and-Wallet” recorded a year-on-year increase of 51.8%. The business scale of the financial services throughout the industrial chain increased 35.7% year-on-year, serving 59.6% more enterprises.

PERSISTENT EFFORTS ON TARGETED INVESTMENTS WITH UPGRADED NETWORK DEPLOYMENT

Thanks to our forward-thinking and targeted approach to investment, we were able to focus on ensuring leading connection quality, planning computility resources, and fostering and improving capabilities to lead in all aspects ranging from network coverage and quality to technology and customer experience, while also consolidating our foundation for digital intelligence, supporting growth across the CHBN markets. At the same time, we improved resource management, strengthened digital intelligence empowerment, and optimized our project management and investment structure by strengthening investment control throughout the process and adopting specialized operation and implementation measures to save energy and protect the environment. These measures have helped us ensure investment efficiency and promote low-carbon development.

We continued to enhance the capabilities and quality of our infrastructure. As of the end of December 2023, the number of our base stations had exceeded 6.60 million, making it the largest network in the world. The total length of our optical network reached 28.74 million cable kilometers while our dedicated business network and backbone transmission network boasted bandwidth of 82.8Tbps and over 859Tbps respectively. The bandwidth of CMNET, cloud dedicated network and IP dedicated network exceeded 550Tbps.

We continued to optimize our international information infrastructure. As of the end of December 2023, we had more than 80 submarine and land cable resources that enabled global coverage. Our total bandwidth for international transmission reached 145Tbps and our 235 POPs covered all major countries and regions worldwide. In addition, our international roaming and 5G services covered 264 and 75 locations respectively. Worldwide users covered by our Hand-in-Hand global partnership program exceeded 3 billion.

In 2023, our capital expenditure totaled approximately RMB180.3 billion. In 2024, we expect total capital expenditure to stand at approximately RMB173.0 billion, which will be spent primarily on areas including enhancing our leadership in connection perception, accelerating computility development, building out more intensive and effective capabilities, improving infrastructure planning and expansion, and supporting CHBN business development. Of this, capital expenditure for 5G network will amount to approximately RMB69.0 billion, which will be funded mainly from cash flow from operating activities.

STRENGTHENED MARKETING WITH SIGNIFICANT ENHANCEMENTS TO SERVICE QUALITY

Channel Transformation

We furthered innovation in our marketing and service system, improved accessibility, and built new channels that integrated shop, network and people. Firstly, we increased our efforts in turning terminals into an ecosystem, connecting the channels to form sales chains, and establishing a customer membership system. This has increased our influence throughout the industry chain. During the year, sales of 5G handsets from China Mobile's pan-terminal and omni-channel alliance reached 43.88 million units, up by 27.2% year-on-year. Secondly, we optimized grid-based digital intelligence empowerment and operation mechanisms, driving integrated service handling for our CHBN business, as well as "inverted triangle" full-domain support order handling, big screen visualization of grid operations and other key capabilities. To further reduce burden and increase efficiency of the frontline in the grids, we established the "6x1" capability framework[1]. Thirdly, we innovatively improved online operation by elevating the China Mobile APP so that it was not only effectively integrated but also running smoothly. This has yielded significant outcome, with the number of monthly active customers increasing to 370 million. We introduced large AI models to empower and achieve intelligent interactive service and precision marketing. Thanks to notable progress in channel transformation, our sales effort became more efficient in 2023. Alongside favorable revenue growth, sales expenses as a proportion of revenue continued to decline.

Brand Operations

Taking full advantage of the leading position of our brands, we fully adopted the "brand-first approach" by establishing the new "1+4+4" strategic brand system, centering the "China Mobile" corporate brand and four customer brands – GoTone, M-zone, Easy Own and China Mobile *Aijia*. Our initiatives for strengthening the customer brands included cultivating a sense of exclusivity for GoTone through three types of exclusive rebates. For M-zone, we focused on digital intelligence and trendiness with special offerings and campaigns for young customers. For Easy Own, we highlighted localized services to shape a sense of warmth. As for China Mobile *Aijia*, we created the modern smart home lifestyle with full-gigabit network and cloud-based applications. We continued to enhance the four product brands – MIGU Video, China Mobile Cloud, *Wutong Big Data*, and *Jiutian*. Among them, *Wutong Big Data* is a product brand which specializes in big data and provides customers with three cloud-based big data services of PaaS, DaaS and SaaS, as well as a rich variety of products for vertical industries, enabling digital intelligence transformation across industries. *Jiutian* is a product brand which specializes in AI, and through our proprietary core technology, it creates a new type of intelligent engine based on the *Jiutian* AI platform, generic and industry-specific large models, and over 450 key AI capabilities. The engine offers full-stack AI services from intelligent computing infrastructure, platform, model capabilities to intelligent applications. In 2023, we continued to enrich our brand proposition. Our brand value put us in the camp of first-tier global operators, advancing the impact of our brand to a new level.

[1] "6x1" capability framework refers to one-screen overview of indicators, one tool for marketing, one-click service handling, one-point task assignment, one-click order handling, and one-grid management of resources.

Business Review

Customer Services

We steadfastly advanced the implementation of a service management system encompassing every aspect and process of service and involving every member of staff. We maintained industry-leading customer perception of service quality, as reflected by notably higher overall satisfaction ratings and lower complaint rates relative to peers. Meanwhile, reputation rating of our "Heartwarming Service" reached 90%. Network quality saw consistent enhancements, with mobile network quality satisfaction maintaining its advantageous position and household broadband network quality satisfaction increasing substantially for two consecutive years. Following our ongoing efforts to improve product quality, customer satisfaction with key products increased by 1.25 percentage points. We were the first in the industry to implement a product quality management system that centers on customer perception. Service touchpoints continued optimizing through continuous upgrades to our service system empowered by AI. As the initial adopter of industry large models, we improved customer issue resolution rates by 5 percentage points relative to traditional models. We spearheaded video customer service to provide visualized hotline services for customers, with average monthly service volume reaching 145 million. We steadily enhanced retail outlet work processing efficiency, shortening integrated service handling time by 47% year-over-year. We further implemented initiatives to protect customer rights, pushing forward the "Sunshine Actions" program to protect customer rights and ensuring information security. We continued to strengthen customer communication and engagement through conducting customer events including manager storefront visits, customer experience tours and General Manager Customer Reception Days to fortify and further uplift our reputation among customers.

HIGHLIGHTS FOR 2024

In 2024, we will boldly embrace our role as a leading force behind China's leapfrog development of science and technology, making active contributions to the building of "Cyberpower" and "Digital China". We will expedite the further advancement of our core business strategy that centers around accelerating digital intelligence transformation and achieving high-quality growth. While furthering cloud migration and digitalization, we will emphasize intelligence as the driving force, expedite the transformation from "+AI" to "AI+", and better support the development of new quality productive forces. We will devote every effort to deliver in the five areas below:

First, we will continue to build new information infrastructure to solidify our digital intelligence foundation. We will ensure leading network coverage and perception by building premium "double gigabit" networks. We will accelerate the development of CN to support the integration and innovation of applications. We will also expedite the upgrading of our integration platform and strengthen capability supply and empowerment.

Business Review

Second, we will continue to establish the new information service system, promoting the quality and efficiency of digital intelligence development. We will take a deeper, broader and more thorough approach to value-oriented operations by leveraging our business scale and driving the comprehensive and integrated development of our CHBN+VG markets. Focusing on business priorities, we will improve value creation capabilities and strengthen our existing customer operation system. We will also vigorously develop the corporate market, promote the standardization, productization and platformization of government-enterprise solutions, as well as enriching innovative offerings in the field of Internet of Video Things.

Third, we will deepen application of AI empowerment and improve digital intelligence operation. Internally, we will promote the intelligent upgrade of our business operation model by implementing AI+ smart operation, AI+ smart service, AI+ smart construction and maintenance, and AI+ smart management. Externally, we will provide high-standard smart applications to support the digital transformation of production, lifestyle and governance.

Fourth, we will foster our world-class brand power and establish a leading reputation in digital intelligence, providing premium networks, outstanding products and excellent "Heartwarming Service" experience to enhance the added value of our brand. To enhance brand value, we will endow our corporate brand with technology, customer brands with more innovative operations, and product brands with the outcome of innovation. We will make efforts in brand communications and management to enhance our reputation.

Fifth, we will continue to drive reforms and innovations, as well as enhancing management to stimulate the internal vitality of digital intelligence. We will carry out a new round of reforms to strengthen system planning, enhance technological innovations, implement the "BASIC6" sci-tech innovation plan, and optimize our technological innovation systems and mechanisms. We will improve the mechanisms for governance, talent development and incentive while continuously optimizing our organizational structure. We will enhance our professional management level by strengthening the collaboration and synergy between the headquarters, regional companies and specialized teams so as to ensure performance in their respective roles to contribute to the improvement of corporate management and operational efficiency, and preventing management risks.

Financial Review

Financial Review

In 2023, we made every effort to seize the valuable opportunities arising from the thriving digital economy and achieved all-round growth in customer value, corporate value and shareholder returns. Our business results were remarkable, with revenue surpassing the RMB trillion mark for the first time in our history of development, and net profit attaining a record high.

	2023	2022	Change
Operating revenue (RMB million)	**1,009,309**	937,259	7.7%
Revenue from telecommunications services (RMB million)	**863,514**	812,058	6.3%
Revenue from sales of products and others (RMB million)	**145,795**	125,201	16.4%
EBITDA (RMB million)	**341,478**	329,176	3.7%
EBITDA margin	**33.8%**	35.1%	–1.3pp
Profit attributable to equity shareholders (RMB million)	**131,766**	125,459	5.0%
Margin of profit attributable to equity shareholders	**13.1%**	13.4%	–0.3pp
Basic earnings per share (RMB)	**6.16**	5.88	4.8%

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 2023, our operating revenue reached 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. 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 persisted in the optimization of our revenue structure. Our revenue from wireless data traffic services for the year was RMB394.8 billion, down by 3.1 percentage points when expressed as a percentage of revenue from telecommunications services.

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 make up a growing portion of our revenue from year to year and reached RMB118.8 billion, up by 13.1% year-on-year and by 0.8 percentage points when expressed as a percentage of revenue from telecommunications services.

Financial Review

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 RMB221.6 billion, up by 21.5% year-on-year, and contributed 4.8 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 and other terminals, our revenue from sales of products and others was RMB145.8 billion, up by 16.4% year-on-year. Our terminal 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 2023, our operating expenses were RMB875.0 billion, up by 8.3% year-on-year. Our operating expenses represented 86.7% of our operating revenue.

	2023 RMB million	2022 RMB million	Change
Operating expenses	874,963	808,160	8.3%
Network operation and support expenses	268,895	254,182	5.8%
Depreciation and amortization	207,132	200,077	3.5%
Employee benefit and related expenses	144,333	130,157	10.9%
Selling expenses	52,477	49,592	5.8%
Cost of products sold	142,807	122,743	16.3%
Other operating expenses	59,319	51,409	15.4%

Network Operation and Support Expenses

Network operation and support expenses were RMB268.9 billion, up by 5.8% year-on-year and representing 26.6% of operating revenue. Of which, maintenance, operation support and related expenses increased by 8.9% year-on-year and reached RMB175.6 billion, primarily driven by rapid commissioning of new infrastructure projects and increased transformation-related investments.

Depreciation and Amortization

Depreciation and amortization were RMB207.1 billion, up by 3.5% year-on-year and representing 20.5% of operating revenue. This was primarily driven by an increase in depreciation of fixed assets, as we accelerated network upgrades and business transformation and maintained substantial capital expenditure.

Financial Review

Employee Benefit and Related Expenses

Employee benefit and related expenses were RMB144.3 billion, up by 10.9% year-on-year and representing 14.3% of operating revenue. We continued to refine and optimize our workforce structure, and stepped up incentives for talents in technological innovation, to provide solid talent support for our reform, innovation, transformation and development.

Selling Expenses

Selling expenses were RMB52.5 billion, up by 5.8% year-on-year and representing 5.2% of operating revenue, down by 0.1 percentage points year-on-year. The increase in selling expenses was primarily driven by increases in channel operation support services and business development efforts with small and medium enterprises.

Cost of Products Sold

Cost of products sold was RMB142.8 billion, up by 16.3% year-on-year and representing 14.1% of operating revenue. The increase was primarily driven by the growth in revenue from sales of products.

Other Operating Expenses

Other operating expenses were RMB59.3 billion, up by 15.4% year-on-year and representing 5.9% of operating revenue. The increase was primarily driven by expected credit losses in accounts receivable and increases in international roaming expenses.

Profitability

In 2023, 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 RMB134.3 billion, up by 4.1% year-on-year. EBITDA was RMB341.5 billion, up by 3.7% year-on-year, and EBITDA margin was 33.8%, down by 1.3 percentage points year-on-year. Benefiting from healthy growth in revenue and better cost control, profit attributable to equity shareholders was RMB131.8 billion in 2023, up by 5.0% year-on-year. The margin of profit attributable to equity shareholders was 13.1%.

	2023 RMB million	2022 RMB million	Change
Profit from operations	**134,346**	129,099	4.1%
Other gains	**9,823**	9,388	4.6%
Interest and other income	**21,134**	15,729	34.4%
Finance costs	**3,730**	2,330	60.1%
Income from investments accounted for using the equity method	**8,958**	10,986	–18.5%
Taxation	**38,596**	37,278	3.5%
Profit attributable to equity shareholders	**131,766**	125,459	5.0%

Financial Review

CAPITAL STRUCTURE

Our financial position continued to remain robust. As at the end of 2023, total assets and total liabilities were RMB1,992.7 billion and RMB646.7 billion, respectively. The liabilities to assets ratio was 32.5%.

We consistently and firmly adhered to our prudent financial risk management policies and maintained sound repayment capabilities. The effective interest coverage multiple was 41 times.

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million	Change
Current assets	**498,104**	456,371	9.1%
Non-current assets	**1,494,553**	1,479,167	1.0%
Total assets	**1,992,657**	1,935,538	3.0%
Current liabilities	**558,565**	533,337	4.7%
Non-current liabilities	**88,107**	100,778	–12.6%
Total liabilities	**646,672**	634,115	2.0%
Non-controlling interests	**4,253**	4,075	4.4%
Total equity attributable to equity shareholders	**1,341,732**	1,297,348	3.4%
Total equity	**1,345,985**	1,301,423	3.4%

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 2023, our cash flow remained healthy. Net cash generated from operating activities was RMB303.8 billion, up by 8.2% year-on-year. Net cash used in investing activities was RMB205.7 billion, down by 13.6% year-on-year. Net cash used in financing activities was RMB123.8 billion, up by 2.8% year-on-year. Free cash flow was RMB123.5 billion, up by 29.2% year-on-year. As at the end of 2023, our total cash and bank balances were RMB234.2 billion, of which 91.6%, 2.4% and 5.8% 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.

