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CHINA MOBILE LIMITED

中國移動有限公司

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

(Stock Code: 941)

ANNOUNCEMENT OF 2014 INTERIM RESULTS

- Operating revenue was RMB324.7 billion, up 7.1%, of which, revenue from telecommunications services was RMB297.9 billion, up 4.7%
- EBITDA was RMB118.3 billion, down 4.4%
- Profit attributable to equity shareholders was RMB57.7 billion, down 8.5%
- Total customers exceeded 790 million, up 6.8%
- Payment of an interim dividend of HK\$1.540 per share. The Company's planned dividend payout ratio for the full year of 2014 is 43%

CHAIRMAN'S STATEMENT

Dear Shareholders:

In the first six months of 2014, having aligned with the development trends of mobile Internet and proactively responded to challenges arising from various factors including the increasingly saturated traditional telecommunications market, fierce competition within the industry, the aggravated substitution effect of Over the Top (OTT) products and the adjustments of the relevant government policies, the Group accelerated strategic transformation, intensified reform and innovation, firmly seized the opportunities for 4G development, endeavored to enhance its capabilities in network, marketing, management and human resources, vigorously promoted its operations of existing customers and business, data traffic and corporate customer services, and enhanced business innovation in digital services. As a result, the Company achieved favorable results in its development. In the first six months of 2014, the initial 4G development has been remarkable with 4G network capabilities being rapidly built up, leading to a rapid growth momentum of 4G customer scale. During the same period, the Company also maintained a solid customer base and continued the rapid development of data traffic services, and achieved stable operation results.

Financial Results

In the first half of 2014, the Group's operating revenue maintained stable growth and reached RMB324.7 billion, up 7.1% over the same period last year, of which, revenue from telecommunications services was RMB297.9 billion, up 4.7% over the same period last year. Data business had a positive growth momentum with revenue of RMB121.9 billion, up 27.8% over the same period last year, and as a percentage of revenue from telecommunications services increased to 40.9%, of which, revenue from wireless data traffic reached RMB72.0 billion, up 51.8% over the same period last year. The revenue structure was further optimized. The Group reasonably increased its investment in the relevant resources in order to provide better support for the explosive growth in data traffic, in particular to accelerate expansion of 4G business and build up core competitiveness. Meanwhile, policy factors including the transformation from business tax to value-added tax and the adjustments of network interconnection settlement standards resulted in a decrease of profitability, however, the Group continued to lead the industry in terms of profitability. Profit attributable to equity shareholders decreased by 8.5% over the same period last year to RMB57.7 billion, and the margin of profit attributable to equity shareholders was 17.8%. EBITDA decreased by 4.4% over the same period last year to RMB118.3 billion, and EBITDA margin¹ was 36.4%. EBITDA was 39.7% of revenue from telecommunications services.

Business Development

Amidst the complex competitive landscape, by adhering to its established strategies, the Group continuously promoted development of the three major drivers of its operations, namely, existing customers and business, data traffic and corporate customer services, as well as development of new businesses, and achieved remarkable results in its transformation development.

The Group maintained a solid customer base. As of the end of June 2014, the Group had over 790 million customers, representing a growth of 23.41 million customers compared with the end of 2013, with a stable retention of middle-to-high-end customers. The Group's corporate customer business maintained favorable growth momentum with 3.27 million corporate customers in total, while revenue from communication and informationalization services showed rapid growth.

¹ $EBITDA\ margin = EBITDA / Operating\ revenue$

Our 4G development demonstrated a favorable growth momentum. The Group is the first to launch commercial 4G services in Mainland China after receiving its license in December last year. As of the end of June 2014, our 4G customers had reached 13.94 million. The Group accelerated network construction, built up network capabilities, fully respected customers' preferences for services and proactively promoted the development of 4G customers through various initiatives including optimizing data traffic tariff, providing convenient and prompt upgrade services and increasingly diversifying 4G terminals. As a result, our 4G customer base showed a favorable momentum of accelerated growth.

