

# 5G++



未來無限可能  
Infinite Future

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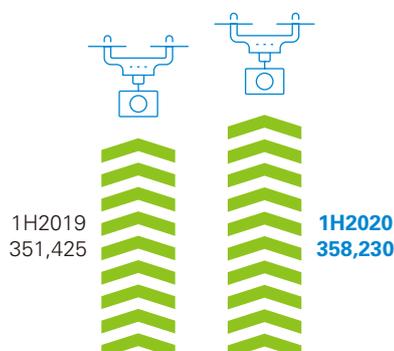
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# Financial Highlights

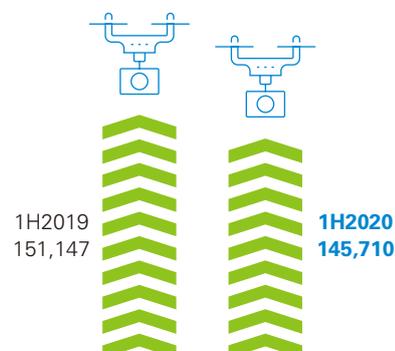
## Revenue from Telecommunications Services

(RMB million)



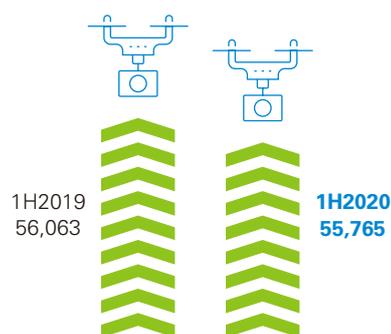
## EBITDA

(RMB million)



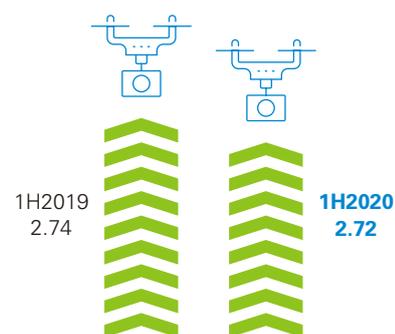
## Profit Attributable to Equity Shareholders

(RMB million)



## Basic Earnings per share

(RMB)



## Six months ended 30 June

	2020	2019
Operating revenue (RMB million)	<b>389,863</b>	389,427
Of which: Revenue from telecommunications services (RMB million)	<b>358,230</b>	351,425
EBITDA <sup>1</sup> (RMB million)	<b>145,710</b>	151,147
EBITDA margin <sup>2</sup>	<b>37.4%</b>	38.8%
EBITDA as % of revenue from telecommunications services	<b>40.7%</b>	43.0%
Profit attributable to equity shareholders (RMB million)	<b>55,765</b>	56,063
Margin of profit attributable to equity shareholders <sup>3</sup>	<b>14.3%</b>	14.4%
Basic earnings per share (RMB)	<b>2.72</b>	2.74
Dividend per share – Interim (HK\$)	<b>1.530</b>	1.527

<sup>1</sup> EBITDA = profit from operations + depreciation and amortization

<sup>2</sup> EBITDA margin = EBITDA/operating revenue

<sup>3</sup> Margin of profit attributable to equity shareholders = profit attributable to equity shareholders/operating revenue

# Chairman's Statement

## DEAR SHAREHOLDERS,

At present, the world is experiencing a global health crisis. Although COVID-19 has come under control in China, it has created serious repercussions for economic and social development. Yet, we believe that crisis and opportunity always appear at the same time. The actions taken as a response to COVID-19 will catalyze and accelerate a new round of technological revolution and industrial transformation, that will further the digitalization of both the economy and society.

As a responsible corporate citizen, we have been actively participating in COVID-19 prevention and control in all sectors of society, as well as taking practical actions to facilitate the resumption of work and production to support the government, customers, up- and down-stream supply chain partners and our employees. Making full use of our information technology advantages in areas including 5G, cloud computing and big data, we are committed to providing reliable communications, maintaining service continuity and taking comprehensive prevention and control measures in the fight against COVID-19. As we navigate this challenge, our confidence in the ability to build a better digital future is further cemented.

So far in 2020, we have adhered to our development strategy of becoming a world-class enterprise by building a dynamic "Powerhouse", working hard to expand our business from communication services to information services and to shift our business focus from mobile market to the more encompassing CHBN "four growth engines": the "customer" (C), "home" (H), "business" (B) and "new" (N) markets. We have also adopted a new development approach focusing on innovation-driven business transformation and upgrade instead of traditional growth drivers that rely on factors of resources. We attach great importance to customer interaction and trust, deepening our collaboration with all parties to achieve win-win situations within the industry and promoting long-term sustainable development of the Company. Our growth has only been made possible by the support of all shareholders, customers and members of the general public, as well as the dedication and relentless efforts of China Mobile employees at all levels.

## INTERIM RESULTS 2020

The unexpected occurrence of COVID-19 in the first half of 2020 not only created an enormous impact on the economy and society but also cast a pall over our operations. It has nevertheless given rise to a surge in demand for informatization in every industry sector and created new growth opportunities for the Company. China is actively promoting the construction of new infrastructure and is undergoing further integration of information communication technologies into every aspect of the economy, society and people's livelihood. These developments have led to the acceleration of digitalization of the economy and society. Meanwhile, competition and cooperation from both inside and outside of the industry, alongside the progressively clearer trend of industry convergence, have conspired to create an increasingly complex and volatile business development landscape which requires us to take our operations to the next level. Whilst this has been a time to face up to difficulties and challenges, we have spared no effort in seeking opportunities from the crisis and turning negatives into positives. In fact, our overall operating results have remained stable.

In the first half of 2020, we recorded operating revenue of RMB389.9 billion, an increase of 0.1% year-on-year. Of this, telecommunications services revenue reached RMB358.2 billion, up by 1.9% compared with the same period last year. We posted EBITDA of RMB145.7 billion, down by 3.6% compared with the first half of 2019. This represents an EBITDA margin of 37.4%, or a decrease of 1.4 percentage points year-on-year. Profit attributable to equity shareholders reached RMB55.8 billion, or RMB2.72 per share, marking a 0.5% year-on-year decline. These results reflect our leading position in profitability among top-tier global telecommunications operators.

We are steadfast in our goal of consistently creating value for shareholders. In order to create higher returns for our shareholders who should benefit from our operating gains, the Company has decided to pay HK\$1.53 per share for the 2020 interim dividend.



## ADVANCING THE COORDINATED DEVELOPMENT OF CHBN MARKETS

In response to the changes brought by the accelerating digital transformation of the economy and society, we have spearheaded and expedited the coordinated development of the CHBN “four growth engines”. Our intention was to seize opportunities arising from the penetration of new-generation information technology into various fields of the economy and society. Fully leveraging 5G, clouds, AI (artificial intelligence) and data centers, we aimed to better satisfy demands for the transformation of the economy and society, as well as meet people’s needs for a more fulfilling digital life. Our next step is to focus on strengthening and upgrading our existing businesses, exploring new areas for growth, optimizing revenue structure and achieving high-quality growth.

With regard to the “customer” market, as the leading operator in terms of the number of mobile customers, we actively promoted rational industry competition with a returning focus on value. We stepped up efforts to improve our own network services and brand operations, striving to build competitive advantages that truly differentiate us. By revamping our customer value operating system, we have strengthened customer development using cases, promoted value uplift based on business scale and fostered innovative practices on brands and customer interest management, which further increased the value that could be driven from existing customers. Fully leveraging our leading role in 5G, we have placed a focus on tariff plans and devices, taken steps to encourage customers to subscribe to our 5G packages using 5G devices, accelerated 5G migration and promoted the development of 5G with an emphasis on both quantity and quality. As of the end of June 2020, we recorded a total of 947 million mobile customers. Of this, the numbers of 4G customers and 5G package customers reached 760 million and 70.20 million respectively. In the first half of the year, although our mobile ARPU (average revenue per user per month) went down by 3.7% year-on-year to RMB50.3, the decline rate was further flattened. Our DOU (average handset data traffic per user per month) rose by 39.7% to 8.6 GB.