	2023 **RMB million**	2022 RMB million	Change
Net cash generated from operating activities	**303,780**	280,750	8.2%
Net cash used in investing activities	**205,699**	238,053	–13.6%
Net cash used in financing activities	**123,843**	120,514	2.8%
Free cash flow	**123,486**	95,566	29.2%

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 Negative 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

The Company steadfastly pursues a sustainable development strategy, focuses on promoting the wide application of digital intelligent information technology, continuously leverages the empowering role of the next generation of information technologies. In our journey towards establishing a world-class information service and science & technology innovation company, we strive to generate more superior value for the sustainable development of the economy, society, and environment.

Leveraging digital intelligence innovation, we robustly support the development of the economy and society. The Company systematically builds a new type of information infrastructure focused on 5G, CN, and integration platform, pioneering a novel information service system encapsulated by "connectivity + computility + capability". We aim to construct a top-tier dual gigabit network, hasten the development of core advantages in computility networks, and enhance the operational quality and efficiency of the integration platform. By the end of 2023, we had built over 1.94 million 5G base stations, covered 390 million households with gigabit broadband, and our data center capabilities covered all key nodes of the national "East Data West Computing" strategy. It provided general computing power services with a scale of 8 EFLOPS (FP32), accelerated the formation of a multi-level and multi-coverage intelligent computing layout, offered intelligent computing power services with a scale of 10.1 EFLOPS (FP16), and developed over 30,000 commercial 5G industry cases. We've strengthened our sci-tech innovation system structure, initiated the "BASIC6" sci-tech innovation plan, and rapidly nurtured and expanded strategic emerging industry clusters. To meet the public's growing demand for high-quality consumption, we've enriched our digital product supply system, including high-definition video, China Mobile Cloud Drive, and super SIMs. We focus on enhancing the resilience and security levels of industrial and supply chains, perfecting our data security governance system, and consistently maintaining a strong stance against telecommunications network fraud, blocking 371 million fraudulent calls, 279 million fraudulent messages, and 8.8924 million fraudulent websites over the year.

Embracing inclusive growth, we share our developmental achievements with the entire society. Upholding the principle of prioritizing people, the Company shares the dividends of development with the community. We deeply implement the Talent Strengthens Enterprise initiative, accelerate talent capability transformation, and truly forge our talent into the Company's core competitive advantage. Respecting and protecting employee rights and interests, we deeply implement heartwarming projects like "Five Small Projects", "Happiness 1+1", and employee assistance programs, providing a friendly work environment. We pay attention to the digital needs of the elderly, disabled, ethnic minorities, and others, achieving 4G network coverage of 99.6% of the nation's administrative villages and basically continuous 5G network coverage across counties and towns nationwide, effectively covering large administrative villages and developed rural areas, accelerating the closure of the digital divide. We consolidate and expand the achievements of poverty alleviation, comprehensively advance digital and intelligent agriculture, and have built over 390,000 digital villages and 155,900 smart communities. Deeply committed to public welfare and charity, we continue to enhance the operation of the China Mobile Public Welfare Platform, carry out branded charity projects, and actively support volunteer services. Supporting regional coordinated development, we assist in the high-quality joint construction of the "Belt and Road" and aid in the development of a new pattern of mutual promotion between domestic and international dual circulation.

Sustainability Report

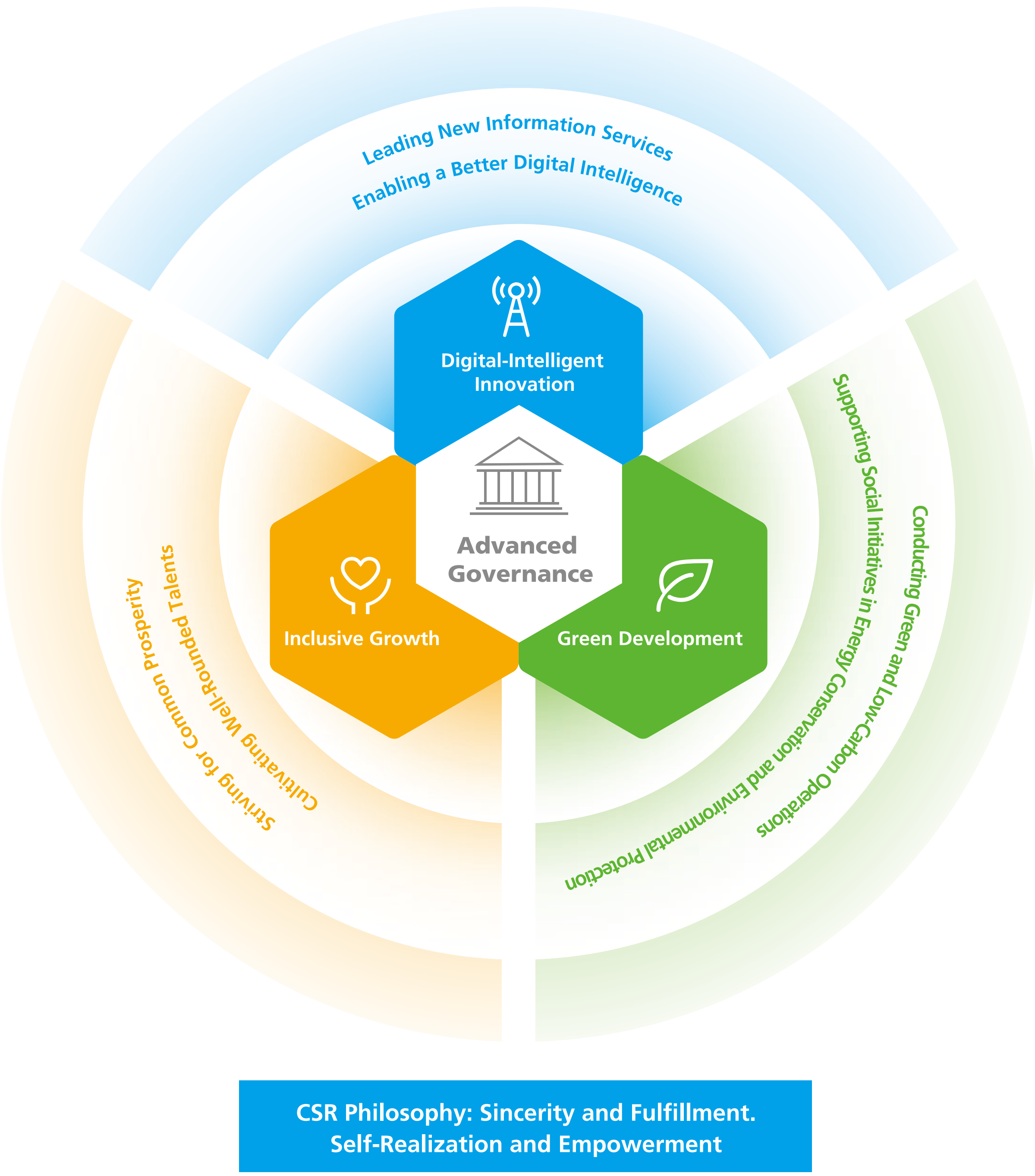
Focusing on green development, we are committed to facilitating the construction of a green society. The Company places a high emphasis on addressing climate change, steadfastly following an eco-friendly and low-carbon development path. We advance the C² Three Energy – China Mobile Carbon Peak and Carbon Neutrality Action Plan, intensify efforts in green, low-carbon technology, lead in energy-saving and consumption reduction at 5G base stations, enhance the energy efficiency of data centers, have built 86,000 minimalist base stations, improved the energy efficiency of newly-built 5G stations by 9% year-on-year, and lowered the average Power Usage Effectiveness (PUE) of newly built large and super-large data centers to below 1.32. We actively increase the proportion of clean energy supply, with capacities in wind and solar energy reaching 210 million peak watts. Playing a leading role in the supply chain, we have issued the *China Mobile Green Supply Chain Guidance* to enhance the green supply capability of the supply chain, achieving a 99.9% paperless procurement rate, reducing paper usage by 130 million sheets, cutting carbon emissions by 260 tonnes during the year, applying green packaging for new main equipment in more than 80% of cases, and saving 278,500 cubic meters of lumber. We leverage IT to reduce carbon footprint, promote the deep integration of emerging information technologies with green, low-carbon industries, encouraging a comprehensive green transformation of economic and social development, enabling society to reduce greenhouse gas emissions by approximately 310 million tonnes over the year.

Excellence in governance, we continuously improves our sustainable development capabilities. Our entire Board of Directors works diligently, constantly enhancing the effectiveness, professionalism, and diversity of the Board. We implement modern corporate systems, continually perfect our corporate governance structure, and standardize the governance process. We initiate a new round of corporate reform to deepen and enhance action, deepening reforms in key areas such as the Double Hundred Action, Science and Technology Reform Action, and Specialization, Refinement, Differential, and Innovation, strengthening the internal drive for high-quality development. We construct a centralized, unified, comprehensive, authoritative, efficient, and innovative audit and supervision system. We promote the construction of Legal Mobile, implementing the Compliance Escort Plan across the Company, strengthening the legal guarantees for high-quality development. We persistently fight against corruption, adhering to the principle that one should not dare, cannot, and does not want to be corrupt, strengthening the construction of a clean culture in the new era, and fostering a healthy political atmosphere of integrity.

Sustainability Report

We have established a robust sustainability management structure and work system. Adhering to the sustainability philosophy of Sincerity and Fulfillment, Self-Realization and Empowerment, we have set up a Sustainable Development Committee under the Board of Directors to strengthen the supervision and management of sustainability efforts. For 18 consecutive years, we have published the Sustainability Report, addressing concerns of stakeholders. For 16 consecutive years, we have conducted the Outstanding Corporate Social Responsibility Practice Case Selection, collecting 1,229 cases and selecting 268 outstanding achievements, promoting the application and dissemination of excellent sustainability practices both internally and externally.

China Mobile's Sustainability Model



Sustainability Report

China Mobile's Sustainability Management Structure

Decision-Making Level

The Company formed a Sustainable Development Steering Committee, led by the Chairman and including key leaders and responsible individuals from relevant departments, to guide all aspects of sustainable development within the Company and its parent entity.

In November 2023, a Sustainable Development Committee was newly created under the Board of Directors, set to start its duties on January 1, 2024. This committee is tasked with advising the Board on objectives, strategies, priorities, actions, and purposes regarding corporate social responsibility and sustainable development, aiding the Board in decision-making related to these areas. The establishment of this committee aims to enhance the Company's capabilities in governing sustainability efforts.

Organizational Level

The Company has set up a dedicated Sustainable Development Office, serving as a permanent entity tasked with spearheading the management of critical sustainability matters and overseeing the disclosure of related information.

Implementation Level

The departments specializing in sustainable development across various professional divisions and subsidiaries are charged with adhering to and implementing the Company's sustainable development directives and guidelines, while also providing regular updates on their progress in these areas.

China Mobile's Sustainability Management System

Strategy Management

- Sustainability philosophy
- Sustainability strategy and planning
- Sustainability management system and policies

Implementation Management

- Sustainability team building
- Sustainability research and training
- Identification and management of material sustainability issues
- Integrating sustainability into professional management

Communication Management

- Preparation, release, and dissemination of sustainability reports
- Routine and topic-oriented communication with stakeholders

Performance Management

- Integrating sustainability into strategic performance management
- Awarding outstanding CSR practices

For more detailed information on our sustainability performance in 2023, please refer to the *China Mobile Limited Sustainability Report 2023* released on the Company's website (www.chinamobileltd.com).

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 sound corporate governance practices following the principles of integrity, transparency, openness and efficiency, while continuing to refine various policies, internal controls and 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 Hong Kong and Shanghai, we shall also comply with corporate governance practices required by China Securities Regulatory Commission ("CSRC") and the SSE. 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 21 December 2021 on the major differences between our corporate governance practices and those required of listed issuers under the regulations of the CSRC.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2023, our Board of Directors (the "Board") was responsible for corporate governance and formulates terms of reference, corporate governance principles and structure, and 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").

On 1 January 2024, we established a Sustainability Committee under the Board, consisting of one executive directors and two independent non-executive directors ("INED", to be responsible for performing environmental, social and corporate governance ("ESG") and related duties on behalf of the Board.

We require the procedures of our Board, its committees and other internal bodies to strictly comply with the principles of the Corporate Governance Code. We set out below 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 2023) 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 C3 to the Hong Kong Listing Rules (the "Model Code").

✓ The Company established a Sustainability Committee under the Board and formulated and published its terms of reference.

✓ Publication of the terms of reference and membership of each Board committee on the websites of the Company, the HKEX and the SSE.

✓ Except our Sustainability Committee, all Board committees are made up of INEDs, each with professional qualifications and/or 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 in respect of any change, to his/her position in any public companies or organizations and other significant commitments.

✓ Publication of Sustainability Reports for 18 consecutive years, reporting on its performance on ESG issues, which, in many respects, exceeds the requirements of the ESG Reporting Guide set out in Appendix C2 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 subsidiaries have set up internal audit departments, which independently audit the business units of the Company and its subsidiaries.

I. 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 2023, our total number of issued shares was 21,390,880,312, among which, approximately 69.81% were held directly and indirectly by CMCC. The remaining approximately 30.19% were held by public investors.

Shareholder Rights

Full text of the Articles of Association of the Company is available on the websites of the Company, the HKEX and the SSE. According to the Articles of Association of the Company and the Companies Ordinance (Chapter 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 the Registered Office, for the attention of the Company Secretary (i) not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution and (ii) 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 the Registered Office, 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 on shareholders' rights are available on our website.

Shareholder Value and Communication

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

From 21 January 2022 to 29 December 2023, CMCC increased its shareholding in the Company by acquiring a total of 42,367,000 A Shares on the SSE, accounting for approximately 0.198% of our total number of issued shares or 4.693% of our total number of issued A Shares, for an aggregate price of RMB3,000,036,465.84 (excluding commissions and transaction taxes and fees).

Financial Year		**Ordinary Dividend Per Share** (HKD)	**Total Dividend Per Share** (HKD)
2023	final[1]	2.400[2]	4.830
	interim	2.430	
2022	final	2.210	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	

1 Pending approval at the AGM.

2 The final dividend will be denominated and declared in Hong Kong dollars, and 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 AGM for declaring the dividend.

To ensure effective communications between the Company and its shareholders, we have formulated shareholders communication policies. 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 shareholders and investors, to maintain an active dialogue with them as well as other participants in the capital markets, and to make sure they are fully informed of our operations 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 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 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 and timely information so as to facilitate their understanding of the Group's operations.

The Company keeps in touch with investors through investment conferences, one-on-one meetings, teleconferences and other forms of exchange and interaction to timely deliver information on our operations to the capital markets. In October 2023, we organized an investor event under the theme of "Inside Listed Company", and had in-depth discussions with 20 institutional investors on the Company's latest development in different markets, AI strategies, plans and developments in satellite communications and more. In 2023, we attended 38 investor conferences and 204 routine investor meetings, and met more than 2500 investors. We will continue our efforts to enhance investor relations.