The Group achieved notable progress in data traffic operations. Aligned with the booming increase in data traffic demand, we launched various tariff plans with an emphasis on data traffic and has achieved strong business growth. Mobile data traffic increased by 91.4% compared with the same period last year. Revenue from wireless data traffic increased by 51.8% compared with the same period last year, contributing to 24.2% of telecommunications services revenue. Revenue derived from data traffic became a major driver of revenue growth.

We have also benefited from significant increase in terminal sales volume. In the first half of 2014, a total of 120 million TD handsets (including TD-SCDMA and TD-LTE standards) were sold through all distribution channels, such increase accelerated the migration of customers from 2G network to 3G and 4G networks. Terminal sales provided strong support for existing customers and business and data traffic operations, and brought vibrancy to the 4G terminal industry.

By adhering to its mantra of "Customers are our priority, quality service is our principle", the Group continued to enhance services and improve customer satisfaction. The Group continued to promote customer services mechanism featuring front-end localization and back-end centralization, and focused on protecting customer rights and resolving issues of uninformed service subscriptions to promote transparency in customer consumption. We handled customer complaints in a serious manner focusing on online complaints and took effective blocking and control over spam messages. In the first six months of 2014, the Group maintained the lowest rate of escalated complaints within the industry in Mainland China.

Strategic Transformation

Aligned with the development trends of mobile Internet, the Group embraced the migration of the core telecommunications revenue driver from voice to data traffic and then to digital services, accelerated capabilities distribution and strategic transformation and made efforts to promote its development transition from voice to data traffic operation, from mobile communications services to innovative full-services and from communications services to digital services.

The Group deepened the development of Four-Network Coordination, continued to strengthen network capability in general and accelerated the transition from voice-centric to data-centric operations. We endeavored to promote 4G network construction and optimization aiming to construct a premier quality network. Currently, we have put in use 410,000 base stations covering more than 300 cities, and built up the world's largest 4G network. We will further accelerate network construction to achieve continuous coverage in almost all cities and county-level cities as well as effective network coverage in key villages and towns in Mainland China by the end of this year, and endeavour to carry out trial commercialization of VoLTE, consolidating our first-mover advantage in 4G services. We capitalized on our existing resources and capacity of our 3G network to enhance customer experience and strengthen customer relationships. We continued our efforts in 2G network maintenance preserving our advantages in voice quality and network efficiencies. We also maximised the network efficiency and traffic diversion of WLAN in order to meet traffic demand.

Through deepening the development of Four-Network Coordination, the Group further consolidated its advantage in wireless network, maintained its leading position in voice quality and continuously optimized the network traffic structure. Currently, 3G/4G data traffic has reached 44% of the total mobile data traffic.

The Group strengthened the accumulation of infrastructure resources and continuously improved fundamental network capabilities. Our accessibility of corporate customer IP-VPN lines and introduction of Internet content were significantly enhanced. By the end of June 2014, the Internet traffic on-net rate reached 91%, and the mobile phone on-net hits rate reached 75%. Adhering to our established principles of high standards, product differentiation and focus on investment returns, we provided the foundation and support for the transition from mobile services to innovative full-services by improving our transmission network capabilities, accelerating public Internet construction, and effectively developing broadband access that leverages our 4G advantages.

Persisting with the policy of “smart pipes, open platform, featured services, friendly interface”, and consolidating the advantages of a traditional operator and the features of mobile Internet, the Group proactively prepared for the establishment of a mobile Internet company to develop mobile Internet services, leveraging its advantages in resources, scale and capabilities. In the first six months of 2014, we consolidated five integrated product platforms targeting different customers, namely, “and-Communication”, “and-Life”, “and-Entertainment”, “and-Family”, and “and-Business”, and endeavored to establish an integrated communications system featuring new calls, new messages and new contacts, to promote the transformation from developing communications business to digital services.

Reform and Innovation

We strengthened our efforts in reform and promoted entrepreneurship and innovation. Adhering to the principles of centralized management, operational specialization, market-oriented mechanisms, the building of a flat organization and the standardization of processes, we constructed new infrastructure and developed products and services for specialized operations in order to enable our organizational structure to support both the development of our existing business and the achievement of sustainable growth in future.