Within the “home” market, we are shifting from leading in scale to leading in smart home operations. We firmly believe network quality and customer service is fundamental to this area and will spare no effort to improve them. Firstly, we adhered to leading in gigabit broadband and building a broadband network to enhance the quality of our household network. Secondly, we carried out end-to-end quality optimization initiatives to raise the level of our one-stop service offerings including installation, maintenance, operation and customer service. Thirdly, we placed great emphasis on capitalizing value, striving to optimize smart home operations in order to generate more value for our customers. Centering on our goals of building smart connection over the entire network and realizing home intelligence and family sharing, we worked to strengthen the value we provide through connection and promote the growth of different smart home businesses, such as “Mobaihe”(a set-top box that provides high-definition video-on-demand service), smart home network deployment, home security and smart voice remote controls. In the first half of 2020, our household broadband customers drew a net increase of 8.95 million and reached 181 million. Among them, “Mobaihe” registered a total of 130 million customers, representing a penetration rate of 72.1%. Meanwhile, household broadband blended ARPU continued to increase and reached RMB35.4, representing a year-on-year increase of 1.0%.

We view the “business” market as a “blue ocean” – the main driver of our revenue growth. We persistently promoted the development of “Network + Cloud + DICT” information services especially for key business areas including smart cities, smart transportation and industrial Internet. Our “Leading in 5G” thematic campaign formed part of our efforts to promote 5G demo industry applications and build up our 5G capabilities. Specifically, we have created more than 100 industry-leading group-level demo projects and more than 1,400 province-level feature projects, and these projects have gradually gained traction following our promotion efforts in 15 industry segments. Our implementation of “Cloud business: going all out to win” thematic campaign was another example reflecting our determination to expedite deployment of cloud resources. To enrich our product portfolio, we have adopted a dual approach that utilizes internal product research and development capability and introduces products from external parties. In the first half of 2020, mobile cloud revenue reached RMB4.46 billion, leapt by 556.4% year-on-year. At the same time, we have extended reforms of corporate market operations, putting an emphasis on customer demands while bettering our product R&D system and service support system. In the first half of the year, our number of corporate clients reached 11.29 million, a net increase of 1.01 million from the end of 2019; revenue from DICT including IDC, ICT, mobile cloud and other corporate applications and information services reached RMB20.9 billion, up by 55.3% year-on-year.

The four major areas of our “new” market including international business, equity investment, digital content and financial technology are important vehicles supporting the transformation and upgrade of the Company. Our approach is to drive the development of international business and further expand our operations across the globe with the dual engines of “investment + business”. In the first half of this year, international business revenue reached RMB5.65 billion, an increase of 26.1% year-on-year. Equity investment is an important means for us to increase capital efficiency and our principle is to increase value contribution, construct ecology and unleash synergy with our operations through making investments. We endeavored to improve the investment platform for mergers and acquisitions, equity participation and venture capital. We further improved the “direct investment + fund” collaboration model and expected to play a more important role in areas such as 5G, cloud computing, digital content, ICT, security services and business internationalization. We continued to explore content services and Internet finance so as to cultivate high-quality Internet products and continuously increase market influence. In the first half of the year, the monthly active users of the MIGU video platform increased by 114.8% year-on-year, the users of video connecting tones exceeded 100 million, and the number of monthly active users of “and-Wallet” increased by 92.2% year-on-year.

## ACCELERATING 5G DEVELOPMENT THROUGH THE FULL IMPLEMENTATION OF THE “5G+” PLANS

The construction of new infrastructure driven by the move to 5G is leading the digitalization, intelligent upgrade and integrated innovation of China’s economy and society.

As of the end of June 2020, China Mobile has accumulatively deployed and put in use 188,000 5G base stations in over 50 cities in China to provide commercialized 5G services. We have successfully connected 5G on Mount Everest and in deep mines, offering reliable communications services for elevation measurement at Mount Everest and smart management in coal mines. In the area of 5G standardization, we actively played a role in the timely announcement of R16, an international standard that fully supports 5G application scenarios, in order to accelerate the maturity of SA (Standalone) standard. We also worked to speed up the construction of the 5G SA core network to lay a foundation for achieving the scale commercialization of SA within this year. In the first half of 2020, CMCC, our Parent Company, signed a collaborative framework agreement in relation to 5G co-construction and sharing with China Broadcasting Network Corporation Limited. We are hopeful that both parties will further detail their arrangements in areas such as joint construction, opening up and sharing, as well as content channels in order to achieve mutually beneficial results.

While endorsing 5G network construction, we also put an increased focus on accelerating the promotion of 5G applications. In order to meet the needs of the mass market, we launched feature services such as ultra-high definition live broadcasts, cloud-based games and cloud VR solutions which are intended to be exciting and engaging, as well as providing the highest-quality information and telecommunications services for our customers. We have also released a 5G messaging white paper which explores a new business model, messaging ecosystem and traffic entry for 5G applications. On-site pilot tests on 5G messaging services are currently underway in certain areas. In the vertical market, we have launched various 5G demo applications for 15 core segments, including smart factory, smart power grid, smart steel, smart port and smart mine. Meanwhile, we have nurtured 5G generic competencies applicable to various industry sectors and expedited the construction of 5G platforms especially for nine major vertical sectors including OneCity smart city and industrial Internet. We have initially completed the design of dedicated 5G network products and launched a thematic campaign which sets sail for the development of 5G modules.

In this exceptional period of COVID-19 prevention and control, the norms of working and living have been significantly disrupted. The use of information technology has become crucial as people turn to quality alternative solutions with 5G at the forefront of this trend. 5G remote medical services have made "face-to-face" treatment possible despite being miles apart. 5G online education has enabled classes to resume and students to continue learning during school closures, 5G smart factory has enabled unmanned production or helped minimize the number of operating personnel required. Other applications, such as the 5G thermal imagery temperature measurement system, 5G self-driving logistics vehicles and 5G remote operation and control, have all played an important role in enabling the resumption of work and production. We also witnessed rapid adoption in areas including cloud office, cloud videos and cloud commerce. As the major builder, advocator and provider of 5G applications, we recognize the enormous potential and infinite possibilities presented by 5G in spurring a new smart era of the digital economy. We will continue to serve the public and strengthen our leading position by further implementing our "5G+" plans, integrating 5G into every industry and every walk of life.

## PROMOTING CONVERGENCE, INTEGRATION AND DIGITIZATION TO REFRESH BUSINESS TRANSFORMATION AND UPGRADE

In light of rapid economic and social transformation and a fast-changing competitive landscape, the inevitable process of change and adjustment may be painful in the short-term but is conducive to the long-term sustainable development of the Company. With the focus on the three elements of "convergence, integration and digitization", we made a timely adjustment to our business model and moved the focus to establishing a scale-based and value-oriented operating system that would support our on-going transformation and maintain our sustainable growth.

We extended our scale by fully embracing convergence. The Company stepped up efforts to converge data access, applications and customer interests in our operations while unleashing the potential of synergies between household and consumer, as well as the corporate and consumer markets. By expanding the scope of our partnerships with leading Internet companies in terms of content, customer interests, brands and channels, we have managed to focus more on the integrated marketing of our fundamental businesses. Together with our efforts to enhance our "Mobile Number Portability" service, our customer base was strengthened. At the same time, we have accurately captured the opportunities arising from the development of cloud native technologies and pushed ahead with the convergence of cloud and network, cloud and intelligence, cloud and edge, and cloud and big data to build out our distinctive competitive advantage in providing mobile cloud services.

We managed to achieve significant advantages through integration. We have accelerated channel integration and strengthened online and offline collaboration, enhancing the operating functions and coordination of our own digital channels. By establishing an integrated, intelligent and efficient operations system and building out scenario-based mid-end customer platforms, we have effectively unleashed cross-channel synergy. These efforts have also enabled us to offer full communications services, deliver comprehensive customer care and achieve full channel integration, thus raising market operations efficiency. In the first half of 2020, the proportion of transactions conducted by online channels has reached 61.7%, an increase of 2.9 percentage points from 2019. Focusing on 5G development, household deployment, corporate business retention and expansion as well as product operations, we extended the applications of data integration and offered our big data capabilities to build up more detailed profiling and understanding of the life cycles of our "customer", "home" and "business" markets.

We enhanced our efficiency through digitization. We continued to construct our smart mid-end AaaS (Analytics as a Service) platform, standardize our business processes while developing three major mid-end platforms covering "business+ data+ technology". By doing so, we hope to comprehensively build up our capabilities, support business operations and empower smart development. Further, we have built a proprietary "Jiutian" AI Platform and through "self-developed R&D and industry collaboration", we managed to consolidate more than 60 core AI technologies by leveraging the advantages from the use of divergent case scenarios. We also moved "Jiutian" up the value scale through more applications in areas such as network, service, marketing, management and security.

## BOOSTING CAPABILITY, COLLABORATION AND ORGANIZATIONAL VITALITY TO GENERATE NEW MOMENTUM TOWARD REFORM AND INNOVATION

To maximize the benefits of our value-driven operating system, built on the principles of convergence, integration and digitization, we are committed to promoting the effective coordination of our organizational structure, operating mechanisms and strategies to realize long-term dynamic matching. To this end, we continued to optimize our effective and synergetic operating system and promote our capability, collaboration and organizational vitality to further unleash potential.