The Company also attaches great importance to general meetings, including AGMs and EGMs, and makes substantial efforts to enhance communications between the Board and the shareholders. At each general meeting, the Board always makes efforts to fully address questions raised by shareholders. In 2023, we held one AGM and one EGM.

On 11 January 2023, we held an EGM in the Grand Ballroom, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, at which a resolution on the entering into of affiliated transaction agreements with China Tower Corporation Limited and the expected 2023 annual caps in respect of such affiliated transactions was approved with 99.9959% votes cast in favour of the resolution.

On 24 May 2023, we held our AGM in the Grand Ballroom, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong. The major items discussed and the percentage of votes cast in favour of the resolutions are set out as follows:

1. to consider and approve the 2022 Annual Reports (including the audited consolidated financial statements, the Report of the Directors and the Report of the Auditors for the year ended 31 December 2022) of the Company (99.9912%);

2. to consider and approve the profit distribution plan of the Company and declare a final dividend for the year ended 31 December 2022 (99.9912%);

3. to consider and approve the authorization to the Board to determine interim profit distribution of the Company for the year ending 31 December 2023 (99.9906%);

4. to re-elect Mr. LI Pizheng and Mr. LI Ronghua as executive director of the Company (99.8280% and 99.8368%, respectively);

5. to re-elect Mr. Stephen YIU Kin Wah, Mr. Carmelo LEE Ka Sze and Mrs. Margaret LEUNG KO May Yee as independent non-executive director of the Company (99.4068%, 99.6120% and 99.8123%, respectively);

6. to re-appoint KPMG and KPMG Huazhen LLP as the auditors of the Group, and to authorize the Board to fix their remuneration (99.9909%);

7. 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 (99.8487%);

8. 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 (96.7430%);

9. 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 (96.9777%); and

10. to consider and approve the external guarantees plan for 2023 (98.2066%).

All resolutions were duly passed at the EGM and AGM. 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 important dates for our shareholders for the financial year ending 31 December 2024. Such dates are subject to change. Shareholders should refer to our announcements issued from time to time.

2024 Important Shareholders' Dates

21 March	Announcement of final results and final dividend for the year ended 31 December 2023; Publication of 2023 A-Share annual report on the websites of the Company and the SSE
15 April	Publication of 2023 annual report on the websites of the Company and the HKEX
16 April	Dispatch of 2023 annual reports to Hong Kong shareholders
22 May	2024 AGM
Late June	Payment of final dividend for the year ended 31 December 2023
Mid-August	Announcement of interim results and interim dividend, if any, for the six months ending 30 June 2024
Late September	Payment of interim dividend for the six months ending 30 June 2024, if any

II. 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, and supervising the performance of our management, while day-to-day operations and management are delegated by the Board to the management 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 of the Company;

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.

Corporate Governance Report

The Board currently comprises seven directors, namely Mr. YANG Jie (Chairman), 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 roles and functions is available on the websites of our Company, the HKEX and the SSE. The biographies of our directors are presented on pages 7 to 11 of this annual report and on our website.

Mr. Dong Xin has resigned from his positions as an executive director and the Chief Executive Officer of the Company by reason of work reassignment with effect from 11 January 2024. Mr. Dong confirmed that there was no disagreement with the Board and there was no matter relating to his resignation that needed to be brought to the attention of the shareholders of the Company.

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 12 to the consolidated financial statements on pages 120 to 121 of this annual report for directors' and senior management's remuneration in 2023.

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 strategies, and diversity considerations 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 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 their duties under the business 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.

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 2023, as all of our executive directors hold executive positions at CMCC, they have voluntarily abstained from voting on the Board resolutions approving continuing connected transactions and routine affiliated transactions. Our Chairman held one meeting with the INEDs without the presence of other directors in 2023.

During the financial year ended 31 December 2023, the Board met on seven occasions (including three occasions by way of written resolutions) and the directors' attendances at the meetings were as follows:

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	AGM	EGM
INEDs						
Mr. Stephen YIU Kin Wah	7	6	2	1	1	1
Dr. YANG Qiang	7	6	2	1	1	1
Mr. Carmelo LEE Ka Sze	7	6	2	1	1	1
Mrs. Margaret LEUNG KO May Yee	7	6	2	1	1	1
Executive Directors						
Mr. YANG Jie (Chairman)	6	–	–	–	1	1
Mr. DONG Xin (CEO)[3]	7	–	–	–	1	0
Mr. LI Pizheng	6	–	–	–	1	1
Mr. LI Ronghua (CFO)	7	–	–	–	1	1

3 With effect from 11 January 2024, Mr. Dong Xin resigned from his positions as an executive director and the CEO of the Company.

Our directors attend Board meetings and committee meetings in person or by video or telephone conferencing. In 2023, the Board met and resolved on various matters relating to our continuing connected transactions and routine affiliated transactions, establishment of a Sustainability Committee, amendment of the *Information Disclosure Internal Controls* and *the Charter of Information Disclosure Committee*, the 2023 interim reports, the 2023 interim dividend, the special report on deposit and actual utilization of proceeds from the RMB Share Issue, the 2022 Annual Reports (including the audited consolidated financial statements and the Report of the Auditors for the year ended 31 December 2022), the sustainability report, the 2022 final and 2023 interim profit distribution plans, the annual internal controls evaluation report, INEDs work report, re-appointment of auditors and determination of their remuneration, annual business, investment and financial plans, annual external guarantees plan, equity investment plan, internal audit work plan, annual internal audit project plan, amendment of the terms of reference of the Remuneration Committee and other matters. In addition, the Board reviewed and approved our quarterly results and other matters by means of written resolutions.

Corporate Governance Report

Before the establishment of the Sustainability Committee, the Board was responsible for performing **corporate governance duties** on its terms of reference on corporate governance functions. In 2023, the Board met and discussed the Company's corporate governance report. With the establishment of the Sustainability Committee on 1 January 2024, the Sustainability Committee will be responsible under its terms of reference for performing corporate governance duties and making recommendations to the Board.

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 2023, our Nomination Committee reviewed and approved the composition of our Sustainability Committee. 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.

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 needs. The Company shall also take into account the Group's actual financial performance, business strategies and operations, future capital requirements and investment needs, as well as economic conditions and other internal or external factors that may have an impact on the business or financial performance and conditions of the Group, and 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 reached 70% or above of the profit attributable to equity shareholders of the Company for that year.

To ensure the timely disclosure of any change to 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 respective appointment, 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 7 to 11 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.

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 of our directors have complied with Code Provision C.1.4 of the Corporate Governance Code on participation in **continuous professional development**, and provided records of the trainings they received to the Company. In late 2023, we held a Board meeting in Ningbo, Zhejiang Province, and organized trainings and visits for our directors. In addition, we also provided directors with training materials on new ideas and logical analysis for scientific management of market value.

The Company has adopted the **Model Code** set out in Appendix C3 to the Hong Kong Listing Rules to regulate the directors' securities transactions. Save and except for the interests disclosed on page 72 of this annual report, none of the directors had any other interest in the shares of the Company as of 31 December 2023. All directors have confirmed, following specific enquiry by the Company that they have complied with the Model Code during the period between 1 January 2023 and 31 December 2023.

The directors of the Company are responsible for the preparation of the accounts of the Company. Our management submits monthly reports to the members of the Board, setting out the Company's performance as well as industry reports and information, 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 81 to 86 of this annual report.

The Board Committees

We established a Sustainability Committee under the Board, and formulated and published its terms of reference, with effect from 1 January 2024, to empower our long-term value management and better fulfill our social responsibilities so as to achieve sustainable and healthy development. The Sustainability Committee consists of Mrs. Margaret LEUNG KO May Yee as Chairman, and Mr. LI Ronghua and Mr. Carmelo LEE Ka Sze as members.

As a result, the Board currently has four principal Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee, Except the Sustainability Committee, each committee consists solely of INEDs. With the appointment and authorization of the Board, each of the Board committees operates under its written terms of reference.

The terms of reference of the Board committees of the Company 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 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

Summary of Authorities and Duties:
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 the Audit Committee are, among others, to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of external auditors, to approve the remuneration and terms of engagement of external auditors, and to deal with any questions of resignation or dismissal of such auditors; to review and monitor external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to develop and implement policy on the engagement of external auditors to provide non-audit services; to monitor the truth, integrity and accuracy of the Company's financial statements, annual reports and accounts, interim reports and, where applicable, quarterly reports, and to review significant financial reporting judgments contained in them; to oversee the Company's financial reporting system, risk management and internal controls; and to review and supervise the training and continued professional development of and performance of duties by directors and senior management, and to formulate and review manuals (if any) on the performance of duties and compliance by employees and directors and to supervise the implementation of such manuals (if applicable).

Summary of Work Done in 2023:
In 2023, the Audit Committee met on six occasions and the attendance of each member is disclosed on page 53 of this annual report. It met with our external auditors for three times in 2023 and one of such meetings was held without any executive directors being present.

Work done by the Audit Committee in 2023 mainly included the following:

- reviewed and approved the audited financial statements, annual results, report of the directors, financial review, etc. for the financial year ended 31 December 2022;
- reviewed and approved the 2022 profit distribution plan and the 2023 interim dividend;
- reviewed and approved the re-appointment of external auditors of the Company;
- reviewed and approved the quarterly results for the first quarter of 2023, the interim results for the six months ended 30 June 2023 and the quarterly results for the first three quarters of 2023;
- reviewed and approved the budgets and remuneration of the external auditors;
- reviewed and approved the 2022 internal control evaluation report;
- reviewed and approved the 2023 internal audit project plan and budget for external engagements;
- reviewed and approved the internal audit work plan;

- reviewed and approved the internal audit reports;
- reviewed and approved the 2023 risk assessment report;
- reviewed and approved the 2022 assessment report on accounting and financial reporting system;
- reviewed and approved connected (affiliated) transactions; and
- reviewed and approved the report on compliance with relevant laws and regulations in 2022.

In 2023, our Audit Committee completed a review on risk management and internal controls, and issued a work report on review of its own performance in the previous year.

Remuneration Committee

Membership:
The current members 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.

Summary of Duties:
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; and to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules.

Summary of Work Done in 2023:
In 2023, the Remuneration Committee met on two occasions, during which the committee primarily resolved to approve the target and actual completion rate of senior management's annual KPI, revision of the terms of reference of our Remuneration Committee, and the remuneration structure for the members of our Sustainability Committee.

Nomination Committee

Membership:
The current members 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.

Summary of Duties:
The duties of the Nomination Committee are, among others, 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 Company's 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; and 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.

Summary of Work Done in 2023:
In 2023, the Nomination Committee met on one occasion, during which the committee resolved to approve the appointment of members to our Sustainability Committee.

Sustainability Committee (established on 1 January 2024)

Membership:
The current members are Mrs. Margaret LEUNG KO May Yee (INED) (Chairman), Mr. LI Ronghua (ED) and Mr. Carmelo LEE Ka Sze (INED).

Summary of Duties:
The duties of the Sustainability Committee are, among others, to discuss issues related to environmental, social and governance matters, to propose and make recommendations to the Board on the Company's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives and goals, and to report to the Board on its decisions; to oversee, review and evaluate actions taken by the Company in furtherance of the corporate social responsibility and sustainability priorities and goals; to review and report to the Board on sustainability risks and opportunities; to develop and review policies and practices on corporate governance, and make recommendations to the Board; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to review and monitor the training and continuous professional development of directors and senior management; and to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors.

III. 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 7 to 11 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 laws and regulations of where we operate, 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 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 2023, the total number of our employees (including senior management) reached 451,830, among which 236,487 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.

On whistleblowing, the Company has set up a mailing address (Tower A, 29 Jin Rong Avenue, 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 deepened the construction of embedded integrity risk prevention and control mechanisms, and furthered and optimized the construction and digital intelligence level of our embedded integrity risk prevention and control mechanisms. In 2023, we formulated an Integrity Commitment Trial System and expanded the scope of commitment, and carried out anti-corruption trainings focusing on key areas such as marketing, government and enterprises market, networks and supply chains. We furthered the digital intelligence level of integrity risk prevention and controls, promoted the showcases of our embedded integrity risk prevention and controls, so as to improve our governance capabilities from grassroots.

Indicator	2021	2022	2023
Anti-corruption education events held during the year	11,390	11,524	**13,705**
Anti-corruption education and trainings – participants during the year (person-times)	786,085	724,519	**833,181**

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, updating the internal control manual and matrix every six months to maintain the same frequency resonance with businesses procedures. With respect to **risk management**, focusing on the overall operation objectives, we embedded the basic risk management processes and institutional systems in all aspects of the production and operations, striving to build an integrated, unified and coordinated risk management system. In 2023, we refined and published several top-level internal control risk management methods such as *China Mobile Risk Management and Internal Control Management Measures, China Mobile Specific Risk Assessment Management Measures for Major Projects, China Mobile Major Operational Risk Event Reporting Management Measures*, so as to strengthen risk prevention and control throughout the process. On the basis of organization, policies and measures, we built 41 evaluation indicators and carried out a trial evaluation of risk control quality in five units throughout the year.

With respect to **compliance management**, we safeguarded our new development targets by furthering our "Compliance Escort Plan". We kept on combining and promoting compliance management with governance capabilities, and risk prevention and mitigation, so as to ensure our quality and sustainable development with quality compliance. Benchmarking the practices of world-class enterprises, we revised the basic compliance management policies, refined the top-level design and operation mechanism of compliance management, to provide a strong guarantee for the Company's reform and development. In 2023, we promoted the establishment of chief compliance officers in affiliated companies, and carried out diversified compliance-themed trainings and activities to enhance the compliance capabilities of personnel in key positions and promote a cultural atmosphere of compliance management. We furthered compliance risk prevention and control in key areas and updated the compliance guidelines for market competition. Focusing on the BASIC 6 sci-tech innovation plan, we strengthened our compliance review support in the field of sci-tech innovation. We continued to empower compliance management with digital intelligence, furthered the centralized supply of compliance capabilities and the AI aggregation of legal intelligence capabilities to improve compliance effectiveness.

IV. 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 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 2023, we further enhanced our centralized, unified, comprehensive, authoritative, efficient, innovative and leading audit supervision system, refined the "1+3+N" internal audit structure, and formulated our internal audit work plan to build a strong all-in audit mechanism. We conducted internal audits focusing on the Company's key businesses, major costs and expenses, technology innovation, equity investment, overseas operations and others during our transformation period, further consolidated audit rectification supervision, and intensified audit transfer and accountability. Moreover, in order to build a smart audit ecosystem, we promoted our "on-site + remote + cloud" audit model so as to accelerate the release of digital intelligence value and deepen the technology-based audit.

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 2023, we focused our audit on the main findings of each audit project and their rectification. We provide specific guidance on development plans, audit focus, rectification advice, data audit, team building and others to ensure the effectiveness of internal audit functions.