We achieved notable progress in specialized operations. With respect to terminals, we significantly reduced the costs in distribution channels, increasingly diversified terminal models and launched the M811 mobile phone under our own brand featuring five modes and ten frequencies at a price of RMB1,000, effectively setting a trend for the industry. With respect to corporate customer operations, we launched products under our own brand including pre-installed automobile module, innovated cooperation modes and steadily improved our products capability and operation efficiency. With respect to international business, we fully implemented our “RMB1/2/3” international voice roaming plans, expanded the coverage of our “RMB3/6/9” international data roaming scheme to 80 major countries and regions. In the meantime, we also made great efforts to develop our 4G international roaming services.

We effectively promoted centralized management and significantly improved centralized procurement. The centralized management of our sales outlets was extended to cover 244 cities. Our online mobile mall was fully supported throughout the whole network. In the meantime, our centralized infrastructure including data centers, call centers, research and development centers, China Mobile South Base and the five regional logistics centers were further utilized.

We accelerated our innovative development. We reformed our traditional geographically divided and voice-centric business model, accelerated our business transformation, development of digital service products, channel transformation and marketing innovation, and continued to improve and refine our management. We optimized resource allocation and utilization, intensified cost management and control to reduce costs and increase efficiency and achieved favorable results in innovative development.

Corporate Governance

Abiding by corporate governance principles of integrity, transparency, openness and efficiency, the Company strived to achieve best corporate governance practices by strictly following the requirements under the Listing Rules. In 2014, in response to internal and external operating environments as well as regulatory requirements, the Company focused on risk management and continued to improve the risk and internal control system, enhanced risk predictions and the effects of risk management and control, and promoted the integration of internal control and business processes. We continued to improve our legal risk management system and strengthened legal support for our innovative development and organizational reform. We further enhanced our system of internal audit and internal control by continuing to audit and monitor tenders, procurement and decision-making mechanisms in order to prevent and control the significant risks arising from business operations and development as well as non-compliant conduct in key operational areas. At the same time, the Group also paid great attention to development efficiency and benefits, promoted the improvement of management system and the optimization of mechanisms and procedures in order to ensure the proper operation of our businesses.

Investment and Acquisition

On 9 June 2014, the Company agreed to, through its wholly-owned subsidiary, subscribe for shares in True Corporation Public Company Limited (“True Corporation”) in Thailand through a private placement for a total consideration of approximately RMB5.5 billion. Upon completion of the transaction, the Company will indirectly hold 18% equity interest in True Corporation.

On 11 July 2014, the Company and two other communications operators jointly agreed to establish China Communications Facilities Services Corporation Limited (“CCFSCL”). The Company, through its wholly-owned subsidiary, subscribed for shares in CCFSCL which represents 40.0% of its registered capital for a total consideration of RMB4.0 billion. The establishment of CCFSCL will benefit the Company by reducing its overall investment scale and saving capital expenses.

Corporate Social Responsibility

The Group attaches great importance to corporate social responsibility and has actively contributed to the provision of emergency communication services, network and information safety, energy saving and emissions reduction, and social welfare support. In the first six months of 2014, we deepened our benchmarking management based on the Dow Jones Sustainability Indices, and further optimized environment management and improved our performance in supply chain responsibilities while maintaining favorable performance in electromagnetic radiation management and customer privacy protection. We further deepened the “Green Action Plan” focusing on energy conservation and emission reduction, and aimed to realize a reduction in overall energy consumption per unit of information flow by 13.5% in 2014. Through our China Mobile Charity Foundation, we carried out philanthropic activities such as poverty alleviation and education support. By the end of June 2014, we had cumulatively sponsored surgeries for 1,692 children in poverty with congenital heart disease and continued to sponsor the training of secondary and elementary school principals in central and western rural China. Jointly with the PRC Ministry of Education, we also organized presentations on multi-media teaching applications.