Our core capability continued to grow. We remained steadfast in strengthening our five major capabilities of network support, sales services, product innovation, operations management and strategy execution. Regarding network construction, we have constructed and operated 4.72 million base stations as of the end of June 2020. We have taken measures tailored to support our gigabit broadband network, and 97% of the OLT (Optical Line Terminal) facilities in the urban areas of cities at prefectural-level and above were equipped with the capabilities needed for the rapid expansion of our gigabit broadband business. We also accelerated the construction of mobile cloud infrastructure and further optimized our IT cloud resources. With our "3+3+X" data center layout (3 hotspot regional centers, 3 cross-province centers and various province-level centers and business nodes) taking shape, the capacity of our data centers has continued to increase. We also made progress in the development of network cloudification and virtualization, further promoting the gradual scale commercialization of NFV (Network Function Virtualization). Considering customer service, we continued to improve our "all-dimension", "all-process" and "all-member" service system and by enhancing and upgrading our three flagship brands, "GoTone", "M-Zone" and "Easyown", we were able to better satisfy the needs of different customer segments. We also launched an intelligent upgrade to our "10086" customer service platform and improved our network and information security mechanisms. These efforts all contributed to a continuous increase in our customer satisfaction. In terms of product innovation, we have established a work mechanism driven by a product management committee and devised a comprehensive product management system covering CHBN products. We promoted product research and development and advance product development with a dual focus on self-developed R&D and industry collaboration, while enhancing product full-life cycle management and speeding up the development of the flagship products related to information consumption. In respect of strategy execution and operations management, to address the strategic needs of the Company and further increase execution ability and efficiency, we have adhered to our strategy of becoming a world-class enterprise by building a dynamic "Powerhouse", comprehensively launched reforms to market and network operations systems and accelerated the establishment of a three-tier corporate business support system.

We continued to enhance development driven by collaboration. Focusing on multiple business areas, including 5G, cloud computing, AI, smart home and vertical markets, we built strategic collaborations with large-scale enterprises and groups to proactively complement our partners' advantages and resources. Moreover, we continued to nurture our strategic partnerships with local governments to expedite the construction and deployment of new infrastructure. By promoting the in-depth integration of new-generation information technology with the real economy, we are committed to promoting the construction of smart cities. In addition, we advanced the expansion of our 5G "Circle of Friends" and launched the "Joint Innovation Plus" initiative to promote collaborative research and development. Through our 5G Innovation Centre and 5G Industry Digital Alliance, we attracted more than 2,100 partners. We also launched an initiative aiming at introducing a RMB10 billion ecosystem and put forward a plan sharing the incremental revenue from selected businesses with a scale of RMB10 billion, as a way of encouraging the transformation of the industry chain by fully unleashing the power of capital and funds. Internally, following our reform direction of setting up a structure that fully equips headquarters to command, the regions to compete and the specialized businesses to provide supporting services, we have further refined our operations mechanism and implemented a differentiating system of appraisal and resource allocation. These efforts ensured strong centralised management from the headquarters and created strong synergetic dynamics between the regions and specialized businesses.

We boosted organizational vitality effectively. To deepen the reform of our mechanisms, we offered 306 million share options to 9,914 backbone management members and core talents. This offering is a reflection of our commitment to building a refined mid- to long-term incentive scheme that will nurture a culture of shared interests and risks. We offered project-based incentives for the corporate business and initiated incentive projects and contracts targeting business areas such as 5G and AICDE (AI, IoT, cloud computing, big data and edge computing). In addition, we established a T-H-T ("Ten-Hundred-Thousand") technical expert system, recruiting 10 group-level "chief experts" during the first phase. We also implemented all-round grid reforms, where each grid fulfills overall responsibilities of CHBN market development, customer relationship maintenance and general services. We optimized our inverted pyramid support structure and mechanism where back offices render support to the frontline. By further defining the authority, responsibilities and benefits relating to each grid, we will empower and vitalize frontline staff members, leading to an increase in their efficiency.

## CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT

The Company is committed to upholding the principles of integrity, transparency, openness and efficiency, and strives to remain in full compliance with all applicable listing rules to ensure sound corporate governance. We remained committed to the diversity of our Board membership and introduced further improvements to our governance structure and decision-making mechanisms. Adhering to the Company's compliance philosophy – "abide by the law, follow the rules, observe commitments and uphold integrity" – we further improved our compliance management structure and enhanced our compliance management capabilities. By optimizing our risk management and internal control system, we sought to increase our risk prediction capability and achieve a more effective risk oversight.

At the same time, we placed great emphasis on the sustainable development of the Company. Fulfilling social responsibilities is an integral part of our strategy of becoming a world-class enterprise by building a dynamic "Powerhouse" and by upholding our corporate responsibility philosophy – "with perfect sincerity and integrity, we will strive to fulfill our responsibilities of economy, society and environment" – we remained committed to fulfilling our product-related and operational responsibilities with honesty and integrity. Based on our competitive advantages and expertise, we made all efforts to empower stakeholders to jointly create social value. Meanwhile, we worked to help more people obtain fair development opportunities and promoted the harmonious co-existence between humankind and nature. Reflecting our commitment to meet peoples' demands for a better digital life, we have and will continue to implement regular COVID-19 prevention and control measures and continue to actively work on poverty alleviation and ecological protection initiatives, among other areas.

## FUTURE OUTLOOK

China is currently accelerating the construction of new infrastructure such as 5G network and data centers, and promoting in-depth integration of information communication technologies into the economy, society and people's livelihood. These developments have turned out to be a catalyst in accelerating economic and social transformation, shaping a new landscape of "five verticals and three horizontals". The verticals represent the emergence of five key application scenarios, which are a result of the rapid penetration of information technology in the economy and society. This specifically refers to the digitalization of infrastructure, social governance, production, ways of working and lifestyle. The horizontals refer to the three common demands that arise from the digital transformation of the economy and society, namely online operations, intelligentization and cloudification. "Five verticals and three horizontals" represents how the scope and application of innovation within information technology is expanding from specific areas to the whole network end-to-end. This is reaching both up- and- down stream of the industry value chain, extending from partial domains to all fields of the economy and society. This positive trend will result in a significant enhancement of the overall level of economic and social innovation while productivity will experience a forward leap in terms of growth. As a result, new momentum will be generated for the digital economy and we will enter a development phase for the information and telecommunications industry. According to estimates by relevant institutions (MIIT and CAICT), the growth of China's digital economy will reach RMB60 trillion while the revenue of software and information service industry will reach RMB13.1 trillion by 2025, demonstrating vast market potential. 5G, as the key pillar supporting information flow within society, the accelerator for industrial transformation and upgrade, as well as the cornerstone for the development of the digital society, will contribute to the new landscape of "five verticals and three horizontals". As we look to the period ahead of us, this promises a much broader space for growth and huge opportunities for the Company.

Looking forward with certainty on the inevitable prosperous future of digitalization, China Mobile will continue to strive for stable growth, and implement our strategy of becoming a world-class enterprise by building a dynamic "Powerhouse". Centering on the key strategy of high-quality development, we will focus on transforming and upgrading the business while devoting an ongoing effort to reform and innovate. Our emphasis will remain on implementing our "5G+" plans, forging convergence, integration and digitization across all of our operations and building capabilities, establishing collaborative relationships and infusing vitality into the organization. As we stimulate digital innovation in networks, products, technology and ecosystem in this 5G era, we are demonstrating our dedication to contributing our strength to economic and societal development, and continuously creating greater value for our shareholders.



**Yang Jie**  
Chairman

Hong Kong, 13 August 2020

# Financial Review

## OPERATING REVENUE

In the first half of 2020, the unexpected occurrence of COVID-19 created an impact on the economy and society as a whole, and the Group's business development was no exception. The Group coordinated and promoted epidemic prevention and business operations, and spared no effort in turning negatives into positives and seeking opportunities from the crisis. The operating revenue of the Group was RMB389.9 billion, up by 0.1% year-on-year, of which the revenue from telecommunications services reached RMB358.2 billion, up by 1.9% year-on-year. The revenue from wireless data traffic reached RMB208.1 billion, up by 3.2% year-on-year. The decline rate of data tariff has relatively flattened. The revenue from wireline broadband services was RMB36.4 billion, up by 10.6% year-on-year, and its contribution to the revenue from telecommunications services increased year-on-year. The revenue from applications and information services was RMB47.7 billion, up by 16.1% year-on-year, achieving momentum for favorable growth, and the Group's overall revenue structure was further optimized.