In 2024, we will further advance our top-level design of internal audit, deepen audit supervision, and weave a tight "net" for risk prevention and control to improve the quality and efficiency of audit rectification. We will create a new brand of AI + smart audit, build a solid lifeline of audit quality and a special forces for economic supervision to protect the Company's quality and sustainable development with quality auditing.

V. 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. Subsequently, with the shareholders' approval at the 2022 AGM and the 2023 AGM, the Company re-appointed KPMG as the external auditors of the Group for the year ending 31 December 2022 and 2023 for financial reporting purposes. The principal services provided by KPMG in 2023 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 2023; 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 KPMG (please refer to note 8 to the consolidated financial statements for details):

	2022 RMB million	**2023 RMB million**
Audit fees[4]	88	**86**
Non-audit services fees[5]	2	**1**

[4] The item (excluding VAT) includes RMB16 million (2022: RMB16 million) as the fees rendered for the audit of internal control over financial reporting as required by relevant regulatory requirements.

[5] Including the fees for tax compliance services and advisory services, etc..

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Our Audit Committee under the Board conducts 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 provide reasonable but not absolute assurances against material misstatement or losses. Our Audit Committee evaluated the effectiveness of the Group's risk management and internal controls for the year ended 31 December 2023, covering all important aspects including financial, operational and compliance controls, to ensure we have adequate resources, staff qualifications and experience, staff training programmes and budget for accounting, internal audit, financial reporting, and ESG performance and reporting. 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. 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 established a stringent internal control system over financial reporting.

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 daily and specific supervision of internal controls, the management of the Company conducted evaluation on the effectiveness of the internal controls as of 31 December 2023 (the reference date of the internal control evaluation report)), and concluded that there were no significant deficiencies and material weaknesses in the internal controls over financial and non-financial reporting. The Board believes that the Company's internal control over financial reporting was effective in all material aspects, in accordance with the requirements of the norms for enterprise internal controls and relevant regulations.

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, and 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. In 2023, in view that the Company's shares have been listed on the SSE and delisted from the NYSE, in order to further standardize our information disclosure and ensure its legality, authenticity, accuracy, integrity, timeliness and fairness, we have revised and implemented our Information Disclosure Internal Controls and our Charter of Information Disclosure Committee.

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.

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 the Measures for Registration of Insiders with Inside Information of China Mobile Limited, 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 2023, our human resources work fully adhered to the strategy of becoming a world-class enterprise by building a dynamic "Powerhouse" and fully implemented our "1-2–2-5" strategy. We focused on continuously strengthening our talent pool for sci-tech innovation, furthering our "Two Inputs and Two Outputs" systematic reforms, and greatly optimizing the structure and enhancing the competency of our workforce, to guarantee solid organizational and talent support for our high-quality, sustainable development and our mission of sci-tech innovation.

We focused on forming a team of high-quality talents to support sci-tech self-sufficiency. Firstly, we strengthened the integration of our key talent plans with national talent projects, and made breakthroughs in recruitment of high-end talents, including group-level chief scientists and group-level chief experts. Secondly, we focused on internal cultivation and external recruitment of talents to expand and enhance our talent pool. The number of our "T-H-T" (Ten-Hundred-Thousand) provincial-level experts exceeded 5,000. We selected and recruited over 10,000 outstanding engineers in four major fields of network, IT, cloud and security. We systematically optimized our recruitment policies and procedures to source top talents for our sci-tech innovation. Thirdly, we furthered reforms in our talent mechanisms to constantly motivate innovation and drive breakthroughs in major sci-tech projects. We continued to develop our top talent pool, formulated guidelines for building "Top Talent Demonstration Zones", emphasized policy-based allocation of resources, and tailored 'building plans' to meet the needs of different 'zones', to showcase and lead enterprise reforms.

We focused on optimizing allocation of remuneration resources to serve our strategies. We systematically optimized our incentive systems to drive business growth, with a focus on our development goals of "Two Breakthroughs" and "Four Improvements". We furthered the implementation of our innovative incentive model whereby one takes a fair share of the total labour costs in proportion to contribution. We dedicated resources to implement special incentives for outperformers and profit-makers, and reward contribution to our CHBN projects, 4+8 regional enhancements and other business development efforts, to fuel growth in revenue and profit. We focused on the "Two New Elements", and coordinated the precise and effective implementation of a series of remuneration and incentive policies, under various themes such as connectivity, computility and capability. We furthered the implementation of comprehensive incentive packages to unleash momentum for sci-tech innovation. We invested significant remuneration resources in sci-tech bodies, teams and talents to meet our commitment to innovation. We formulated unified sci-tech innovation incentive policies and systematically implemented "special zone" incentives for our teams tasked with strategic innovative missions. We formulated guidelines for advancing medium- to long-term incentives among our subsidiaries, orderly expanded equity and bonus incentives for sci-tech organizations, and promoted the participation of knowledge, technology, management and other elements in income sharing.

We focused on coordinating optimizations in workforce structure and boosting workforce competency to drive team transformation and upgrade. Firstly, we optimized the overall strategic layout of our workforce, remained committed to prefer areas of transformation in allocation of resources, and continued to refresh and cultivate a high-quality workforce. Secondly, we enhanced human resources for key business areas, such as teams responsible for products, anti-fraud and customer services. We explored new productive forces and developed over 28,000 digital staff. Thirdly, we enhanced development of leadership skills with our team of cadres for the era of transformation. We launched the innovative "Digital Intelligence Transformation Leadership Skills Upgrade" special training programme, under which we developed a system of operational and management trainings with China Mobile characteristics, and provided tailored "Leadership Skills Empowerment" training series having regard to features of different classes of cadres, such as new members of senior management, young cadres, prefecture- and city-level leaders and international managers. Fourthly, we empowered employees in key areas of innovation, and focused on fostering achievements in business results through team cultivation. We organized innovative product marketing training competitions, and converted our workforce empowerment efforts into business growth. Keeping up with trends in technological evolution, we advanced the reshaping of our core skilled talents, and trained and awarded certification to a total of more than 70,000 individuals. Last but not least, we also launched the innovative "Computility Empowerment" training series, on our hub nodes for "Eastern Data and Western Computing".

Report of Directors

The directors take pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2023.

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 an initial public offering of RMB ordinary shares (the "RMB Shares", also known as "A Shares", and such initial public offering, the "RMB Share Issue"). On 5 January 2022, the RMB Shares were listed on the Main Board of the Shanghai Stock Exchange (the "SSE").

The total gross proceeds from the RMB Share Issue were RMB51,981,373,781.86. After deducting offering expenses, the net proceeds from the RMB Share Issue were RMB51,373,879,467.74. 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, 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. As at 31 December 2022, the total amount of proceeds utilized by the Company was approximately RMB42,917 million and the total amount of proceeds not yet utilized by the Company was approximately RMB8,457 million. The total amount of proceeds utilized by the Company during the year ended 31 December 2023 was approximately RMB6,654 million.

Delays in procurement, acceptance and delivery have, to some extent, affected the progress of utilization of proceeds under the projects of the development of new infrastructure for cloud resources, the development of smart mid-end platform, and the research and development of the next-generation information technology and digitalized and intelligent ecosystem. After careful consideration by the Company, to safeguard the overall interests of all shareholders, improve the quality of implementation of these projects, and reduce risks associated with use of proceeds, the target date for the projects of the development of new infrastructure for cloud resources, the development of smart mid-end platform, and the research and development of the next-generation information technology and digitalized and intelligent ecosystem to be ready-for-use has been postponed to the end of 2024.

Save as disclosed above, during the year ended 31 December 2023, 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	Amount utilized during the year ended 31 December 2023	Amount utilized as at 31 December 2023	Amount not yet utilized as at 31 December 2023	Expected timing for full utilization of proceeds
	RMB million	RMB million	RMB million	RMB million	
Development of premium 5G networks	27,313	–	27,313	–	2022
Development of new infrastructure for cloud resources	6,875	2,068	6,008	867	2024
Development of gigabit broadband and smart home	4,297	352	4,297	–	2023
Development of smart mid-end platform	4,297	649	4,203	94	2024
Research and development of the next-generation information technology and digitalized and intelligent ecosystem	8,593	3,586	7,751	842	2024
Total	51,374	6,654	49,571	1,803	

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 RMB33.3 billion, accounting for 4% of the Group's total revenue in 2023. None of the five largest customers is an "affiliated party" within the meaning of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (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 12% of the Group's total purchases. The Group's aggregate purchases with its five largest suppliers was RMB190.3 billion, accounting for 34% of the Group's total purchases in 2023. Out of the purchases with these five largest suppliers, purchases with affiliated parties within the meaning of the SSE Listing Rules were RMB41.0 billion, accounting for 7% of the Group's purchases in 2023.

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 2023 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 2023 are set out in notes 21 and 22, 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 2023 and the financial conditions of the Company and the Group as at that date are set out in the consolidated financial statements on pages 87 to 170.

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 Company's Articles of Association (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 71% for the full year of 2023. It also recommends a final dividend payment of HK$2.40 per share 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.

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 RMB71,308,749 (2022: RMB76,145,361).

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 39 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 39 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the financial year were:

Executive Directors:

YANG Jie *(Chairman)*
DONG Xin *(resigned on 11 January 2024)*
LI Pizheng
LI Ronghua

Independent Non-Executive Directors:

Stephen YIU Kin Wah
YANG Qiang
Carmelo LEE Ka Sze
Margaret LEUNG KO May Yee

Pursuant to Article 109 of the Articles of Association, Mr. YANG Jie and Dr. YANG Qiang 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 7 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. None of the Directors for Re-election has any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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. YANG Jie and Dr. YANG Qiang 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 12 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 Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) 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 2023 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. 21,390,880,312 ordinary shares) as at 31 December 2023, 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#
China Tower Corporation Limited ("China Tower")^	Carmelo LEE Ka Sze	Beneficial owner	H shares	500,000	0.00%

\# The calculation is based on the total number of issued shares of China Tower (i.e. 176,008,471,024 shares) as at 31 December 2023, and rounded off to two decimal places.

^ China Tower was one of the Group's five largest suppliers in 2023.

Apart from those disclosed herein, as at 31 December 2023, 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 for Securities Transactions by Directors of Listed Issuers.

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

Save as disclosed below, at no time during the year ended 31 December 2023 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 9.57% of the total share capital of the Company as at the date of this annual report (being 21 March 2024).

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.

Report of Directors

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.

Movement of Share Options During the Year

During the year ended 31 December 2023, the Company did not grant any share options under the Scheme.

The movement of share options under the Scheme during the year ended 31 December 2023 is set forth as follows:

	Number of ordinary shares underlying share options						
Grantees	Outstanding as at 1 January 2023	Granted during the year	Exercised during the year	Lapsed and cancelled during the year	Outstanding as at 31 December 2023	Grant date	Exercise price HK$
Employees of the Company	280,101,539	0	28,053,548	17,029,444	235,018,547	12 June 2020	55.00
	607,498,179	0	0	2,458,393	605,039,786	19 September 2022	51.60
Total	887,599,718	0	28,053,548	19,487,837	840,058,333		

	As at 1 January 2023	As at 31 December 2023
Remaining Scheme Mandate Limit	1,159,948,571	1,179,436,408

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.

Details of share options exercised during the year ended 31 December 2023 are set forth as follows:

Period during which share options were exercised	Exercise price	Weighted average closing price per share immediately before dates of exercise	Number of ordinary shares underlying share options exercised
	HK$	HK$	
13 January 2023 to 29 December 2023	55.00	64.80	28,053,548

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 2023 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		Percentage of the total number of issued shares
	directly	indirectly	
(i) China Mobile Communications Group Co., Ltd. ("CMCC")	42,367,000	14,890,116,842	69.81%
(ii) China Mobile (Hong Kong) Group Limited ("CMHK (Group)")	–	14,890,116,842	69.61%
(iii) China Mobile Hong Kong (BVI) Limited ("CMHK (BVI)")	14,890,116,842	–	69.61%

Note: As at 31 December 2023, CMCC held 42,367,000 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 2023, 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 2023 are set out in note 41 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 2023, the following continuing connected transactions (the "Continuing Connected Transactions") have not exceeded their respective annual caps:

(1) the services charges received by the Group for the provision of telecommunication facilities construction services to CMCC and its subsidiaries did not exceed RMB2,500 million. The provision of telecommunication facilities construction services by the Group to CMCC and its subsidiaries in respect of individual projects was subject to public tender process, and the pricing for the telecommunication facilities construction services was 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;

(2) 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 RMB2,900 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;

(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 RMB9,500 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 RMB10,000 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 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 2023 by the 2023 telecommunication facilities construction services extension letter dated 6 January 2023 between the Company and CMCC (the "2023 Telecommunication Facilities Construction Services Extension Letter"). The entering into of the 2023 Telecommunication Facilities Construction Services Extension Letter was announced by the Company on 6 January 2023.

The transactions referred to in paragraph (2) above were entered into pursuant to the 2023-2024 property leasing and management services agreement dated 6 January 2023 between the Company and CMCC (the "2023-2024 Property Leasing Agreement"). The entering into of the 2023-2024 Property Leasing Agreement was announced by the Company on 6 January 2023. The 2023-2024 Property Leasing Agreement had a term of two years commencing on 1 January 2023.

The transactions referred to in paragraph (3) above were entered into pursuant to the 2023 power support and other network assets and resources leasing agreement dated 6 January 2023 between the Company and CMCC (the "2023 Power Support and Other Network Assets and Resources Leasing Agreement"). The entering into of the 2023 Power Support and Other Network Assets and Resources Leasing Agreement was announced by the Company on 6 January 2023. The 2023 Power Support and Other Network Assets and Resources Leasing Agreement had a term of one year commencing on 1 January 2023.

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.

Report of Directors

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 2023 set out in the previous announcements of the Company.

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 2023.

2023 Business Collaboration Framework Agreement with Venustech

On 23 March 2023, the Company announced that China Mobile Communication Co., Ltd. (a wholly-owned subsidiary of the Company) ("CMC") and Venustech Group Inc. ("Venustech") entered into the 2023 business collaboration framework agreement (the "2023 Business Collaboration Framework Agreement"). Pursuant to the 2023 Business Collaboration Framework Agreement, CMC and its subsidiaries provided information and communications technology services and products to Venustech and its subsidiaries and, at the same time, procured network security software and hardware products and related services from Venustech and its subsidiaries. The 2023 Business Collaboration Framework Agreement had a term of one year commencing on 1 January 2023.

Pursuant to an investment and collaboration agreement dated 17 June 2022 entered into between China Mobile Capital Holding Co., Ltd. (a wholly-owned subsidiary of CMCC) ("China Mobile Capital") and Venustech (among others) (as supplemented by relevant supplementary agreement(s)) (the "Investment and Collaboration Agreement"), China Mobile Capital agreed to subscribe for certain privately-offered shares in Venustech (the "Subscription"), and certain shareholders of Venustech agreed to give up voting rights corresponding to part of their shareholdings in Venustech. Immediately after completion of the Subscription, China Mobile Capital became the single largest shareholder of Venustech in terms of voting rights. Moreover, pursuant to the Investment and Collaboration Agreement, from completion of the Subscription, the board of directors of Venustech shall comprise nine directors, among which China Mobile Capital shall be entitled to nominate four non-independent director candidates and two independent director candidates. As such, upon completion of the Subscription, Venustech became a subsidiary of CMCC and hence a connected person of the Company.