Awards and Recognition

Our efforts have been widely recognized and praised. In 2014, our ranking in Forbes Magazine’s “Global 2000” List improved to 28th and once again, we were listed among the “FT Global 500”, ranking 25th. The China Mobile brand was named one of the “BRANDZ™ Top 100 Most Powerful Brands” by Millward Brown and Financial Times for the ninth consecutive year, ranking 15th globally. In the first half of 2014, Moody’s and Standard & Poor’s kept our corporate credit ratings equivalent to China’s sovereign credit ratings, which are Aa3/Outlook Stable and AA-/Outlook Stable, respectively.

Dividends

In view of the Group's operating results in the first half of 2014, and taking into consideration its long-term sustainable development, the Board declared an interim dividend of HK\$1.540 per share in accordance with the dividend payout ratio planned for the full financial year of 2014.

The Board believes that the Company's industry-leading profitability and healthy cash flow generating capability will be able to provide sufficient support to its future development, while providing shareholders with a favorable return.

Future Outlook

In 2014, the Chinese government has set the general direction for steady domestic economic growth and improvement, and encourages the development of strategic emerging industry sectors and information consumption, providing us with a broad development prospect. The commercialization and rapid development of 4G has provided the Company with a rare opportunity to reshape its advantages. In the meantime, with the commencement of trial operations of hybrid LTE (TD/FDD) network, the communications operators have entered into a new phase of 4G competition, and market competition will become fiercer. The substitution effect on the traditional telecommunications business by OTT business will be aggravated, and the effects of adjustments in government policies on the Company will start to become evident. Accordingly, the Company will face relatively high pressure in its short-term growth.

Facing both opportunities and challenges, the Company will focus on the strategic vision of Mobile Changes Life. Amid an ever expanding digital services market, the Company will embrace the migration trend of core telecommunications revenue driver from voice to data traffic and then to digital services, proactively develop digital services based on the solid foundation of its core resources to become a trustworthy digital services expert. We will further accelerate our strategic transformation, deepen our Four-Network Coordination, promote full-services operation and foster mobile Internet development. We will strengthen our reform efforts, build up new infrastructure system, end-to-end product services system and multi products-oriented marketing services system. The Company will endeavor to accelerate 4G development, continue to optimize network construction, accelerate customer development and business innovation, and maintain and create new competitive advantages in the 4G era in order to promote the sustainable and steady development of the Company.

We will look for appropriate external investment opportunities in an active but cautious manner, and strive to broaden our presence in the market to support our transformation and development.

We will persevere as always and strive to create value for investors.

Xi Guohua
Chairman

14 August 2014, Hong Kong

GROUP RESULTS

China Mobile Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2014 extracted from the unaudited condensed consolidated interim financial information of the Group as set out in its 2014 Interim Report.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2014

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
	Note	2014	2013
		Million	Million
Operating revenue (Turnover)	4		
Revenue from telecommunications services		297,910	284,671
Revenue from sales of products and others		26,771	18,433
		<u>324,681</u>	<u>303,104</u>
Operating expenses			
Leased lines		10,235	8,857
Interconnection		12,116	12,833
Depreciation		55,868	52,223
Personnel		18,115	16,534
Selling expenses		44,700	40,625
Cost of products sold		40,523	30,601
Other operating expenses		80,770	70,007
		<u>262,327</u>	<u>231,680</u>
Profit from operations		62,354	71,424
Non-operating net income		332	387
Interest income		7,870	7,324
Finance costs		(114)	(167)
Share of profit of associates		3,966	3,308
		<u>74,408</u>	<u>82,276</u>
Profit before taxation		74,408	82,276
Taxation	5	(16,619)	(19,095)
		<u>57,789</u>	<u>63,181</u>
PROFIT FOR THE PERIOD		57,789	63,181
Other comprehensive (loss)/income for the period that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas entities		(100)	(67)
Share of other comprehensive income of associates		718	16
		<u>618</u>	<u>(51)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>58,407</u>	<u>63,130</u>