## OPERATING EXPENSES

In the face of various challenges including the Group's transformation and upgrade, together with the rapid growth of the demand for resources in the commercial use of 5G and the increase in the costs relating to the control and prevention of COVID-19, the Group continued to adhere to the principles of "forward-looking planning, effective resource allocation, rational investment and refined management" to increase revenue, reduce expenditure and maintain favorable profitability. In the first half of 2020, the Group's operating expenses were RMB330.7 billion, up by 0.3% year-on-year, representing 84.8% of operating revenue.

With respect to the asset-related costs, due to the effects brought by the adjustment to the depreciable life of 4G assets, the depreciation and amortization expenses for the first half of 2020 were RMB86.6 billion, down by 5.3% year-on-year. As a result of the rapid construction and commencement of operation of 5G networks and data centers, the asset scale continued to expand, and the tower leasing fee on a comparable basis was RMB21.8 billion, up by 7.3% year-on-year. The power and utilities expenses were RMB23.7 billion, up by 13.2% year-on-year.

With respect to the selling expenses, the Group strengthened its integrated and online marketing, and enhanced its efficiency in the utilization of resources. In the meantime, the offline marketing activities were under the impact of COVID-19. The selling expenses were RMB31.4 billion, down by 8.7% year-on-year.

With respect to the personnel expenses, the Group continued to adjust and optimize its personnel structure and enhanced the incentive scheme for attracting talents in the fields of 5G and AICDE research and development as well as "business" and "new" markets. Moreover, the average labor cost has continuously increased society-wide. The employee benefit and related expenses for the first half of 2020 were RMB49.1 billion, up by 8.8% year-on-year. As of 30 June 2020, the Group had a total of 451,000 employees.

## PROFITABILITY

The Group continued to promote quality improvement and efficiency enhancement and improve its operating efficiency, thereby continuously maintaining favorable profitability. In the first half of 2020, the profit attributable to equity shareholders was RMB55.8 billion, slightly down by 0.5% year-on-year, and the margin of profit attributable to equity shareholders was 14.3%. The EBITDA was RMB145.7 billion, down by 3.6% year-on-year, and the EBITDA margin was 37.4%. The EBITDA represented 40.7% of revenue from telecommunications services.

## CAPITAL EXPENDITURE

In order to satisfy customer demands and the need for network evolution and upgrade in the future, the Group speeded up its construction of new infrastructure such as 5G, and continued to build high-quality networks by making investments precisely. In the first half of 2020, the Group's capital expenditure was RMB101.0 billion, representing 28.2% of revenue from telecommunications services, of which RMB55.2 billion were capital expenditure relating to 5G, funded primarily by cash generated from operating activities.

## CAPITAL STRUCTURE

The financial position of the Group continued to remain steady. As of 30 June 2020, the total assets and total liabilities of the Group amounted to RMB1,724.5 billion and RMB594.5 billion respectively, and the liabilities to assets ratio was 34.5%.

The Group consistently and firmly adhered to its prudent financial risk management policies and maintained sound repayment capabilities.

## FINANCIAL POLICIES AND CASH FLOW

Amidst the complex operating environment and investment pressure, the Group continued to maintain a healthy cash flow as a result of the stable growth in its business operations and revenue, refined cost control and the further manifestation of economies of scale. The Group's free cash flow was RMB59.0 billion in the first half of 2020, up by 44.1% year-on-year. As of 30 June 2020, the Group's total cash and bank balances were RMB410.3 billion, of which 97.6%, 0.7% and 1.7% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively.

The Group will continue to uphold prudent financial policies and strictly monitor and control financial risks in order to continuously maintain healthy cash flow generation capabilities as well as value preservation and enhancement capabilities. In addition, the Group will focus on scientific resource allocation, maintain a healthy capital structure and level, and reinforce and develop favorable economic benefits in order to continuously create value for its shareholders.

# Unaudited Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2020 (Expressed in Renminbi ("RMB"))

		<b>Six months ended 30 June</b>	
	Note	<b>2020</b>	2019
		<b>Million</b>	Million
<b>Operating revenue</b>	5		
Revenue from telecommunications services		<b>358,230</b>	351,425
Revenue from sales of products and others		<b>31,633</b>	38,002
		<b>389,863</b>	389,427
<b>Operating expenses</b>			
Network operation and support expenses	6	<b>108,773</b>	98,087
Depreciation and amortization		<b>86,592</b>	91,392
Employee benefit and related expenses		<b>49,056</b>	45,075
Selling expenses		<b>31,350</b>	34,330
Cost of products sold		<b>31,442</b>	39,618
Other operating expenses	7	<b>23,532</b>	21,170
		<b>330,745</b>	329,672
<b>Profit from operations</b>		<b>59,118</b>	59,755
Other gains		<b>2,355</b>	1,213
Interest and other income	8	<b>6,886</b>	7,350
Finance costs		<b>(1,470)</b>	(1,627)
Income from investments accounted for using the equity method		<b>5,998</b>	6,579
<b>Profit before taxation</b>		<b>72,887</b>	73,270
<b>Taxation</b>	9	<b>(17,023)</b>	(17,151)
<b>PROFIT FOR THE PERIOD</b>		<b>55,864</b>	56,119
<b>Other comprehensive income for the period, net of tax:</b>			
<b>Items that will not be subsequently reclassified to profit or loss</b>			
Changes in the fair value of financial assets at fair value through other comprehensive income		<b>148</b>	(115)
Share of other comprehensive (loss)/income of investments accounted for using the equity method		<b>(37)</b>	36
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation differences		<b>412</b>	131
Share of other comprehensive income/(loss) of investments accounted for using the equity method		<b>102</b>	(237)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>56,489</b>	55,934

## Unaudited Condensed Consolidated Statement of Comprehensive Income (Continued)

for the six months ended 30 June 2020 (Expressed in RMB)

		<b>Six months ended 30 June</b>	
	Note	<b>2020</b>	2019
		<b>Million</b>	Million
<b>Profit attributable to:</b>			
Equity shareholders of the Company		<b>55,765</b>	56,063
Non-controlling interests		<b>99</b>	56
<b>PROFIT FOR THE PERIOD</b>		<b>55,864</b>	56,119
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		<b>56,390</b>	55,878
Non-controlling interests		<b>99</b>	56
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>56,489</b>	55,934
<b>Earnings per share – Basic</b>	11(a)	<b>RMB2.72</b>	RMB2.74
<b>Earnings per share – Diluted</b>	11(b)	<b>RMB2.72</b>	RMB2.74

The notes on pages 19 to 34 are an integral part of this interim financial information.

# Unaudited Condensed Consolidated Balance Sheet

as at 30 June 2020 (Expressed in RMB)

	Note	As at 30 June 2020 Million	As at 31 December 2019 Million
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	662,303	674,832
Construction in progress	12	107,829	67,978
Right-of-use assets		68,694	74,308
Land use rights		16,316	16,489
Goodwill		35,343	35,343
Other intangible assets		3,521	3,475
Investments accounted for using the equity method	13	155,565	155,228
Deferred tax assets		41,574	32,628
Financial assets at fair value through other comprehensive income	14	856	513
Restricted bank deposits		7,984	10,063
Other non-current assets		25,691	28,517
		<b>1,125,676</b>	1,099,374
<b>Current assets</b>			
Inventories		8,359	7,338
Contract assets		4,253	5,003
Accounts receivable	15	47,888	32,694
Other receivables	16	33,417	34,133
Prepayments and other current assets	16	27,343	26,708
Amount due from ultimate holding company	19(a)	1,196	1,350
Prepaid income tax		764	1,278
Financial assets at fair value through profit or loss	14	73,296	114,259
Restricted bank deposits		262	371
Bank deposits		140,859	130,799
Cash and cash equivalents		261,205	175,933
		<b>598,842</b>	529,866
<b>Total assets</b>		<b>1,724,518</b>	1,629,240

## Unaudited Condensed Consolidated Balance Sheet (Continued)

as at 30 June 2020 (Expressed in RMB)

	Note	<b>As at 30 June 2020 Million</b>	As at 31 December 2019 Million
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	17	<b>169,568</b>	164,818
Bills payable		<b>5,683</b>	2,896
Deferred revenue		<b>57,284</b>	57,825
Accrued expenses and other payables		<b>229,301</b>	182,368
Amount due to ultimate holding company	19(a)	<b>39,674</b>	21,677
Income tax payable		<b>14,453</b>	9,815
Lease liabilities		<b>24,955</b>	22,668
		<b>540,918</b>	462,067
<b>Non-current liabilities</b>			
Lease liabilities – non-current		<b>45,253</b>	51,635
Deferred revenue – non-current		<b>7,191</b>	6,861
Deferred tax liabilities		<b>1,146</b>	1,388
		<b>53,590</b>	59,884
<b>Total liabilities</b>		<b>594,508</b>	521,951
<b>Equity</b>			
Share capital		<b>402,130</b>	402,130
Reserves		<b>724,265</b>	701,643
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,126,395</b>	1,103,773
<b>Non-controlling interests</b>		<b>3,615</b>	3,516
<b>Total equity</b>		<b>1,130,010</b>	1,107,289
<b>Total equity and liabilities</b>		<b>1,724,518</b>	1,629,240

The notes on pages 19 to 34 are an integral part of this interim financial information.