The Subscription was completed on 5 January 2024. During the year ended 31 December 2023, Venustech was not a connected person of the Company, and the transactions contemplated under the 2023 Business Collaboration Framework Agreement did not constitute continuing connected transactions for the Company, under the Hong Kong Listing Rules.

Other Material Affiliated Transactions

Each of CMCC and Venustech 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, China Tower or Venustech 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

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.

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 171 to 173 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 2023, employees' remuneration comprised a basic salary and a performance-based bonus, as well as medium- to long-term incentives.

EMPLOYEE RETIREMENT BENEFITS

Particulars of the employee retirement benefits of the Group are set out in note 7 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, 21 March 2024

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 87 to 170, which comprise the consolidated balance sheet as at 31 December 2023, 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 material accounting policy information.

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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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(s) and note 5 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 from telecommunication services ("service 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. We identified service revenue recognition as a key audit matter because service revenue is one of the key performance indicators of the Group and involves complex IT systems which give rise to an inherent risk that service 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 service 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 service 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 service 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(k) and note 22 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 2023, an impairment assessment for the investment in SPD Bank was performed by the Group, with the assistance of an independent external valuer appointed by the management, 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. 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; • evaluating the competence, capabilities and objectivity of the external valuer appointed by the management; • evaluating the reasonableness of key assumptions adopted in the preparation of the discounted cash flow forecast with reference to our understanding of the industry, historical performance and available market data relating to SPD Bank. Our valuation specialists were also assisting to evaluate the appropriateness of the methodology and discount rate adopted by management in the discounted cash flow forecast; • 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.

Independent Auditor's Report

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

21 March 2024

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023 (Expressed in Renminbi ("RMB"))

	Note	2023 Million	2022 Million
Operating revenue	5		
Revenue from telecommunications services		**863,514**	812,058
Revenue from sales of products and others		**145,795**	125,201
		1,009,309	937,259
Operating expenses			
Network operation and support expenses	6	**268,895**	254,182
Depreciation and amortization		**207,132**	200,077
Employee benefit and related expenses	7	**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
		874,963	808,160
Profit from operations		**134,346**	129,099
Other gains	9	**9,823**	9,388
Interest and other income	10	**21,134**	15,729
Finance costs	11	**(3,730)**	(2,330)
Income from investments accounted for using the equity method		**8,958**	10,986
Profit before taxation		**170,531**	162,872
Taxation	14(a)	**(38,596)**	(37,278)
PROFIT FOR THE YEAR		**131,935**	125,594
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	7	**(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	15(a)	**RMB6.16**	RMB5.88
Earnings per share – Diluted	15(b)	**RMB6.15**	RMB5.88

The notes on pages 94 to 170 are an integral part of these consolidated financial statements.

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	16	**714,663**	717,121
Construction in progress	17	**74,496**	73,087
Right-of-use assets	18(a)	**94,753**	108,749
Land use rights	18(b)	**14,877**	15,244
Goodwill	19	**35,301**	35,301
Development expenditure		**2,279**	1,334
Other intangible assets	20	**32,720**	31,265
Investments accounted for using the equity method	22	**181,715**	175,649
Deferred tax assets	23	**47,337**	43,638
Financial assets measured at fair value through other comprehensive income	24	**3,518**	490
Financial assets measured at fair value through profit or loss	24	**185,621**	187,130
Other financial assets measured at amortized cost	25	**5,628**	9,716
Bank deposits	26	**55,387**	45,887
Other non-current assets	27	**46,258**	34,556
		1,494,553	1,479,167
Current assets			
Inventories	28	**12,026**	11,696
Contract assets	29	**19,407**	13,657
Accounts receivable	30	**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	31	**23,108**	18,440
Financial assets measured at fair value through profit or loss	24	**156,018**	108,303
Other financial assets measured at amortized cost	25	**32,020**	16,300
Bank deposits	26	**37,213**	56,377
Cash and cash equivalents	32	**141,559**	167,106
		498,104	456,371
Total assets		**1,992,657**	1,935,538
Equity and liabilities			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	33	**297,456**	271,306
Bills payable		**26,520**	14,759
Contract liabilities	34	**66,193**	75,255
Receipts in advance	35	**79,035**	84,446
Other payables	36	**38,201**	46,496
Income tax payable		**15,985**	10,156
Lease liabilities	18(c)	**35,175**	30,919
		558,565	533,337

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)
Non-current liabilities			
Lease liabilities	18(c)	**67,759**	81,741
Deferred revenue	37	**9,281**	8,810
Defined benefit plan and other employee benefit liabilities		**6,408**	5,951
Deferred tax liabilities	23	**3,077**	2,571
Other non-current liabilities		**1,582**	1,705
		88,107	100,778
Total liabilities		**646,672**	634,115
Equity			
Share capital	39(a)	**455,001**	453,504
Reserves		**886,731**	843,844
Total equity attributable to equity shareholders of the Company		**1,341,732**	1,297,348
Non-controlling interests		**4,253**	4,075
Total equity		**1,345,985**	1,301,423
Total equity and liabilities		**1,992,657**	1,935,538

The consolidated financial statements on pages 87 to 170 were approved by the Board of Directors on 21 March 2024 and were signed on its behalf.

Yang Jie
Name of Director

Li Ronghua
Name of Director

The notes on pages 94 to 170 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023 (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 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 7)	–	–	–	–	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 39(b)(ii))	–	–	–	–	–	(44,594)	(44,594)	(32)	(44,626)
Dividends declared in respect of current year (note 39(b)(i))	–	–	–	–	–	(42,243)	(42,243)	–	(42,243)
Issuance of RMB Shares and exercise of over-allotment (note 39(a)(i))	51,374	–	–	–	–	–	51,374	–	51,374
Purchase of own shares (note 39(a)(ii))	–	–	–	–	–	(707)	(707)	–	(707)
Transfer to PRC statutory reserves (note 39(d)(ii))	–	–	–	8,090	–	(8,090)	–	–	–
Share option scheme – Value of share options (note 38)	–	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
As at 1 January 2023	**453,504**	**(264,035)**	**1,495**	**355,463**	**2,366**	**748,555**	**1,297,348**	**4,075**	**1,301,423**
Changes in equity for 2023:									
Profit for the year	–	–	–	–	–	131,766	131,766	169	131,935
Changes in the fair value of financial assets measured at fair value through other comprehensive income	–	–	–	–	198	–	198	3	201
Remeasurement of defined benefit liabilities (note 7)	–	–	–	–	(184)	–	(184)	–	(184)
Currency translation differences	–	–	573	–	–	–	573	–	573
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	922	–	922	–	922
Total comprehensive income for the year	–	–	573	–	936	131,766	133,275	172	133,447
Dividends approved in respect of previous year (note 39(b)(ii))	–	–	–	–	–	(43,414)	(43,414)	(25)	(43,439)
Dividends declared in respect of current year (note 39(b)(i))	–	–	–	–	–	(47,674)	(47,674)	–	(47,674)
Transfer to PRC statutory reserves (note 39(d)(ii))	–	–	–	12,072	–	(12,072)	–	–	–
Exercise of share options (note 39(a)(iii))	1,497	(102)	–	–	–	–	1,395	–	1,395
Share option scheme – Value of share options (note 38)	–	717	–	–	–	–	717	–	717
Changes in the share of other reserves of investments accounted for using the equity method	–	(4)	–	–	–	–	(4)	–	(4)
Others	–	88	–	–	1	–	89	31	120
As at 31 December 2023	**455,001**	**(263,336)**	**2,068**	**367,535**	**3,303**	**777,161**	**1,341,732**	**4,253**	**1,345,985**

The notes on pages 94 to 170 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023 (Expressed in RMB)

	Note	2023 Million	2022 Million (Re-presented)
Operating activities			
Profit before taxation		170,531	162,872
Adjustments for:			
– Depreciation and amortization		207,132	200,077
– Net loss on disposal and write-off of property, plant and equipment and other intangible assets	8	390	892
– Expected credit impairment losses	8	9,227	4,453
– Impairment losses of contract assets	8	216	284
– Write-down of inventories	8	246	234
– Interest and other income	10	(21,134)	(15,729)
– Finance costs	11	3,730	2,330
– Income from investments accounted for using the equity method		(8,958)	(10,986)
– Net exchange gain		(164)	(123)
– Share options expenses		717	411
Operating cash flows before changes in working capital		361,933	344,715
Increase in inventories		(576)	(1,727)
Increase in contract assets		(6,437)	(9,047)
Increase in contract costs		(3,797)	(3,410)
Increase in accounts receivable		(21,378)	(10,153)
Decrease/(increase) in other receivables		459	(2,427)
Increase in bills receivable		(428)	(370)
(Increase)/decrease in prepayments		(476)	2,286
(Increase)/decrease in other non-financial assets		(4,668)	118
Increase in accounts payable and accrued expenses		28,414	6,357
Increase in bills payable		5,843	3,175
Decrease in contract liabilities		(9,062)	(3,813)
Decrease in receipts in advance		(5,411)	(846)
Increase in deferred revenue		471	323
Increase/(decrease) in other payables		819	(334)
Others		(6,195)	(2,943)
Cash generated from operations		339,511	321,904
Tax paid			
– The mainland of China and other countries and regions' enterprise income tax paid		(35,219)	(41,058)
– Hong Kong profits tax paid		(512)	(96)
Net cash generated from operating activities		303,780	280,750

Consolidated Statement of Cash Flows

for the year ended 31 December 2023 (Expressed in RMB)

	2023 Million	2022 Million (Re-presented)
Investing activities		
Payment for property, plant and equipment, other intangible assets and non-current assets	**(181,263)**	(189,588)
Proceeds from disposal and write-off of property, plant and equipment and non-current assets	**753**	525
Purchase of term deposits and certificates of deposits	**(38,885)**	(39,519)
Proceeds from disposal of term deposits and certificates of deposits	**49,586**	44,546
(Increase)/decrease in the statutory deposit reserves by China Mobile Finance	**(1,086)**	605
Purchase of other financial assets measured at amortized cost	**(48,690)**	(98,229)
Proceeds from disposal of other financial assets measured at amortized cost	**37,713**	106,686
Interest and other finance income received	**8,300**	13,525
Proceeds from disposal of investments accounted for using the equity method	**2,365**	58
Purchase of investments accounted for using the equity method	**(2,089)**	–
Dividends received from investments accounted for using the equity method	**3,699**	4,356
Purchase of financial assets measured at fair value through profit or loss	**(40,980)**	(141,693)
Proceeds from disposal of financial assets measured at fair value through profit or loss	**7,668**	60,653
Purchase of financial assets at fair value through other comprehensive income	**(2,976)**	–
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	**186**	22
Net cash used in investing activities	**(205,699)**	(238,053)

Consolidated Statement of Cash Flows

for the year ended 31 December 2023 (Expressed in RMB)

	Note	2023 Million	2022 Million (Re-presented)
Financing activities			
Proceeds received from exercise of over-allotment of RMB Shares	39(a)	–	3,286
Proceeds received from exercise of share options	39(a)	1,395	–
Dividends paid to the Company's equity shareholders		(91,088)	(86,837)
Dividends paid to non-controlling shareholders of subsidiaries		(25)	(32)
Net repayment of short-term deposits placed by CMCC Group	41(a)	(9,111)	(6,648)
Interest paid in relation to short-term deposits placed by CMCC Group		(43)	(65)
Repayment of principal and interest of lease liabilities		(25,006)	(28,925)
Payment for purchase of own shares	39(a)	–	(707)
Others		35	(586)
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	32	141,559	167,106

Changes in liabilities arising from financing activities

There are no changes in liabilities arising from financing activities other than the receipts and repayment of short-term deposits placed by CMCC Group (note 41(a)), the initial recognition of lease liabilities at the commencement date, and repayment of the related principal and interest associated with lease liabilities.

The notes on pages 94 to 170 are an integral part of these consolidated financial statements.

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.

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 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting 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 material accounting policies adopted by the Group is set out below.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation

The consolidated financial statements for the year ended 31 December 2023 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 new and amended standards that effective for the year beginning on 1 January 2023 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 46.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL 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(k)). 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL 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(k)). 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL 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(k)). 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) Research and development expenditure

Research and development expenditure is classified into expenditure during the research phase and expenditure during the development phase. Expenditure during research activities is recognized in profit or loss as incurred. Expenditure during development activities is capitalized when capitalization criteria are fulfilled and recorded as "development expenditure", otherwise it is recognized in profit or loss as incurred.

(g) Other intangible assets

Other intangible assets include assets such as software, operating license and copyrights that are acquired or transferred upon completion of development or installation (see notes 2(f) and 2(i)). They are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(k)). 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 their 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) 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(k)).

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 values, 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 by the Group.

(i) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(k)). 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 and other intangible assets 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) 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 indication of impairment. Objective indication 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 indication exists, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(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(k)(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:

– property, plant and equipment;

– construction in progress;

– right-of-use assets;

– land use rights;

– investments in subsidiaries;

– development expenditure; and

– other intangible assets with definite life.

If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) 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.

(l) 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) 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 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) 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.

(n) 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 at amortized cost, using the effective interest rate method and including a loss allowance for impairment (see note 2(m)).

(o) 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.

(p) Accounts payable, accrued expenses and other payables

Accounts payable, accrued expenses 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.

(q) 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.

(r) 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) 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 a monthly basis or for a fixed contract period generally with prepayment term and/or penalty for early termination. The Group also sells telecommunications 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) 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.

(t) Interest income

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

(u) 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) 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 Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) 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.

(w) 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL 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 MATERIAL 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL 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 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 note 23, 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 (see note 47). Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

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.

The following table highlights the impact from the aforesaid changes on certain line items in the Group's consolidated balance sheet as at 31 December 2022.