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)**

*for the six months ended 30 June 2014
(Expressed in RMB)*

		Six months ended 30 June	
	<i>Note</i>	2014	2013
		Million	<i>Million</i>
Profit attributable to:			
Equity shareholders of the Company		57,742	63,128
Non-controlling interests		47	53
PROFIT FOR THE PERIOD		<u>57,789</u>	<u>63,181</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		58,360	63,078
Non-controlling interests		47	52
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>58,407</u>	<u>63,130</u>
Earnings per share – Basic	<i>7(a)</i>	<u>RMB2.86</u>	<u>RMB3.14</u>
Earnings per share – Diluted	<i>7(b)</i>	<u>RMB2.83</u>	<u>RMB3.10</u>
EBITDA (RMB million)¹		<u>118,265</u>	<u>123,687</u>

Details of dividends to equity shareholders of the Company are set out in note 6.

¹ The Company defines EBITDA as profit for the period before taxation, share of profit of associates, finance costs, interest income, non-operating net income, depreciation and amortization of other intangible assets.

UNAUDITED CONSOLIDATED BALANCE SHEET

as at 30 June 2014

(Expressed in RMB)

	<i>Note</i>	As at 30 June 2014 <i>Million</i>	As at 31 December 2013 <i>Million</i>
Non-current assets			
Property, plant and equipment		493,952	479,227
Construction in progress		97,322	85,000
Land lease prepayments and other prepayments		22,764	19,735
Goodwill		36,894	36,894
Other intangible assets		819	1,063
Interest in associates		56,149	53,940
Deferred tax assets		22,387	17,401
Restricted bank deposits		7,767	6,816
Other financial assets		127	127
		<u>738,181</u>	<u>700,203</u>
Current assets			
Inventories		8,660	9,152
Accounts receivable	8	16,072	13,907
Other receivables		12,560	11,649
Prepayments and other current assets		12,874	11,832
Amount due from ultimate holding company		146	94
Tax recoverable		302	647
Bank deposits		381,464	374,977
Cash and cash equivalents		73,907	44,931
		<u>505,985</u>	<u>467,189</u>
Current liabilities			
Accounts payable	9	176,474	173,157
Bills payable		1,360	1,360
Deferred revenue		67,524	61,789
Accrued expenses and other payables		155,606	125,811
Amount due to ultimate holding company		14	22
Obligations under finance leases		68	68
Current taxation		9,252	8,706
		<u>410,298</u>	<u>370,913</u>
Net current assets		<u>95,687</u>	<u>96,276</u>
Total assets less current liabilities carried forward		<u>833,868</u>	<u>796,479</u>

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)*as at 30 June 2014**(Expressed in RMB)*

	<i>Note</i>	As at 30 June 2014 Million	As at 31 December 2013 Million
Total assets less current liabilities brought forward		833,868	796,479
Non-current liabilities			
Interest-bearing borrowings		(4,991)	(4,989)
Deferred revenue, excluding current portion		(675)	(662)
Deferred tax liabilities		(106)	(104)
		(5,772)	(5,755)
NET ASSETS		828,096	790,724
CAPITAL AND RESERVES			
Share capital	<i>10</i>	396,334	2,142
Reserves	<i>10</i>	429,774	786,631
Total equity attributable to equity shareholders of the Company		826,108	788,773
Non-controlling interests		1,988	1,951
TOTAL EQUITY		828,096	790,724

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”, issued by the International Accounting Standards Board (“IASB”). IAS 34 is consistent with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by HKICPA and accordingly this unaudited condensed consolidated interim financial information is also prepared in accordance with HKAS 34.

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

The unaudited condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013. The Group’s policies on financial risk management were set out in the financial statements included in the Company’s 2013 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2014.

The Group’s unaudited consolidated interim financial information contains explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2013. The unaudited condensed consolidated interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) or Hong Kong Financial Reporting Standards (“HKFRSs”).

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

2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013.