# Unaudited Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2020 (Expressed in RMB)

	Attributable to equity shareholders of the Company								Total equity Million
	Share capital Million	Capital reserve Million	General reserve Million	Exchange reserve Million	PRC Statutory and other reserves Million	Retained profits Million	Total Million	Non-controlling interests Million	
<b>As at 1 January 2019</b>	402,130	(264,723)	72	1,034	347,303	563,483	1,049,299	3,404	1,052,703
<b>Changes in equity for the six months ended 30 June 2019:</b>									
Profit for the period	-	-	-	-	-	56,063	56,063	56	56,119
Changes in the fair value of financial assets at fair value through other comprehensive income	-	(115)	-	-	-	-	(115)	-	(115)
Currency translation differences	-	-	-	131	-	-	131	-	131
Share of other comprehensive loss of investments accounted for using the equity method	-	(201)	-	-	-	-	(201)	-	(201)
Total comprehensive income for the period	-	(316)	-	131	-	56,063	55,878	56	55,934
Dividends paid during the period (note 10(b))	-	-	-	-	-	(25,059)	(25,059)	-	(25,059)
Others	-	-	-	-	24	-	24	-	24
<b>As at 30 June 2019</b>	402,130	(265,039)	72	1,165	347,327	594,487	1,080,142	3,460	1,083,602
<b>As at 31 December 2019</b>	<b>402,130</b>	<b>(264,356)</b>	<b>72</b>	<b>1,717</b>	<b>349,280</b>	<b>614,930</b>	<b>1,103,773</b>	<b>3,516</b>	<b>1,107,289</b>
<b>Changes in equity for the six months ended 30 June 2020:</b>									
Profit for the period	-	-	-	-	-	55,765	55,765	99	55,864
Changes in the fair value of financial assets at fair value through other comprehensive income	-	148	-	-	-	-	148	-	148
Currency translation differences	-	-	-	412	-	-	412	-	412
Share of other comprehensive income of investments accounted for using the equity method	-	65	-	-	-	-	65	-	65
Total comprehensive income for the period	-	213	-	412	-	55,765	56,390	99	56,489
Dividends paid during the period (note 10(b))	-	-	-	-	-	(32,169)	(32,169)	-	(32,169)
Share option scheme – Value of share options (note 18)	-	22	-	-	-	-	22	-	22
Share of other reserves of investments accounted for using the equity method	-	(425)	-	-	-	-	(425)	-	(425)
Others	-	-	-	-	26	(1,222)	(1,196)	-	(1,196)
<b>As at 30 June 2020</b>	<b>402,130</b>	<b>(264,546)</b>	<b>72</b>	<b>2,129</b>	<b>349,306</b>	<b>637,304</b>	<b>1,126,395</b>	<b>3,615</b>	<b>1,130,010</b>

The notes on pages 19 to 34 are an integral part of this interim financial information.

# Unaudited Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2020 (Expressed in RMB)

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>Million</b>	Million
<b>Net cash generated from operating activities</b>	<b>160,065</b>	126,182
<b>Net cash used in investing activities</b>	<b>(47,972)</b>	(74,635)
<b>Net cash used in financing activities</b>	<b>(26,872)</b>	(37,671)
<b>Net increase in cash and cash equivalents</b>	<b>85,221</b>	13,876
<b>Cash and cash equivalents as at 1 January</b>	<b>175,933</b>	57,302
<b>Effect of changes in foreign exchange rate</b>	<b>51</b>	13
<b>Cash and cash equivalents as at 30 June</b>	<b>261,205</b>	71,191

The notes on pages 19 to 34 are an integral part of this interim financial information.

# Notes to Unaudited Condensed Consolidated Interim Financial Information

(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 related services in the mainland of China and in Hong Kong (for the purpose of preparing the unaudited condensed consolidated interim financial information, 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 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 shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “HKEX”) since 23 October 1997 and the American Depositary Shares of the Company have been listed on the New York Stock Exchange since 22 October 1997.

The unaudited condensed consolidated interim financial information was approved by the board of directors of the Company for issuance on 13 August 2020.

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 on page 35 of this interim report.

The financial information relating to the year ended 31 December 2019, that is included in the unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 as comparative information, does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

### 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”, issued by the International Accounting Standards Board (“IASB”) and Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by HKICPA, which are consistent.

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 Company’s annual financial statements for the year ended 31 December 2019. The Group’s policies on financial risk management were set out in the financial statements included in the Company’s 2019 Annual Report and there have been no significant changes in these policies for the six months ended 30 June 2020.

After the outbreak of the coronavirus disease (“COVID-19”) in early 2020, a series of precautionary and control measures have been implemented across the country. The outbreak has been effectively contained in China, but the global spread of COVID-19 is still evolving and there still remains uncertainty over the future development. The Group will pay close attention to the development of the COVID-19 outbreak and continuously evaluate its impact on the financial position and operating results of the Group. Other than the COVID-19 outbreak, no events and transactions that are significant to the changes in financial position and performance of the Group since the release of the annual financial statements for the year ended 31 December 2019 should be included in the Group’s unaudited condensed consolidated interim financial information. 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”).

### 3 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 2019.

The following amended and revised standards are mandatory for the first time for the Group’s financial year beginning on 1 January 2020 and are applicable for the Group:

Amendments to IAS/HKAS 1 “Presentation of Financial Statements” and IAS/HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – “Definition of Material”  
Amendments to IFRS/HKFRS 3 “Business Combinations” – “Definition of a Business”  
Amendments to IFRS/HKFRS 9 “Financial Instruments”, IAS/HKAS 39 “Financial Instruments: Recognition and Measurement” and IFRS/HKFRS 7 “Financial Instruments: Disclosures” – Interest rate benchmark reform  
Revised Conceptual Framework for Financial Reporting

The adoption of the above amended and revised 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 on or after 1 January 2021 and have not been early adopted by the Group. The management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 4 SEGMENT REPORTING

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

## 5 OPERATING REVENUE

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>Million</b>	Million
<b>Revenue from telecommunications services</b>		
Voice services	<b>41,188</b>	48,536
Data services		
– SMS & MMS	<b>14,639</b>	16,245
– Wireless data traffic	<b>208,112</b>	201,582
– Wireline broadband	<b>36,368</b>	32,884
– Applications and information services	<b>47,698</b>	41,069
Others	<b>10,225</b>	11,109
	<b>358,230</b>	351,425
<b>Revenue from sales of products and others</b>	<b>31,633</b>	38,002
	<b>389,863</b>	389,427

The majority of the Group's operating revenue is from contracts with customers, the remaining is not material.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 6 NETWORK OPERATION AND SUPPORT EXPENSES

	Note	Six months ended 30 June	
		2020 Million	2019 Million
Maintenance, operation support and related expenses		58,832	51,509
Power and utilities expenses		23,692	20,935
Charges for use of tower assets	(i)	13,177	12,433
Charges for use of lines and network assets	(ii)	4,537	3,960
Others		8,535	9,250
		<b>108,773</b>	98,087

Note:

- (i) Charges for use of tower assets included the non-lease components charges (maintenance, utility connection and telecommunications equipment room and related support services) and the lease components charges of variable lease payments not based on an index or a rate, which are recorded in profit or loss as incurred.
- (ii) Charges for use of lines and network assets mainly included the non-lease components charges and the lease components charges for lease contract that exempted from recognition of right-of-use assets and lease liabilities, such as short-term leases payments, leases payments of low-value assets and variable leases payments not based on an index or a rate, which are recorded in profit or loss as incurred.