Consolidated Balance Sheet (Extracted)

	Note	31 December 2022 Million (As previously reported)	Re-presentation Million	31 December 2022 Million (As re-presented)
Assets				
Non-current assets				
Property, plant and equipment	(i)	741,029	(23,908)	717,121
Development expenditure	(i)	–	1,334	1,334
Other intangible assets	(i)	8,691	22,574	31,265
		749,720	–	749,720
Current assets				
Bills receivable	(ii)	–	777	777
Prepayments	(ii)	–	7,040	7,040
Other non-financial assets	(ii)	–	18,440	18,440
Prepayments and other current assets	(ii)	26,257	(26,257)	–
Accounts receivable	(iii)	40,245	2,512	42,757
Other receivables	(iii)	12,838	25	12,863
Amount due from ultimate holding company	(iii)	2,537	(2,537)	–
		81,877	–	81,877
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	(iii), (iv)	–	271,306	271,306
Other payables	(iii), (iv)	–	46,496	46,496
Receipts in advance	(iv)	–	84,446	84,446
Accounts payable	(iv)	156,536	(156,536)	–
Accrued expenses and other payables	(iv)	225,576	(225,576)	–
Amount due to ultimate holding company	(iii)	20,136	(20,136)	–
		402,248	–	402,248
Non-current liabilities				
Defined benefit plan and other employee benefit liabilities	(v)	–	5,951	5,951
Other non-current liabilities	(v)	7,656	(5,951)	1,705
		7,656	–	7,656

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 RE-PRESENTATION OF CERTAIN ITEMS IN CONSOLIDATED BALANCE SHEET (CONTINUED)

Consolidated Balance Sheet (Extracted) (Continued)

Note:

(i) Certain immaterial items previously included in "property, plant and equipment" have been disaggregated and re-presented to "other intangible assets" to better reflect their function or nature within the Group.

Capitalized expenditure arising from development projects in progress previously included within "other intangible assets", has been disaggregated and presented separately.

(ii) Items previously included in "prepayments and other current assets" have been disaggregated to separately present "bills receivable" and "prepayments", with the remaining items included in "other non-financial assets".

(iii) Trade-related balances previously included in "amount due from/to ultimate holding company" have been aggregated with other trade-related receivables and payables such that "accounts receivable"/"accounts payable and accrued expenses" now include all receivables or payables/accruals of trading nature.

(iv) Accrued expenses have been re-presented and aggregated with account payables as "accounts payable and accrued expenses", which now comprise all liabilities related to purchases irrespective of whether invoices have been received.

"Receipts in advance", previously included in "accrued expenses and other payables" and primarily comprised refundable customer deposits, have been separately presented.

Apart from the above, the remaining amount of "accrued expenses and other payables" were included in "other payables".

(v) The non-current portion of defined benefit plan and other employee benefit liabilities previously included in "other non-current liabilities" have been presented separately.

5 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
	863,514	812,058
Revenue from sales of products and others	**145,795**	125,201
	1,009,309	937,259

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(s), 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

5 OPERATING REVENUE (CONTINUED)

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. Majority 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.

6 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).

7 EMPLOYEE BENEFIT AND RELATED EXPENSES

	2023 Million	2022 Million
Salaries, wages, labor service expenses and other benefits	**125,411**	113,018
Retirement costs: contributions to defined contribution retirement plans	**18,205**	16,728
Share-based compensation expenses	**717**	411
	144,333	130,157

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 2023, the discount rate was 2.75% per annum (2022: 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)

7 EMPLOYEE BENEFIT AND RELATED EXPENSES (CONTINUED)

The movement of defined benefit plan liabilities is as follows:

	2023 Million	2022 Million
As at 1 January	**6,282**	5,814
Defined benefit costs included in profit or loss		
– service cost	**508**	631
– interest cost	**164**	150
Actuarial losses/(gains) included in other comprehensive income	**184**	(15)
Payments during the year	**(357)**	(298)
As at 31 December	**6,781**	6,282

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
		59,319	51,409

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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

9 OTHER GAINS

	2023 Million	2022 Million
Compensation income	1,233	1,151
Additional deduction of input VAT	4,431	4,223
Others	4,159	4,014
	9,823	9,388

10 INTEREST AND OTHER INCOME

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

11 FINANCE COSTS

	2023 Million	2022 Million
Interest for lease liabilities	3,512	2,101
Interest for short-term deposits received (note 41(a))	40	65
Others	178	164
	3,730	2,330

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

12 DIRECTORS' AND OTHER SENIOR MANAGEMENT'S REMUNERATION

Directors' remuneration during 2023 is as follows:

	Directors' fees '000	Salaries, allowances and bonuses '000	Contributions relating to social insurance, housing fund and retirement scheme '000	2023 Total '000
Executive directors (Expressed in RMB)				
YANG Jie	–	961	244	1,205
DONG Xin*	–	961	244	1,205
LI Pizheng	–	890	235	1,125
LI Ronghua	–	869	234	1,103
	–	3,681	957	4,638
Independent non-executive directors (Expressed in Hong Kong dollar)				
YIU Kin Wah, Stephen	490	–	–	490
YANG Qiang	–	–	–	–
LEE Ka Sze, Carmelo	440	–	–	440
LEUNG Ko May Yee, Margaret	440	–	–	440
	1,370	–	–	1,370

* On 11 January 2024, Mr. Dong Xin resigned from his positions as an Executive Director and the Chief Executive Officer of the Company

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

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

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

In 2023 and 2022, the Company's executive director and independent non-executive director Dr. YANG Qiang voluntarily waived their directors' fees.

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

In 2023, the Company's other senior management's remuneration was within the range between RMB650,000 to RMB1,150,000 (2022: RMB1,050,000 to RMB1,100,000).

In 2022, the Company also settled the additional bonuses related to executive directors and other senior management's 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, RMB678 thousand for Mr. WANG Yuhang (resigned) and the range between RMB450 thousand to RMB750 thousand for other senior management.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2023 and 2022, 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:

	2023 '000	2022 '000
Salaries, allowances and benefits in kind	6,390	6,882
Performance related bonuses	5,302	6,162
Retirement scheme contributions	431	396
	12,123	13,440

The emoluments fell within the following bands:

	2023 Number of individuals	2022 Number of individuals
Emolument bands		
2,000,001–2,500,000	4	3
2,500,001–3,000,000	–	1
3,000,001–3,500,000	1	–
3,500,001–4,000,000	–	1

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

14 TAXATION

(a) 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
		41,806	37,555
Deferred tax			
Origination and reversal of temporary differences, net (note 23)		**(3,210)**	(277)
		38,596	37,278

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%). Also 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

14 TAXATION (CONTINUED)

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

	2023 Million	2022 Million
Profit before taxation	**170,531**	162,872
Notional tax on profit before tax, calculated at the PRC's statutory tax rate of 25% (Note)	**42,633**	40,718
Tax effect of non-taxable items		
– Income from investments accounted for using the equity method	**(2,087)**	(2,738)
– Other non-taxable income	**(246)**	(51)
Tax effect of non-deductible expenses	**1,392**	1,384
Tax rate differential (note 14(a)(i)(ii))	**(2,646)**	(2,517)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognized (note 23)	**1,332**	1,462
Additional deduction for qualified research and development costs (note 14(a)(i))	**(1,782)**	(980)
Taxation	**38,596**	37,278

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:

	2023			2022		
	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	**205**	**(4)**	**201**	(222)	(4)	(226)
Remeasurement of defined benefit liabilities	**(184)**	**–**	**(184)**	15	–	15
Currency translation differences	**573**	**–**	**573**	2,575	–	2,575
Share of other comprehensive income/(loss) of investments accounted for using the equity method	**922**	**–**	**922**	(1,105)	–	(1,105)
Other comprehensive income	**1,516**	**(4)**	**1,512**	1,263	(4)	1,259
Current tax		**–**			–	
Deferred tax		**(4)**			(4)	
		(4)			(4)	

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 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 (note 24);

(ii) Share options issued by the Company that were outstanding during the years (note 38);

(iii) The RMB Shares publicly offered but had yet to be listed on the SHEX during the preceding year (note 39); and

(iv) The over-allotment option that was outstanding during the preceding year (note 39).

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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 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)
Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share	131,699

(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
Weighted average number of shares (diluted) during the year	21,408,818,755

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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings Million (Re-presented)	Telecommunications transceivers, switching centers, transmission and other network equipment Million (Re-presented)	Office equipment, furniture, fixtures and others Million (Re-presented)	Total Million (Re-presented)
Cost:				
As at 1 January 2022	166,220	1,780,394	17,038	1,963,652
Transferred from construction in progress	5,480	165,735	920	172,135
Other additions	365	159	331	855
Disposals and write-off	(384)	(36,282)	(1,339)	(38,005)
Exchange differences	357	831	14	1,202
As at 31 December 2022	172,038	1,910,837	16,964	2,099,839
Accumulated depreciation and impairment:				
As at 1 January 2022	63,627	1,185,800	12,248	1,261,675
Charge for the year	6,201	149,478	1,463	157,142
Disposals and write-off	(319)	(34,935)	(1,272)	(36,526)
Exchange differences	83	334	10	427
As at 31 December 2022	69,592	1,300,677	12,449	1,382,718
Net book value:				
As at 31 December 2022	102,446	610,160	4,515	717,121

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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 2023	172,038	1,910,837	16,964	2,099,839
Transferred from construction in progress	5,215	154,243	1,170	160,628
Other additions	65	328	498	891
Disposals and write-off	(1,020)	(51,155)	(1,348)	(53,523)
Exchange differences	111	257	3	371
As at 31 December 2023	176,409	2,014,510	17,287	2,208,206
Accumulated depreciation and impairment:				
As at 1 January 2023	69,592	1,300,677	12,449	1,382,718
Charge for the year	6,225	154,827	1,525	162,577
Disposals and write-off	(379)	(50,223)	(1,277)	(51,879)
Exchange differences	21	104	2	127
As at 31 December 2023	75,459	1,405,385	12,699	1,493,543
Net book value:				
As at 31 December 2023	100,950	609,125	4,588	714,663

As disclosed in note 22(c), 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 2023, the aforesaid assets amounted to RMB53,237 million and RMB3,202 million were included in property, plant and equipment and construction in progress, respectively (As at 31 December 2022: RMB43,949 million and RMB4,276 million).

17 CONSTRUCTION IN PROGRESS

	2023 Million	2022 Million
As at 1 January	**73,087**	71,742
Additions	**173,476**	181,143
Transferred to property, plant and equipment and other intangible assets	**(172,067)**	(179,798)
As at 31 December	**74,496**	73,087

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

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(Expressed in RMB unless otherwise indicated)

18 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 2022	89,018	49,242	5,395	143,655
Additions	67,776	11,889	8,675	88,340
Decreases	(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 2022	59,555	26,077	2,673	88,305
Additions	17,242	8,986	3,309	29,537
Decreases	(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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

18 LEASES (CONTINUED)

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

	Telecommunications Towers and related assets Million	Buildings and premises Million	Others Million	Total Million
Cost:				
As at 1 January 2023	150,353	49,682	11,292	211,327
Additions	8,526	9,684	3,500	21,710
Decreases	(7,833)	(8,563)	(2,089)	(18,485)
Exchange differences	–	36	–	36
As at 31 December 2023	151,046	50,839	12,703	214,588
Accumulated amortization and impairment:				
As at 1 January 2023	72,293	26,427	3,858	102,578
Additions	16,657	9,056	3,951	29,664
Decreases	(3,378)	(7,704)	(1,337)	(12,419)
Exchange differences	–	12	–	12
As at 31 December 2023	85,572	27,791	6,472	119,835
Net book value:				
As at 31 December 2023	65,474	23,048	6,231	94,753

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, which was accounted for as lease modification. 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. 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. Based on these agreements, negotiation was done at the provincial level about the specific assets to be leased and related services to be provided, and provincial service agreements have been entered into.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

18 LEASES (CONTINUED)

(b) Land use rights

For the year ended 31 December 2023, the amortization of land use rights expensed in the profit or loss amounted to RMB483 million (2022: RMB472 million).

(c) Lease liabilities

For the year ended 31 December 2023, lease liabilities of RMB15,375 million (2022: RMB82,503 million) was incurred relating to additions of right-of-use assets.

As at 31 December 2023 and 2022, the maturity analysis of lease liabilities was set out in note 42(b).

19 GOODWILL

	2023 Million	2022 Million
As at 1 January	35,301	35,344
Impairment	–	(43)
As at 31 December	35,301	35,301

Impairment tests for goodwill

As at 31 December 2023, 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 2028 and the projected perpetual cash flows after the fifth year. For the five years ending 31 December 2028, the average growth rate is assumed to be 1.5%, while for the years beyond 31 December 2028, 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, an 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

20 OTHER INTANGIBLE ASSETS

	Software Million (Re-presented)	Others Million (Re-presented)	Total Million (Re-presented)
Cost:			
As at 1 January 2022	85,691	16,542	102,233
Additions	10,985	5,717	16,702
Disposals	(1,919)	(4,381)	(6,300)
Exchange differences	25	476	501
As at 31 December 2022	94,782	18,354	113,136
Accumulated amortization and impairment:			
As at 1 January 2022	64,363	9,290	73,653
Charge for the year	8,318	4,857	13,175
Written back on disposals	(1,817)	(3,315)	(5,132)
Exchange differences	10	165	175
As at 31 December 2022	70,874	10,997	81,871
Net book value:			
As at 31 December 2022	23,908	7,357	31,265

	Software Million	**Others Million**	**Total Million**
Cost:			
As at 1 January 2023	**94,782**	**18,354**	**113,136**
Additions	**12,081**	**4,273**	**16,354**
Disposals	**(7,817)**	**(3,091)**	**(10,908)**
Exchange differences	**6**	**85**	**91**
As at 31 December 2023	**99,052**	**19,621**	**118,673**
Accumulated amortization and impairment:			
As at 1 January 2023	**70,874**	**10,997**	**81,871**
Charge for the year	**9,539**	**5,202**	**14,741**
Written back on disposals	**(7,679)**	**(3,014)**	**(10,693)**
Exchange differences	**3**	**31**	**34**
As at 31 December 2023	**72,737**	**13,216**	**85,953**
Net book value:			
As at 31 December 2023	**26,315**	**6,405**	**32,720**

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(Expressed in RMB unless otherwise indicated)

21 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	Proportion of ownership interest 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
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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 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
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
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

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(Expressed in RMB unless otherwise indicated)

21 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
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
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$20,719,810,000	100%	–	Investment holding company

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 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
47	China Mobile International Limited	Hong Kong	HK$6,376,425,499	–	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
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	RMB3,532,920,000	–	100%	Investment holding company

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(Expressed in RMB unless otherwise indicated)

21 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	RMB1,830,000,000	–	100%	Provision of information technology products and technology research and development services
62	China Mobile Financial Technology Co., Ltd.	the mainland of China	RMB655,410,800	–	100%	Provision of e-payment, e-commerce and internet finance services
63	China Mobile Xiong'an ICT Co., Ltd.	the mainland of China	RMB670,000,000	–	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	RMB250,000,000	–	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	RMB300,000,000	–	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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

22 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 2023 Million	As at 31 December 2022 Million
Associates	**181,080**	174,955
Joint ventures	**635**	694
	181,715	175,649

(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

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.

The Group's effective interest holding in True Corporation Public Company Limited ("True Corporation") has reduced from 18% to 8% following the investee's corporate amalgamation and disposal of certain shares by the Group during the year ended 31 December 2023. Since then, True Corporation is no longer considered as a major associate of the Group.