The following new and amended standards are mandatory for the first time for the financial year beginning 1 January 2014 and are applicable for the Group:

Amendment to IAS/HKAS 32, “*Financial Instruments: Presentation*”
IFRIC/HK(IFRIC) – Int 21, “*Levies*”

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

In addition, the IASB and HKICPA also published a number of new standards and amendments to standards which are effective for the financial year beginning after 1 January 2014 and have not been early adopted by the Group. Management is assessing the impact of such new standards and amendments to standards and will adopt the relevant standards and amendments to standards in the subsequent periods as required.

3 SEGMENT REPORTING

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

4 OPERATING REVENUE (TURNOVER)

	Six months ended 30 June	
	2014	2013
	<i>Million</i>	<i>Million</i>
Revenue from telecommunications services		
Voice services	165,778	175,072
Data services	121,913	95,388
Others	10,219	14,211
	<u>297,910</u>	<u>284,671</u>
Revenue from sales of products and others	<u>26,771</u>	<u>18,433</u>
	<u>324,681</u>	<u>303,104</u>

On 29 April 2014, a notification (“Cai Shui [2014] No. 43”) was jointly issued by the Ministry of Finance and the State Administration of Taxation of the People’s Republic of China, and as approved by the State Council of the People’s Republic of China, the telecommunications industry would be included in the scope of the pilot program for the transformation from business tax to value-added tax (the “VAT Program”) from 1 June 2014. According to the Cai Shui [2014] No. 43, the value-added tax rates for the provision of basic telecommunications services and value-added telecommunications services are 11% and 6%, respectively. With the implementation of the VAT Program from 1 June 2014, the Group is not required to pay the business tax of 3% on the telecommunications services.

5 TAXATION

		Six months ended 30 June	
		2014	2013
	<i>Note</i>	<i>Million</i>	<i>Million</i>
Current tax			
Provision for Hong Kong profits tax on the estimated assessable profits for the period	<i>(i)</i>	108	94
Provision for the PRC enterprise income tax on the estimated taxable profits for the period	<i>(ii)</i>	21,495	23,280
		21,603	23,374
Deferred tax			
Origination and reversal of temporary differences	<i>(iii)</i>	(4,984)	(4,279)
		16,619	19,095

Notes:

- (i) The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2014 (for the six months ended 30 June 2013: 16.5%).
- (ii) The provision for the PRC enterprise income tax is based on the statutory rate of 25% on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2014 (for the six months ended 30 June 2013: 25%). Certain subsidiaries of the Company enjoy the preferential tax rate of 15% (for the six months ended 30 June 2013: 15%).
- (iii) Deferred taxes of the Group are recognized based on tax rates that are expected to apply to the periods when the temporary differences are realized or settled.
- (iv) On 22 April 2009, the State Administration of Taxation of the People's Republic of China issued the "Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" ("2009 Notice"). The Company is qualified as a PRC offshore-registered resident enterprise for purposes of the 2009 Notice. In accordance with the 2009 Notice and the PRC enterprise income tax law, the dividend income of the Company from its subsidiaries in the PRC is exempt from PRC enterprise income tax.

6 DIVIDENDS

(a) Dividends attributable to the period

	Six months ended 30 June	
	2014	2013
	<i>Million</i>	<i>Million</i>
Ordinary interim dividend declared after the balance sheet date of HK\$1.540 (equivalent to approximately RMB1.222) (2013: HK\$1.696 (equivalent to approximately RMB1.351)) per share	<u>24,879</u>	<u>27,156</u>

The 2014 ordinary interim dividend which is declared in Hong Kong dollar is translated into RMB at the rate HK\$1=RMB0.79375, being the rate announced by the State Administration of Foreign Exchange in the PRC on 30 June 2014. As the ordinary interim dividend is declared after the balance sheet date, such dividend is not recognized as liability as at 30 June 2014.