## 7 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2020 Million	2019 Million
Interconnection	9,066	10,455
Expected credit impairment losses	3,754	3,216
Write-down of inventories	106	300
Gain on disposal of property, plant and equipment	(1)	(3)
Write-off and impairment of property, plant and equipment	1,065	671
Others	9,542	6,531
	<b>23,532</b>	21,170

## 8 INTEREST AND OTHER INCOME

	Six months ended 30 June	
	2020 Million	2019 Million
Interest income	5,578	5,224
Fair value gains recognized, net	1,308	2,126
	<b>6,886</b>	7,350

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 9 TAXATION

	Note	Six months ended 30 June	
		2020 Million	2019 Million
<b>Current tax</b>			
Provision for the PRC enterprise income tax on the estimated assessable profits for the period	(i)	25,973	25,939
Provision for Hong Kong profits tax on the estimated assessable profits for the period	(ii)	250	184
		26,223	26,123
<b>Deferred tax</b>			
Origination and reversal of temporary differences, net		(9,200)	(8,972)
		17,023	17,151

Note:

- (i) The provision for the PRC enterprise income tax is computed based on the statutory tax rate of 25% (for the six months ended 30 June 2019: 25%) on the estimated assessable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2020, and certain subsidiaries of the Company enjoy a preferential tax rate of 15% (for the six months ended 30 June 2019: 15%).
- (ii) The provision for Hong Kong profits tax is calculated at 16.5% (for the six months ended 30 June 2019: 16.5%) of the estimated assessable profits for the six months ended 30 June 2020.
- (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.

## 10 DIVIDENDS

## (a) Dividends attributable to the period

	Six months ended 30 June	
	2020 Million	2019 Million
Ordinary interim dividend declared after the balance sheet date of HK\$1.530 (equivalent to approximately RMB1.398) (2019: HK\$1.527 (equivalent to approximately RMB1.343)) per share	28,616	27,504

The 2020 ordinary interim dividend, which is declared in Hong Kong dollars, is translated into RMB with reference to the rate HK\$1=RMB0.91344, being the rate announced by the State Administration of Foreign Exchange in the PRC on 30 June 2020. As the ordinary interim dividend was declared after the balance sheet date, such dividend had not been recognized as liability as at 30 June 2020.

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 at the record date for such dividend, and who were not individuals.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 10 DIVIDENDS (CONTINUED)

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

	Six months ended 30 June	
	2020	2019
	Million	Million
Ordinary final dividend in respect of the previous financial year, approved and paid during the period, of HK\$1.723 (equivalent to approximately RMB1.543) (2019: HK\$1.391 (equivalent to approximately RMB1.219)) per share	32,169	25,059

## 11 EARNINGS PER SHARE

**(a) Basic earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2020 is based on the profit attributable to equity shareholders of the Company of RMB55,765 million (for the six months ended 30 June 2019: RMB56,063 million) and the weighted average number of 20,475,482,897 shares in issue during the six months ended 30 June 2020 (for the six months ended 30 June 2019: 20,475,482,897 shares).

**(b) Diluted earnings per share**

For the six months ended 30 June 2020, the Group has considered the impact from the share options issued by the Company (note 18) and the Group's investment in the convertible bonds issued by an associate (note 14) when calculating diluted earnings per share. For the six months ended 30 June 2020, as the exercised price of the share options exceeded the average market price of ordinary shares during the period for which the share options were in issue, such share options didn't have any dilutive effect on earnings per share. In addition, the impact from the associate's convertible bonds was anti-dilutive; therefore diluted earnings per share equalled basic earnings per share.

## 12 PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

**(a) Changes in depreciable life of assets**

With the consideration that the Group's 4G and 5G networks are expected to co-exist for a long time and the technologies in relation to its 4G wireless assets (mainly comprising base station main equipment, base station extension equipment and antenna feed lines) are relatively stable and have not experienced any major upgrade since investment was made in such assets, the Group reassessed the actual state of use of its 4G wireless assets and as a result, the Company adjusted the depreciable life of the 4G wireless assets from 5 years to 7 years with effect from 1 January 2020. The aforesaid changes in accounting estimates have been made using the prospective application method. The depreciation and amortization for the six months ended 30 June 2020 decreased approximately RMB10,408 million as a result of the aforesaid changes in accounting estimates.

**(b) Acquisition of property, plant and equipment and construction in progress**

For the six months ended 30 June 2020, the Group acquired items of property, plant and equipment and construction in progress with an aggregate cost of RMB100,974 million (for the six months ended 30 June 2019: RMB84,841 million) and the depreciation of property, plant and equipment recognized in unaudited condensed consolidated statement of comprehensive income was RMB72,559 million (for the six months ended 30 June 2019: RMB79,604 million).

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognized in the unaudited condensed consolidated balance sheet are as follows:

	<b>As at 30 June 2020 Million</b>	As at 31 December 2019 Million
Associates	<b>154,507</b>	154,004
Joint ventures	<b>1,058</b>	1,224
	<b>155,565</b>	155,228

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

<b>Name of associate</b>	<b>Place of incorporation/ establishment and operations</b>	<b>Proportion of ownership interest held by the Company's subsidiary</b>	<b>Principal activity</b>
Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank")	The PRC	18%	Provision of banking services
China Tower Corporation Limited ("China Tower")	The PRC	28%	Construction, maintenance and operation of telecommunications towers
IFLYTEK Co., Ltd. ("IFLYTEK")	The PRC	12%	Provision of intelligent voice and artificial intelligence products and services
True Corporation Public Company Limited ("True Corporation")	Thailand	18%	Provision of telecommunications services

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

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

	As at 30 June 2020		As at 31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	Million	Million	Million	Million
SPD Bank	97,839	56,443	95,858	65,993
China Tower	48,665	61,508	48,738	75,729
IFLYTEK	2,268	10,061	2,275	9,268
True Corporation	5,711	4,682	7,087	6,432

- (ii) The Group assesses at the end of each reporting period whether there is objective evidence that interests in associates are impaired.

As at 30 June 2020, the fair value of investment in SPD Bank was RMB56,443 million (as at 31 December 2019: RMB65,993 million) based on its quoted market price, which was below its carrying amount by approximately 42.3% (as at 31 December 2019: approximately 31.2%). The management of the Group performed the impairment test and determined the respective recoverable amount of the investment based on its value in use. The calculation has considered pre-tax cash flow projections of SPD Bank for the five years ending 30 June 2025 with an extrapolation made to perpetuity. The discount rate used to discount the cash flows to their respective net present values was based on cost of capital used to evaluate investments of similar nature in the mainland of China. The 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 results and sensitivity analysis performed, there was no impairment of the investment as at 30 June 2020.

As at 30 June 2020, the fair value of investment in True Corporation was RMB4,682 million (as at 31 December 2019: RMB6,432 million) based on its quoted market price, which was below its carrying amount by approximately 18.0% (as at 31 December 2019: which was below its carrying amount by approximately 9.2%). The management of the Group performed an impairment test and determined the respective recoverable amount of the investment based on its value in use. Based on the management's assessment results, there was no impairment of the investment as at 30 June 2020.

The management has determined that there was no impairment indicator of the Group's interests in other associates or joint ventures as at 30 June 2020 and 31 December 2019.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

	Financial assets at fair value through other comprehensive income ("FVOCI") <sup>(i)</sup>	Financial assets at fair value through profit or loss ("FVPL") <sup>(ii)</sup>
	Million	Million
As at 31 December 2019		
– Current portion	–	114,259
– Non-current portion	513	–
	513	114,259
Addition	196	19,741
Maturity	–	(62,012)
Fair value gains recognized in profit or loss, net	–	1,308
Fair value losses recognized in other comprehensive income, before tax	147	–
As at 30 June 2020	<b>856</b>	<b>73,296</b>
Less: Current portion	–	<b>(73,296)</b>
Non-current portion	<b>856</b>	–

Note:

- (i) The category of FVOCI is primarily the equity investments in listed companies that are not held for trading. The equity investments represent the Group's investments in other companies at fair values (mainly level 1: quoted price (unadjusted) in active markets) through other comprehensive income as at 30 June 2020 and 31 December 2019.
- (ii) The category of FVPL mainly comprises wealth management products ("WMPs") offered by various financial institutions in China amounting to RMB60,014 million (as at 31 December 2019: RMB103,328 million) and the Group's investment in the convertible bonds issued by SPD Bank ("CB") amounting to RMB9,263 million (as at 31 December 2019: RMB9,928 million). All the WMPs will mature within one year with variable return rates indexed to the performance of underlying assets. As at 30 June 2020 and 31 December 2019, they were measured at fair values (level 3: inputs for the assets or liabilities that are not based on observable market data (that is unobservable inputs)). The fair values were determined based on cash flow discounted assuming the expected return will be obtained upon maturity. For the six months ended 30 June 2020, the Group didn't convert any CB into equity shares of SPD Bank. As at 30 June 2020 and 31 December 2019, the CB were measured at the fair value as level 1 of fair value hierarchy.