Notes to the Consolidated Financial Statements

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22 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 2023		As at 31 December 2022	
	Carrying amount Million	Fair value Million	Carrying amount Million	Fair value Million
SPD Bank	117,936	35,317	113,017	38,838
China Tower	54,365	36,524	52,762	36,880

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

As at 31 December 2023, the fair value of investment in SPD Bank was RMB35,317 million (as at 31 December 2022: RMB38,838 million) based on its quoted market price, which was below its carrying amount by 70.1% (as at 31 December 2022: 65.6%). The management of the Group performed an impairment assessment with the assistance of an independent external valuer 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 2028 with an extrapolation made to perpetuity. The discount rate used to discount the cash flows to their respective net present values was 11% in 2023, and 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 2023.

As at 31 December 2023, the fair value of investment in China Tower was RMB36,524 million (as at 31 December 2022: RMB36,880 million) based on its quoted market price, which was below its carrying amount by 32.8% (as at 31 December 2022: 30.1%). 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 2023.

As at 31 December 2023, there was no impairment indicator of the Group's interests in other associates or joint ventures.

Notes to the Consolidated Financial Statements

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22 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

(iii) Summarised financial information on major associates:

	SPD Bank	
	As at 31 December	
	2023	2022
	Million	Million
Total assets	9,007,247	8,704,651
Total liabilities	8,274,363	7,997,876
Total equity	732,884	706,775
Total equity attributable to ordinary equity shareholders	614,840	587,963
Percentage of ownership of the Group	18%	18%
Total equity attributable to the Group	111,852	106,933
The impact of fair value adjustments at the time of acquisition, goodwill and others	6,084	6,084
Interest in associates	117,936	113,017

	China Tower	
	As at 31 December	
	2023	2022
	Million	Million
Total current assets	78,083	49,706
Total non-current assets	247,924	255,854
Total current liabilities	63,934	65,158
Total non-current liabilities	64,379	46,811
Total equity	197,694	193,591
Total equity attributable to equity shareholders	197,694	193,591
Percentage of ownership of the Group	28%	28%
Total equity attributable to the Group	55,216	54,070
Elimination of unrealized profits resulting from the transfer of Tower Assets	(851)	(1,308)
Interest in associates	54,365	52,762

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

22 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

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

	SPD Bank	
	2023	2022
	Million	Million
Revenue	**173,434**	188,622
Profit before taxation	**40,692**	56,149
Profit attributable to the equity shareholders of the company	**36,702**	51,171
Other comprehensive loss attributable to the equity shareholders of the company		
Total comprehensive income attributable to the equity shareholders of the company		
Dividends received from associates	**1,707**	2,187

	China Tower	
	2023	2022
	Million	Million
Revenue	**94,009**	92,170
Profit before taxation	**12,832**	11,528
Profit attributable to equity shareholders of the company	**9,750**	8,787
Other comprehensive income attributable to equity shareholders of the company	**6**	–
Total comprehensive income attributable to equity shareholders of the company	**9,756**	8,787
Dividends received from associates	**1,589**	1,290

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 2023. 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

22 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(b) 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.

(c) 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.

23 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets and liabilities recognized and the movements during the year ended 31 December 2023 are as follows:

	As at 1 January 2023 Million	Credited/ (charged) to profit or loss Million	Charged to other comprehensive income Million	Exchange differences Million	As at 31 December 2023 Million
Deferred tax assets before offsetting:					
Write-down of obsolete inventories	74	–	–	–	74
Depreciation, amortization, write-off and impairment of property, plant and equipment and other intangible assets	9,185	153	–	–	9,338
Accrued expenses	22,056	2,593	–	–	24,649
Unredeemed Reward Program	7,499	(988)	–	–	6,511
Expected credit impairment losses	2,781	1,467	–	–	4,248
Lease liabilities	25,211	(2,982)	–	–	22,229
Others	6,187	3,192	–	2	9,381
	72,993	3,435	–	2	76,430
Deferred tax liabilities before offsetting:					
Change in value of financial assets measured at FVPL	(1,474)	(2,951)	–	–	(4,425)
Accelerated depreciation of property, plant and equipment	(4,747)	(663)	–	(10)	(5,420)
Right-of-use assets	(24,745)	3,156	–	–	(21,589)
Others	(960)	233	(4)	(5)	(736)
	(31,926)	(225)	(4)	(15)	(32,170)
Total	41,067	3,210	(4)	(13)	44,260

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23 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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, amortization, write-off and impairment of property, plant and equipment and other intangible assets	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
Lease liabilities	13,281	11,930	–	–	25,211
Others	4,786	1,394	–	7	6,187
	59,185	13,801	–	7	72,993
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)
Right-of-use assets	(12,628)	(12,117)	–	–	(24,745)
Others	(499)	(456)	(4)	(1)	(960)
	(18,338)	(13,524)	(4)	(60)	(31,926)
Total	40,847	277	(4)	(53)	41,067

The net amounts of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	As at 31 December 2023		As at 31 December 2022	
	Offsetting amount	**Amount after offsetting**	Offsetting amount	Amount after offsetting
Deferred tax assets	**(29,093)**	**47,337**	(29,355)	43,638
Deferred tax liabilities	**29,093**	**(3,077)**	29,355	(2,571)

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 RMB15,062 million (2022: RMB14,383 million) in respect of deductible temporary differences and tax losses amounting to RMB79,044 million (2022: RMB75,221 million) that can be carried forward against future taxable income as at 31 December 2023. 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.

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24 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.

(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 2023:

	Level 1 Million	Level 2 Million	Level 3 Million	Total Million
Financial assets measured at FVPL				
Wealth management products ("WMPs")	–	–	226,963	226,963
Asset management plans	–	–	50,573	50,573
Bond funds and monetary funds	52,725	–	–	52,725
CB	9,780	–	–	9,780
Equity investments and others	517	–	1,081	1,598
	63,022	–	278,617	341,639
Financial assets measured at FVOCI	3,345	–	173	3,518
Total	66,367	–	278,790	345,157

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				
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
	59,279	–	236,154	295,433
Financial assets measured at FVOCI	364	–	126	490
Total	59,643	–	236,280	295,923

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 2023, the Group didn't convert any CB into SPD Bank's common stock (2022: Nil).

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24 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 2022 Million	Purchase Million	Disposal/ transfer Million	Recognized in profit or loss Million	Recognized in other comprehensive income Million	As at 31 December 2023 Million
Financial assets measured at FVOCI	126	31	–	–	16	173
Financial assets measured at FVPL	236,154	37,000	(4,737)	10,200	–	278,617
	236,280	37,031	(4,737)	10,200	16	278,790

(d) Transfers between Levels

For the year ended 31 December 2023, as an equity investment held by the Group is listed on the Main Board of the SHEX in 2023 and its fair value is determined based on unadjusted quoted prices in an active markets, the Group upgraded certain financial instruments from Level 3 to Level 1 of the fair value hierarchy.

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

25 OTHER FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	As at 31 December 2023			As at 31 December 2022		
	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	5,243	–	5,243	9,331	–	9,331
– Other debt instrument investments	385	32,020	32,405	385	16,300	16,685
	5,628	32,020	37,648	9,716	16,300	26,016

PRC treasury bonds will mature in 2052 and bear a fixed coupon rate of 3.32% and effective interest rates of 3.08% to 3.11% per annum, with the aggregated principal amounted to RMB5,000 million as at 31 December 2023 (31 December 2022: RMB9,000 million).

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

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26 BANK DEPOSITS

		As at 31 December 2023			As at 31 December 2022		
	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)	47,680	34,326	82,006	39,331	53,902	93,233
Restricted bank deposits	(ii)	7,707	2,887	10,594	6,556	2,475	9,031
		55,387	37,213	92,600	45,887	56,377	102,264

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 2023, interest receivable amounting to RMB2,410 million (as at 31 December 2022: RMB2,935 million) was included in the item.

(ii) As at 31 December 2023 and 2022, 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 2023 and 2022, restricted bank deposits included in current assets were mainly about the deposited customer reserves, performance bonds and others.

27 OTHER NON-CURRENT ASSETS

	As at 31 December 2023 Million	As at 31 December 2022 Million
Contract assets (note 29)	4,227	3,756
Contract costs (Note)	25,047	21,250
Long-term prepaid expenses	5,107	4,667
Others	11,877	4,883
	46,258	34,556

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 2023, capitalized contract costs that are expected to be amortized exceeding one year amounted to RMB9,385 million (as at 31 December 2022: RMB5,526 million). For the year ended 31 December 2023, the amortization of capitalized contract costs amounted to RMB23,405 million (2022: RMB25,968 million).

28 INVENTORIES

	As at 31 December 2023 Million	As at 31 December 2022 Million
Handsets and other terminals	8,845	8,345
Others	3,181	3,351
	12,026	11,696

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29 CONTRACT ASSETS

	As at 31 December 2023 Million	As at 31 December 2022 Million
Contract assets	24,456	18,019
Loss allowance	(822)	(606)
	23,634	17,413
Less: non-current portion included in other non-current assets	(4,227)	(3,756)
	19,407	13,657

30 ACCOUNTS RECEIVABLE

(a) 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
	54,881	42,757

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:

	2023 Million	2022 Million (Re-presented)
As at 1 January	15,587	13,117
Recognized	9,254	4,582
Written-off	(1,202)	(2,112)
As at 31 December	23,639	15,587

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31 OTHER NON-FINANCIAL ASSETS

	As at 31 December 2023 Million	As at 31 December 2022 Million (Re-presented)
Prepaid VAT and input VAT to be deducted, etc.	17,012	16,817
Others	6,096	1,623
	23,108	18,440

32 CASH AND CASH EQUIVALENTS

	As at 31 December 2023 Million	As at 31 December 2022 Million
Bank deposits with original maturity within three months	2,908	11,954
Cash at banks and on hand	138,651	155,152
	141,559	167,106

33 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
	297,456	271,306

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
	173,309	161,520

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

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34 CONTRACT LIABILITIES

	As at 31 December 2023 Million	As at 31 December 2022 Million
Non-refundable prepaid service fees	**18,892**	21,672
Unredeemed Reward Program	**29,945**	35,557
Unused data traffic carried over	**14,276**	15,909
Others	**3,955**	3,030
	67,068	76,168
Less: non-current portion	**(875)**	(913)
	66,193	75,255

Contract liabilities would be recognized as operating revenue upon the rendering of services. Almost all of the contract liability balance as at 31 December 2022 was recognized as operating revenue in the consolidated statement of comprehensive income within one year.

35 RECEIPTS IN ADVANCE

This item mainly includes refundable prepaid service fees received from customers in advance of providing the services or products promised in the contract.

36 OTHER PAYABLES

	As at 31 December 2023 Million	As at 31 December 2022 Million (Re-presented)
Short-term deposits in China Mobile Finance	**3,408**	12,521
Deposits and retentions	**13,348**	14,182
Accrued salaries, wages and other benefits	**5,922**	5,893
Others	**15,523**	13,900
	38,201	46,496

Short-term deposits in China Mobile Finance primarily comprises the short-term deposits placed by CMCC and its subsidiaries excluding the Group ("CMCC Group") in China Mobile Finance and the corresponding interest payable. The deposits are unsecured and carry interest at prevailing market rate.

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37 DEFERRED REVENUE

	2023 Million	2022 Million
As at 1 January	**8,810**	8,487
Additions during the year	**3,099**	2,750
Recognized in the consolidated statement of comprehensive income	**(2,628)**	(2,427)
As at 31 December	**9,281**	8,810

38 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.

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38 SHARE-BASED PAYMENT (CONTINUED)

For the year ended 31 December 2023, share options compensation expenses recorded in profit or loss amounted to RMB717 million (2022: RMB411 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 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
As at 1 January 2023	**HK$52.67**	**887,599,718**
Exercised	**HK$55.00**	**(28,053,548)**
Forfeited	**HK$54.57**	**(19,487,837)**
As at 31 December 2023	**HK$52.55**	**840,058,333**
Vested and exercisable as at 31 December 2023	**HK$55.00**	**150,089,484**

75,569,164 options were vested and exercisable after the satisfaction of the conditions for vesting during the year (2022: 104,167,642).

The weighted average share price at the date of exercise for share options exercised during the year was HK$65.36 (2022: not applicable).

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38 SHARE-BASED PAYMENT (CONTINUED)

(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 2023 and 2022 are as follows:

Grant Date	Normal exercise period	Exercise price	No. of shares involved in the options outstanding as at 31 December 2023	No. of shares involved in the options outstanding as at 31 December 2022
12 June 2020	12 June 2022-12 June 2030	HK$55.00	**81,867,774**	101,069,905
12 June 2020	12 June 2023-12 June 2030	HK$55.00	**68,221,710**	89,515,817
12 June 2020	12 June 2024-12 June 2030	HK$55.00	**84,929,063**	89,515,817
19 September 2022	19 September 2024-19 September 2032	HK$51.60	**242,015,914**	242,999,271
19 September 2022	19 September 2025-19 September 2032	HK$51.60	**181,511,936**	182,249,454
19 September 2022	19 September 2026-19 September 2032	HK$51.60	**181,511,936**	182,249,454

The options outstanding as at 31 December 2023 had a weighted average remaining contractual life of 8.0 years (as at 31 December 2022: 9.0 years).

(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.

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39 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Note	Number of shares	RMB Million
Ordinary shares, issued and fully paid:			
As at 1 January 2022		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
As at 1 January 2023		**21,362,826,764**	**453,504**
Exercise of share options	(iii)	**28,053,548**	**1,497**
As at 31 December 2023		**21,390,880,312**	**455,001**
Of which: Shares listed on the HKEX		**20,488,112,445**	
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) In 2023, share options were exercised to subscribe for 28,053,548 shares listed on the HKEX at a consideration of HK$1,543 million (equivalent to RMB1,395 million) which was credited to share capital. RMB102 million has been transferred from the capital reserve to the share capital account in accordance with policy set out in note 2(w)(iii).

(iv) 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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39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) 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
	94,198	84,425

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	**43,414**	44,594

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39 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	Retained profits Million	Total equity Million
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 39(a)(i))	51,374	–	–	51,374
Dividends approved in respect of previous year (note 39(b)(ii))	–	–	(44,594)	(44,594)
Dividends declared in respect of current year (note 39(b)(i))	–	–	(42,243)	(42,243)
Purchase of own shares (note 39(a)(ii))	–	–	(707)	(707)
Share option scheme – Value of share options (note 38)	–	411	–	411
As at 31 December 2022	453,504	1,128	91,139	545,771
As at 1 January 2023	**453,504**	**1,128**	**91,139**	**545,771**
Changes in equity for 2023:				
Profit for the year	**–**	**–**	**90,304**	**90,304**
Total comprehensive income for the year	**–**	**–**	**90,304**	**90,304**
Dividends approved in respect of previous year (note 39(b)(ii))	**–**	**–**	**(43,414)**	**(43,414)**
Dividends declared in respect of current year (note 39(b)(i))	**–**	**–**	**(47,674)**	**(47,674)**
Exercise of share options (note 39(a)(iii))	**1,497**	**(102)**	**–**	**1,395**
Share option scheme – Value of share options (note 38)	**–**	**717**	**–**	**717**
As at 31 December 2023	**455,001**	**1,743**	**90,355**	**547,099**

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of different reserves

(i) Capital reserve

The capital reserve 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 (w)(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.