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

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

	Six months ended 30 June	
	2014	2013
	<i>Million</i>	<i>Million</i>
Ordinary final dividend in respect of the previous financial year, approved and paid during the period, of HK\$1.615 (equivalent to approximately RMB1.270) (2013: HK\$1.778(equivalent to approximately RMB1.442)) per share	<u>26,044</u>	<u>28,460</u>

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2014 is based on the profit attributable to equity shareholders of the Company of RMB57,742,000,000 (for the six months ended 30 June 2013: RMB63,128,000,000) and the weighted average number of 20,209,536,890 shares (for the six months ended 30 June 2013: 20,100,659,184 shares) in issue during the six months ended 30 June 2014.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2014 is based on the profit attributable to equity shareholders of the Company of RMB57,742,000,000 (for the six months ended 30 June 2013: RMB63,128,000,000) and the weighted average number of 20,368,640,154 shares (for the six months ended 30 June 2013: 20,343,371,214 shares), calculated as follows:

Weighted average number of shares (diluted)

	Six months ended 30 June	
	2014	2013
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of shares (basic)	20,209,536,890	20,100,659,184
Dilutive equivalent shares arising from share options	159,103,264	242,712,030
Weighted average number of shares (diluted)	<u>20,368,640,154</u>	<u>20,343,371,214</u>

8 ACCOUNTS RECEIVABLE

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

	As at 30 June 2014 <i>Million</i>	As at 31 December 2013 <i>Million</i>
Within 30 days	8,885	8,316
31-60 days	2,491	2,137
61-90 days	1,308	1,149
Over 90 days	3,388	2,305
	<u>16,072</u>	<u>13,907</u>

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

Accounts receivable are expected to be recovered within one year.

9 ACCOUNTS PAYABLE

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

The aging analysis of accounts payable is as follows:

	As at 30 June 2014 Million	As at 31 December 2013 Million
Due within 1 month or on demand	143,023	140,397
Due after 1 month but within 3 months	12,943	13,449
Due after 3 months but within 6 months	7,115	6,492
Due after 6 months but within 9 months	5,235	5,294
Due after 9 months but within 12 months	8,158	7,525
	<u>176,474</u>	<u>173,157</u>

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

10 SHARE CAPITAL

Under the new Hong Kong Companies Ordinance which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par or nominal value. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

In addition, in accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance, on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters, including the review of the unaudited interim financial information for the six months ended 30 June 2014.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2014, the Company complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except that the Company and its directors (including independent non-executive directors) have not entered into any service contract with a specified term. All directors are subject to retirement by rotation and re-election at our AGMs every three years.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following enquiry by the Company, that they had complied with the required standard set out in the Model Code throughout the period from 1 January 2014 to 30 June 2014.

CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend for the six months ended 30 June 2014 of HK\$1.540 per share (before withholding and payment of PRC enterprise income tax) (the "**2014 Interim Dividend**") to the shareholders of the Company.

The register of members of the Company will be closed from Monday, 8 September 2014 to Thursday, 11 September 2014 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the 2014 Interim Dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 5 September 2014. The 2014 Interim Dividend will be paid on or about Monday, 29 September 2014 to those shareholders on the register of members on Thursday, 11 September 2014 (the "**Record Date**").

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2014 INTERIM DIVIDEND

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, the “Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” and the “Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management”, the Company is required to withhold and pay 10 per cent. enterprise income tax on the distribution of the 2014 Interim Dividend to its non-resident enterprise shareholders. The withholding and payment obligation lies with the Company. In respect of all shareholders whose names appear on the Company’s register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organizations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2014 Interim Dividend after deducting enterprise income tax of 10 per cent.. The Company will not withhold and pay the income tax in respect of the 2014 Interim Dividend payable to any natural person shareholders whose names appear on the Company’s register of members as at the Record Date.

If any resident enterprise (as defined in the “Enterprise Income Tax Law of the People’s Republic of China”) listed on the Company’s register of members which is duly incorporated in the People’s Republic of China (the “**PRC**”) or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10 per cent. enterprise income tax, it shall lodge with Hong Kong Registrars Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend to which it is entitled at or before 4:30 p.m. on Friday, 5 September 2014.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this announcement may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.

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

The 2014 Interim Report will be despatched to shareholders as well as made available on the HKExnews website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and the website of the Company at <http://www.chinamobileltd.com>.

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