There were no transfers between the levels of fair value hierarchy for the six months ended 30 June 2020.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 15 ACCOUNTS RECEIVABLE

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

	<b>As at 30 June 2020 Million</b>	As at 31 December 2019 Million
Within 30 days	<b>15,452</b>	14,353
31 – 60 days	<b>6,252</b>	3,789
61 – 90 days	<b>4,180</b>	3,035
91 days – 1 year	<b>17,275</b>	9,575
Over 1 year	<b>4,729</b>	1,942
	<b>47,888</b>	32,694

Accounts receivable primarily comprise receivables from customers and telecommunications operators. Customers with balances that are overdue or have exceeded credit limits are required to settle all outstanding balances before any further telecommunications services can be provided. The increase of accounts receivable is mainly due to the increase in revenue from corporate markets. Customers from corporate markets normally enjoy longer credit term and have better creditability.

## 16 OTHER RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

Other receivables, which are measured at amortized cost, are expected to be recovered within one year. They primarily include interest receivable from banks, utilities deposits, rental deposits, short-term loans, short-term debt investments and dividend receivable from interest in associates. Among which, short-term loans granted to China Tower through China Mobile Group Finance Co., Ltd. was RMB7,450 million (as at 31 December 2019: RMB7,450 million), other short-term loans granted to banks and other financial institutions as well as short-term debt investments purchased through China Mobile Group Finance Co., Ltd. was RMB7,700 million (as at 31 December 2019: RMB11,464 million) and dividend receivable from interest in SPD Bank was RMB3,201 million (as at 31 December 2019: nil). The interest rates of short-term loans are mutually agreed among the parties with reference to the market interest rates.

Prepayments and other current assets primarily consist of maintenance prepayments, power and utilities prepayments and input value-added tax to be deducted.

As at 30 June 2020 and 31 December 2019, there were no significant overdue amounts for other receivables.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 17 ACCOUNTS PAYABLE

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

The aging analysis of accounts payable is as follows:

	<b>As at 30 June 2020 Million</b>	As at 31 December 2019 Million
<b>Payable in the periods below:</b>		
Within 1 month or on demand	<b>142,940</b>	139,856
After 1 month but within 3 months	<b>7,108</b>	6,270
After 3 months but within 6 months	<b>5,280</b>	4,839
After 6 months but within 9 months	<b>3,670</b>	4,569
After 9 months but within 12 months	<b>10,570</b>	9,284
	<b>169,568</b>	164,818

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

## 18 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. On 12 June 2020 (the "Grant Date"), 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 the exercise price of HK\$55.00 per share. 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.

For the six months ended 30 June 2020, no Share Options had been granted to the director, chief executive or substantial shareholder of the Company or any of their related parties. As the condition for vesting of the Share Options had not been satisfied, no Share Options had been exercised or lapsed, and no ordinary shares had been issued by the Company as no Share Options had been exercised.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 18 SHARE-BASED PAYMENT (CONTINUED)

The Company has 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. For the six months ended 30 June 2020, share-based compensation expenses recorded in profit or loss amounted to RMB22 million.

The weighted average fair value of the Share Options granted by the Company was HK\$4.00 per share. Other than the exercise price mentioned above, the model inputs to determine the fair value of Share Options granted during the six months ended 30 June 2020 included:

	<b>Granted on 12 June 2020</b>
The closing price at the Grant Date	<b>HK\$54.25</b>
Risk free interest rate	<b>0.65%</b>
Expected dividend yield	<b>5.9%</b>
Expected volatility (Note)	<b>21.34%</b>

Note:

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

## 19 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 six months ended 30 June 2020 and 2019. The majority of these transactions also constitute continuing connected transactions as defined under Chapter 14A of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

		<b>Six months ended 30 June</b>	
	Note	<b>2020</b>	2019
		<b>Million</b>	Million
Revenue from telecommunications services	(i)	<b>268</b>	98
Property leasing and management services revenue	(ii)	<b>93</b>	95
Telecommunications services charges	(i)	<b>66</b>	–
Property leasing and management services charges	(ii)	<b>549</b>	552
Charges for use of network assets	(iii)	<b>605</b>	857
Charges of use of network capacity	(iii)	<b>4</b>	27
Interest expenses	(iv)	<b>54</b>	73
Short-term bank deposits received	(iv)	<b>39,549</b>	7,777
Short-term bank deposits repaid	(iv)	<b>21,637</b>	10,873

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 19 RELATED PARTY TRANSACTIONS (CONTINUED)

**(a) Transactions with CMCC Group (Continued)**

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

	Note	<b>As at 30 June 2020 Million</b>	As at 31 December 2019 Million
Accounts receivable		757	630
Other receivables		305	277
Prepayments and other current assets		5	2
Amounts due from ultimate holding company		1,196	1,350
Right-of-use assets		742	399
Lease liabilities		902	468
Accounts payable		6,040	6,741
Accrued expenses and other payables		98	90
Amounts due to ultimate holding company	(iv)	39,674	21,677

The amounts arise in the ordinary course of business and with terms determined through mutual negotiation.

Note:

- (i) The amounts represent telecommunications services settlement received/receivable from or paid/payable to CMCC Group for the provision of telecommunications project planning, design and construction services, telecommunications line and pipeline construction services, and telecommunications line maintenance services.
- (ii) The amounts represent the charges of property leasing and management fees received/receivable from or paid/payable to CMCC Group in respect of offices, retail outlets and warehouses. The amounts included the depreciation of right-of-use assets recognized in relation to the property leasing agreements and the finance cost associated with the lease liabilities.
- (iii) The amounts represent the charges for use of network assets and the TD-SCDMA network capacity charges paid/payable to CMCC Group.
- (iv) The amounts represent the bank deposits received from or repaid to CMCC Group and interest expenses paid/payable to CMCC Group in respect of the deposits.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 19 RELATED PARTY TRANSACTIONS (CONTINUED)

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

The following is a summary of principal related party transactions entered into by the Group with the associates and joint ventures of the Group for the six months ended 30 June 2020 and 2019.

	Note	Six months ended 30 June	
		2020 Million	2019 Million
Revenue from telecommunications services	(i)	259	323
Property leasing and management services revenue	(ii)	2	3
Interest and other income	(iii)	1,268	2,544
Dividends received		1,014	2,112
Related costs for use of tower assets	(iv)	20,479	19,990

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:

	Note	As at	As at
		30 June 2020 Million	31 December 2019 Million
Accounts receivable	(i)	188	225
Interest receivable	(iii)	452	831
Right-of-use assets	(iv)	35,081	40,316
Other receivables	(v)	15,829	9,545
Financial assets at FVPL	(vi)	20,271	54,490
Bank deposits	(vii)	41,144	59,205
Prepayments and other current assets		13	36
Lease liabilities	(iv)	40,390	43,142
Accounts payable	(iv)	3,184	4,708
Bills payable	(iv)	431	356
Accrued expenses and other payables	(iv)	7,586	6,511

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

## 19 RELATED PARTY TRANSACTIONS (CONTINUED)

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

Note:

- (i) The amounts represent the revenue from telecommunications services received/receivable from the Group's associates and joint ventures.
- (ii) The amounts represents the property leasing and management service revenue received/receivable from China Tower.
- (iii) The amounts primarily represent interest received/receivable from deposits placed with SPD Bank, placements with SPD Bank and short-term loans granted to China Tower; and they also include income derived from WMPs purchased from SPD Bank and the loss from the CB publicly issued by SPD Bank as mentioned in note 14.
- (iv) The amounts primarily represent the right-of-use assets and lease liabilities recognized and the amount paid/payable to China Tower for the use of telecommunications towers. Related costs for use of tower assets include charges for use of tower assets, depreciation of the right-of-use assets, and finance cost associated with the lease liabilities.
- (v) The amounts primarily represent the short-term loans granted to China Tower, placements with SPD Bank, dividend receivable from SPD Bank and withholding power and utilities expenses and lease charges payable on behalf of China Tower, etc. The interest rates of short-term loans granted to China Tower are mutually agreed among both parties with reference to the market interest rates.
- (vi) The amounts represent the WMPs purchased from SPD Bank and the CB publicly issued by SPD Bank. The return rates of WMPs are determined with reference to market conditions and the fair values of CB are based on quoted market prices (level 1).
- (vii) The amounts represent the deposits placed with SPD Bank, the interest rate of which is determined in accordance with the benchmark interest rate published by the People's Bank of China.

**(c) Transactions with associates and joint ventures of CMCC Group**

In addition, the Group has entered into transactions with associates and joint ventures of CMCC Group during the ordinary course of the Group's business based on terms comparable to terms of transactions enacted with other entities, the amounts of such transactions and related outstanding balances were not material.