(iii) Other reserves

Other reserves mainly comprises the following:

– 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;

– share of other comprehensive income/(loss) of investments accounted for using the equity method; and

– the changes in fair value of financial assets measured at FVOCI, net of tax, until the financial assets are derecognized;

(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).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(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 2023 Million	As at 31 December 2022 Million
Total assets	**1,992,657**	1,935,538
Total liabilities	**646,672**	634,115
Liabilities-to-assets ratio	**32.5%**	32.8%

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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

40 BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2023 Million	As at 31 December 2022 Million (Re-presented)
Assets			
Non-current assets			
Property, plant and equipment		**1**	1
Investments in subsidiaries		**547,350**	546,634
		547,351	546,635
Current assets			
Other receivables		**1,426**	1,364
Prepayments		**2**	1
Prepaid income tax		**36**	–
Bank deposits		**3,376**	549
Cash and cash equivalents		**3,363**	4,889
		8,203	6,803
Total assets		**555,554**	553,438
Equity and liabilities			
Liabilities			
Current liabilities			
Other payables		**8,455**	7,562
Income tax payable		**–**	105
		8,455	7,667
Total liabilities		**8,455**	7,667
Equity			
Share capital	39(a)	**455,001**	453,504
Reserves	39(c)	**92,098**	92,267
Total equity		**547,099**	545,771
Total equity and liabilities		**555,554**	553,438

The balance sheet of the Company was approved by the Board of Directors on 21 March 2024 and was signed on its behalf.

Yang Jie
Name of Director

Li Ronghua
Name of Director

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 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 2023 and 2022. 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	2023 Million	2022 Million
Revenue from telecommunications facilities construction services	(i)	1,530	1,859
Revenue from comprehensive support services	(ii)	773	505
Technical support services charges	(iii)	335	439
Additions of right-of-use assets	(iv)	3,600	9,139
Related costs for lease of network assets and property	(iv)	12,584	9,067
Interest expenses	(v)	40	65
Net repayment of short-term deposits	(v)	(9,111)	(6,648)

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

	As at 31 December 2023 Million	As at 31 December 2022 Million (Re-presented)
Accounts receivable	2,341	2,801
Other receivables	89	27
Prepayments	9	1
Right-of-use assets	5,701	6,818
Lease liabilities	7,351	7,467
Accounts payable and accrued expenses	14,363	11,273
Receipts in advance	4	61
Other payables	3,810	12,692

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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with CMCC Group (Continued)

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 2023, the Group recognized the right-of-use assets for the lease of machinery rooms and transmission pipelines amounting to RMB2,500 million, and recognized the right-of-use assets for the lease of offices and retail outlets amounting to RMB1,094 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 RMB2,932 million. Related costs for lease of power support and other network assets and resources amounting to RMB8,243 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 RMB1,409 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.

(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 2023 and 2022, the terms of which are fair and reasonable.

	Note	2023 Million	2022 Million
Revenue from telecommunications services	(i)	**1,526**	1,197
Telecommunications services charges	(i)	**135**	97
Technical support services charges	(ii)	**5,040**	5,101
Property leasing and management services revenue	(iii)	**39**	110
Dividend received		**3,572**	3,726
Related costs for use of tower assets	(iv)	**41,020**	41,544
Additions of right-of-use assets	(iv)	**3,277**	62,907
Increase/(decrease) in cash, cash equivalents and bank deposits	(v)	**16,027**	(18,512)
Decrease in other financial assets measured at amortized cost	(vi)	**–**	(5,650)
Purchase of financial assets measured at FVPL	(vii)	**3,000**	10,000
Disposal of financial assets measured at FVPL	(vii)	**3,248**	8,838
Interest and other income	(viii)	**2,681**	2,174

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 RELATED PARTY TRANSACTIONS (CONTINUED)

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

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 2023 Million	As at 31 December 2022 Million (Re-presented)
Accounts receivable	345	278
Right-of-use assets	54,441	67,776
Other receivables	111	252
Cash, cash equivalents and bank deposits	71,197	56,052
Other financial assets measured at amortized cost	201	201
Financial assets measured at FVPL	33,086	32,185
Prepayments	31	3
Lease liabilities	60,178	70,599
Accounts payable and accrued expenses	16,365	15,362
Bills payable	13,326	5,026
Receipts in advance	12	17
Other payables	32	11

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/the additions of right-of-use assets. For the year ended 31 December 2023, related costs for use of tower assets include the depreciation of right-of-use assets amounting to RMB13,796 million (2022: RMB14,545 million), charges for use of tower assets and finance costs associated with the lease liabilities amounting to RMB26,629 million (2022: RMB26,580 million), other service charges amounting to RMB595 million (2022: RMB419 million).

(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 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 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with a major associate of CMCC Group

The following is a summary of principal related party transactions entered into by the Group with the major associate of the CMCC Group for year ended 31 December 2023 and 2022, the terms of which are fair and reasonable.

	Note	2023 Million	2022 Million
Increase in cash, cash equivalents and bank deposits	(i)	938	—
Interest and other income	(ii)	1,845	—

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

	As at 31 December 2023 Million	As at 31 December 2022 Million
Cash, cash equivalents and bank deposits	3,645	—
Financial assets measured at FVPL	38,691	—

Notes:

(i) The amounts represent the deposits placed with Postal Savings Bank of China ("PSBC"), the interest rate of which is negotiated based on the benchmark interest rate published by PBOC.

(ii) The amounts primarily represent income from the deposits placed with PSBC, and the income derived from WMPs purchased from PSBC.

(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 (note 41(a)), associates and joint ventures (note 41(b)) and an associate of CMCC Group (note 41(c)) 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 12.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

42 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, bills receivable, 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.

(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 retentions. 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

42 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(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 2023 or 31 December 2022 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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

42 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 2023 and 2022 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 2023				
Individual customers				
Expected loss rate	2%	20%	80%	100%
Gross carrying amount	2,748	846	1,893	1,845
Loss allowance	(55)	(169)	(1,514)	(1,845)

	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 2023					
Corporate customers					
Expected loss rate	3%	25%	65%	85%	100%
Gross carrying amount	23,075	11,662	10,143	3,604	4,586
Loss allowance	(692)	(2,916)	(6,593)	(3,063)	(4,586)

	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)

As at 31 December 2023 and 2022, the expected loss rates for contract assets are from 3% to 5%.

The expected credit loss of the receivables from other customers is insignificant.

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.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

42 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost include cash and cash equivalents, bank deposits, bills receivables, other receivables, PRC treasury bonds and other debt instrument investments, 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 2023						
Accounts payable and accrued expenses	297,456	297,456	297,456	–	–	–
Bills payable	26,520	26,520	26,520	–	–	–
Receipts in advance	79,035	79,035	79,035	–	–	–
Other payables	26,673	26,673	26,673	–	–	–
Lease liabilities	102,934	110,821	36,099	45,349	22,168	7,205
Other non-current liabilities	359	405	–	77	81	247
	532,977	540,910	465,783	45,426	22,249	7,452

	Carrying amount Million (Re-presented)	Total contractual undiscounted cash flow Million (Re-presented)	Within 1 year or on demand Million (Re-presented)	More than 1 year but less than 3 years Million (Re-presented)	More than 3 years but less than 5 years Million (Re-presented)	More than 5 years Million (Re-presented)
As at 31 December 2022						
Accounts payable and accrued expenses	271,306	271,306	271,306	–	–	–
Bills payable	14,759	14,759	14,759	–	–	–
Receipts in advance	84,446	84,446	84,446	–	–	–
Other payables	35,286	35,286	35,286	–	–	–
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

42 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(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 2023, the Group did not have any interest-bearing borrowings at variable rates, but had RMB3,408 million (as at 31 December 2022: RMB12,521 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 2023, total cash and bank deposits balances of the Group amounted to RMB234,159 million (as at 31 December 2022: RMB269,370 million), interest-bearing other financial assets measured at amortized cost and other debt investments amounted to RMB40,643 million (as at 31 December 2022: RMB26,145 million), and WMPs, monetary funds and other investment products amounted to RMB330,258 million (as at 31 December 2022: RMB283,767 million). The interest and other income generated by the assets mentioned above for 2023 was RMB19,970 million (2022: RMB16,109 million) and the average interest rate was 3.37% (2022: 2.76%). 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 RMB4,538 million (2022: RMB4,345 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 5.20% (2022: 3.4%) of the total cash and deposits with banks, the Group considered the related foreign currency risk was immaterial.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

43 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	2022
	Million	Million
Land and buildings	**2,829**	2,205
Telecommunications equipment and others	**20,066**	27,552
	22,895	29,757

44 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. Further details are disclosed in note 39(b)(i).

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 5G and 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.

45 COMPARATIVE FIGURES

Certain comparative figures on the consolidated financial statements have been re-presented to conform to the presentation for the year.

46 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.

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, 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 19 and 22, respectively.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

47 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, INTERPRETATIONS AND DISCLOSURES ISSUED BUT NOT YET EFFECTIVE OR MANDATORY FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 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" – Classification of liabilities as current or non-current ("2020 amendments")	1 January 2024
Amendments to IAS/HKAS 1, Presentation of financial statements: Non – current liabilities with covenants ("2022 amendments")	1 January 2024
Amendments to IFRS/HKFRS 16, Leases: Lease liability in a sale and leaseback	1 January 2024
Amendments to IAS/HKAS 7, Statement of cash flows and IFRS/HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements	1 January 2024
Amendments to IAS/HKAS 21, The effects of changes in foreign exchange rates: Lack of exchangeability	1 January 2025
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

	2023 Million	2022 Million	2021 Million	2020 Million	2019 Million
Operating revenue					
Revenue from telecommunications services	**863,514**	812,058	751,409	695,692	674,392
Revenue from sales of products and others	**145,795**	125,201	96,849	72,378	71,525
	1,009,309	937,259	848,258	768,070	745,917
Operating expenses					
Network operation and support expenses	**268,895**	254,182	225,010	206,424	175,810
Depreciation and amortization	**207,132**	200,077	193,045	172,401	182,818
Employee benefit and related expenses	**144,333**	130,157	118,680	106,429	102,518
Selling expenses	**52,477**	49,592	48,243	49,943	52,813
Cost of products sold	**142,807**	122,743	96,083	73,100	72,565
Other operating expenses	**59,319**	51,409	49,234	47,039	46,244
	874,963	808,160	730,295	655,336	632,768
Profit from operations	**134,346**	129,099	117,963	112,734	113,149
Other gains	**9,823**	9,388	8,257	5,602	4,029
Interest and other income	**21,134**	15,729	16,729	14,341	15,560
Finance costs	**(3,730)**	(2,330)	(2,679)	(2,996)	(3,246)
Income from investments accounted for using the equity method	**8,958**	10,986	11,914	12,678	12,641
Profit before taxation	**170,531**	162,872	152,184	142,359	142,133
Taxation	**(38,596)**	(37,278)	(35,878)	(34,219)	(35,342)
PROFIT FOR THE YEAR	**131,935**	125,594	116,306	108,140	106,791

Financial Summary

(Expressed in RMB)

	2023 Million	2022 Million	2021 Million	2020 Million	2019 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)	(406)	957	(75)
Remeasurement of defined benefit liabilities	**(184)**	15	(143)	–	–
Share of other comprehensive (loss)/ income of investments accounted for using the equity method	**(146)**	(12)	7	32	14
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	(882)	(1,915)	683
Share of other comprehensive income/ (loss) of investments accounted for using the equity method	**1,068**	(1,093)	(219)	(585)	428
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**133,447**	126,853	114,663	106,565	107,841
Profit attributable to:					
Equity shareholders of the Company	**131,766**	125,459	116,148	107,843	106,641
Non-controlling interests	**169**	135	158	297	150
PROFIT FOR THE YEAR	**131,935**	125,594	116,306	108,140	106,791
Total comprehensive income attributable to:					
Equity shareholders of the Company	**133,275**	126,718	114,505	106,268	107,691
Non-controlling interests	**172**	135	158	297	150
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**133,447**	126,853	114,663	106,565	107,841

Financial Summary

(Expressed in RMB)

ASSETS AND LIABILITIES

	As at 31 December 2023 Million	As at 31 December 2022 Million	As at 31 December 2021 Million	As at 31 December 2020 Million	As at 31 December 2019 Million
Property, plant and equipment	**714,663**	717,121	701,977	686,609	660,707
Construction in progress	**74,496**	73,087	71,742	71,651	67,978
Right-of-use assets	**94,753**	108,749	55,350	65,091	74,308
Land use rights	**14,877**	15,244	15,739	16,192	16,489
Goodwill	**35,301**	35,301	35,344	35,344	35,343
Development expenditure	**2,279**	1,334	919	574	528
Other intangible assets	**32,720**	31,265	28,580	25,577	17,072
Investments accounted for using the equity method	**181,715**	175,649	169,556	161,811	155,228
Deferred tax assets	**47,337**	43,638	43,216	38,998	32,628
Financial assets measured at fair value through other comprehensive income	**3,518**	490	689	1,111	513
Financial assets measured at fair value through profit or loss	**185,621**	187,130	78,600	–	–
Other financial assets measured at amortized cost	**5,628**	9,716	283	–	–
Bank deposits	**55,387**	45,887	17,056	23,836	10,063
Other non-current assets	**46,258**	34,556	26,905	21,345	28,517
Current assets	**498,104**	456,371	595,371	579,743	529,866
Total assets	**1,992,657**	1,935,538	1,841,327	1,727,882	1,629,240
Current liabilities	**558,565**	533,337	582,148	517,274	462,067
Lease liabilities	**67,759**	81,741	30,922	42,460	51,635
Deferred revenue	**9,281**	8,810	8,487	8,601	6,861
Defined benefit plan and other employee benefit liabilities	**6,408**	5,951	5,522	4,355	–
Deferred tax liabilities	**3,077**	2,571	2,369	1,668	1,388
Other non-current liabilities	**1,582**	1,705	1,587	752	–
Total liabilities	**646,672**	634,115	631,035	575,110	521,951
Total equity	**1,345,985**	1,301,423	1,210,292	1,152,772	1,107,289

Certain comparative figures in this financial summary have been re-presented to conform to the presentation for the year.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. YANG Jie
(Executive Director & Chairman)
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

Sustainability Committee

Mrs. Margaret LEUNG KO May Yee
(Chairman)
Mr. LI Ronghua
Mr. Carmelo LEE Ka Sze

COMPANY SECRETARY

Ms. WONG Wai Lan, Grace

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
KPMG Huazhen LLP
Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance

LEGAL ADVISER

Sullivan & Cromwell (Hong Kong) LLP

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Wanchai, Hong Kong

RMB SHARE REGISTRAR

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Xicheng District,
Beijing, P.R. China
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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:

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SSE: www.sse.com.cn
HKEX: www.hkexnews.hk

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