**(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 19(a)), associates and joint ventures (note 19(b)), but not individually, significant transactions with other government-related entities which include but not limited to the following:

- rendering and receiving telecommunications services, including interconnection revenue/charges
- purchasing of goods, including use of public utilities
- placing of bank deposits

These transactions are conducted during the ordinary course of the Group's business based on terms comparable to terms of transactions enacted with other entities that are not government-related. The Group prices 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.

## Notes to Unaudited Condensed Consolidated Interim Financial Information (Continued)

(Expressed in RMB unless otherwise indicated)

**20 CAPITAL COMMITMENTS**

The Group's capital expenditure contracted for as at the balance sheet dates but not provided in the unaudited condensed consolidated interim financial information were as follows:

	<b>As at 30 June 2020 Million</b>	As at 31 December 2019 Million
Land and buildings	<b>6,330</b>	7,430
Telecommunications equipment and others	<b>45,196</b>	34,463
	<b>51,526</b>	41,893

**21 POST BALANCE SHEET EVENTS**

After the balance sheet date, the board of directors proposed an ordinary interim dividend. Further details are disclosed in note 10(a).

# Report on Review of Interim Financial Information



**To the Board of Directors of China Mobile Limited**  
*(Incorporated in Hong Kong with limited liability)*

羅兵咸永道

## INTRODUCTION

We have reviewed the condensed interim financial information set out on pages 13 to 34, which comprises the condensed consolidated balance sheet of China Mobile Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof, and to be in compliance with either International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board or Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants, depending on whether the issuer’s annual financial statements are prepared in accordance with International Financial Reporting Standards (“IFRSs”) or Hong Kong Financial Reporting Standards (“HKFRSs”) respectively. As the annual financial statements of the Group are prepared in accordance with both IFRSs and HKFRSs, the directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with both IAS 34 and HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” and Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 13 August 2020

## Other Information

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

Details of the directors' holding of ordinary shares of the Company as at 30 June 2020 are as follows:

#### Long Positions in the Shares and Underlying Shares of the Company

Director	Capacity	Ordinary shares held	Percentage of the total number of issued shares*
Moses CHENG Mo Chi	Beneficial owner	300,000	0.00%

\* The calculation is based on the total number of issued ordinary shares of the Company (i.e. 20,475,482,897 ordinary shares) as at 30 June 2020, and rounded off to two decimal places.

Apart from those disclosed herein, as at 30 June 2020, 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 (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) ("SFO")) 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

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

Save as disclosed below, at no time during the six months ended 30 June 2020 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. The Scheme shall be effective for a term of 10 years commencing from the date of the aforesaid annual general meeting, unless terminated in advance under relevant requirements of the Scheme. For details of the Scheme, please refer to the Company's circular dated 14 April 2020 in relation to "Proposed Adoption of Share Option Scheme".

On 12 June 2020, the Board of Directors of the Company (the "Board") approved the grant of share options representing an aggregate of 305,601,702 ordinary shares of the Company to 9,914 participants of the Scheme. As at the date of the grant, the directors of the Company, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief, none of the participants was a director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")). For details of the grant, please refer to the Company's announcement dated 12 June 2020 in relation to "Grant of Share Options under the Share Option Scheme".

Details of the options granted under the Scheme during the six months ended 30 June 2020 are set forth as follows:

<b>Grantees</b>	Employees and staff members of the Company
<b>Number of ordinary shares underlying share options granted:</b>	
– Outstanding as at 1 January 2020	0
– Granted during the period	305,601,702
– Exercised during the period	0
– Lapsed and cancelled during the period	0
– Outstanding as at 30 June 2020	305,601,702
<b>Grant date</b>	12 June 2020
<b>Exercise price</b>	HK\$55.00 per ordinary share
<b>Closing price of ordinary shares immediately before the grant date</b>	HK\$54.75 per ordinary share
<b>Vesting period</b>	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: <ul style="list-style-type: none"> <li>(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</li> <li>(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</li> <li>(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</li> </ul>
<b>Time when vesting period ends</b>	10 years from the grant date
<b>Value of share options granted</b>	HK\$4.00 per ordinary share (weighted average fair value calculated using the binomial model with the grant date as the date of measurement)

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

Please refer to note 18 headed “Share-based Payment” to the unaudited condensed consolidated interim financial information on pages 29 to 30 of this interim report for details.

## 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 30 June 2020 amounting to 5% or more of the ordinary shares in issue:

### Long Positions in the Shares and Underlying Shares of the Company

	Ordinary shares held		Percentage of the total number of issued shares
	directly	indirectly	
(i) China Mobile Communications Group Co., Ltd. ("CMCC")	–	14,890,116,842	72.72%
(ii) China Mobile (Hong Kong) Group Limited ("CMHK (Group)")	–	14,890,116,842	72.72%
(iii) China Mobile Hong Kong (BVI) Limited ("CMHK (BVI)")	14,890,116,842	–	72.72%

Note: 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 30 June 2020, 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 Stock Exchange.

## CHANGES IN DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Changes in directors' and senior management's biographical details since the date of the Company's 2019 Annual Report are set out below:

In March 2020, Mr. GAO Tongqing, a vice president of the Company, was appointed as the general counsel of CMCC.

With effect from 13 August 2020, Mr. DONG Xin, an executive director, vice president and chief financial officer of the Company was appointed as the Chief Executive Officer of the Company. In May 2020, he was appointed as a director and president of CMCC and the president of China Mobile Communication Co., Ltd., a wholly-owned subsidiary of the Company, and ceased to be the chief accountant of CMCC.

From 18 May 2020, Mr. Paul CHOW Man Yiu no longer serves as an independent non-executive director of Julius Baer Group Ltd. and Bank Julius Baer & Co. Ltd..

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

During the six months ended 30 June 2020, 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 unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 and the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial report matters.

## COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2020, the Company complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the following matters:

- i. 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 the annual general meetings every three years; and
- ii. on 11 October 2019, Mr. LI Yue resigned from his positions as an Executive Director and the Chief Executive Officer of the Company, following which the position of Chief Executive Officer had remained vacant. On 13 August 2020, Mr. DONG Xin was appointed as the Chief Executive Officer of the Company. Please refer to the Company's announcement dated 13 August 2020 in relation to "Re-designation of Director" for details.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they had complied with the required standard set out in the Model Code throughout the period from 1 January 2020 to 30 June 2020.

## APPENDIX 16 TO THE LISTING RULES

Pursuant to paragraph 40 of Appendix 16 to the Listing Rules headed "Disclosure of Financial Information", save as disclosed herein, the Company confirms that the Company's current information in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has not changed materially from the information disclosed in the Company's 2019 Annual Report.

## CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend for the six months ended 30 June 2020 of HK\$1.53 per share (before withholding and payment of PRC enterprise income tax) (the "2020 Interim Dividend") to the shareholders of the Company.

The register of members of the Company will be closed from Monday, 31 August 2020 to Wednesday, 2 September 2020 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the 2020 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, 28 August 2020. The 2020 Interim Dividend will be paid on or about Tuesday, 29 September 2020 to those shareholders on the register of members on Wednesday, 2 September 2020 (the "Record Date").

## WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2020 INTERIM DIVIDEND

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China” (the “Enterprise Income Tax Law”), the “Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” and the “Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management”, the Company is required to withhold and pay 10 per cent. enterprise income tax on the distribution of the 2020 Interim Dividend to its non-resident enterprise shareholders. The withholding and payment obligation lies with the Company. In respect of all shareholders whose names appear on the Company’s register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited (“HKSCC”), corporate nominees or trustees such as securities companies and banks, and other entities or organizations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2020 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 2020 Interim Dividend payable to any natural person shareholders whose names appear on the Company’s register of members as at the Record Date. Investors who invest in the shares in the Company listed on the Main Board of the Stock Exchange through the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect investors) are investors who hold shares through HKSCC and in accordance with the above requirements, the Company will pay to HKSCC the amount of the 2020 Interim Dividend after withholding for payment the 10 per cent. enterprise income tax.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company’s register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10 per cent. enterprise income tax, it shall lodge with Hong Kong Registrars Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend to which it is entitled not later than 4:30 p.m. on Friday, 28 August 2020.

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 interim report may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from those implied by such forward-looking statements. In addition, the Company does not intend to update these 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 and other filings with the U.S. Securities and Exchange Commission.



中国移动  
China Mobile

China Mobile Limited

60/F., The Center, 99 Queen's Road Central, Hong Kong

Tel : (852) 3121 8888

Fax : (852) 3121 8809



Website : [www.chinamobileltd.com](http://www.chinamobileltd.com)

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