

CHAIRMAN'S STATEMENT

Dear Shareholders,

2014 was an extraordinary year for China Mobile. Facing a complicated development landscape, the Group proactively aligned with the development trends of mobile Internet, focused on the strategic vision of “Mobile Changes Life”, accelerated strategic transformation and intensified reform. We firmly seized the valuable opportunities arising in the first year of full 4G commercialization, endeavored to promote transcending 4G developments with tremendous efforts and thereby, accomplished remarkable results and established new competitive advantages. Through promoting the transition from voice-centric to data-centric operations and facilitating the transformation and upgrade towards mobile Internet era, the Group maintained a favorable momentum of steady development in overall performance.



FINANCIAL RESULTS

In 2014, the transformation from business tax to value-added tax and the adjustments of interconnection settlement standards had significant impact on our financial results, and the Group's operating revenue was RMB641.4 billion, up by 1.8% compared to the previous year, of which, revenue from telecommunications services was RMB581.8 billion, down by 1.5% compared to the previous year. Data business showed a positive growth momentum with revenue of RMB253.1 billion, up by 22.3% compared to the previous year and as a percentage of revenue from telecommunications services increased to 43.5%, of which, revenue from wireless data traffic reached RMB153.9 billion, up by 42.2% compared to the previous year. Data traffic business became the primary driver of revenue growth, leading to a further optimized revenue structure. The Group proactively optimized its resources allocation, directing resources to key areas affecting its core competitiveness including accelerating 4G development, enhancing network capabilities and improving customer services quality. Profit attributable to equity shareholders decreased by 10.2% compared to the previous year to RMB109.3 billion, and the margin of profit attributable to equity shareholders was 17.0%. EBITDA was RMB235.3 billion, down by 2.1% compared to the previous year, and EBITDA margin was 36.7%. EBITDA was 40.4% of revenue from telecommunications services. The Group continued to maintain favorable profitability.

RAPID 4G DEVELOPMENTS

By firmly seizing the arising opportunities, the Group spared no effort to promote 4G business and accomplished transcending 4G developments.

Leveraging on our first-mover advantages in 4G, we swiftly established our 4G network capabilities. We started up 720,000 4G base stations and established the world's largest quality 4G network covering a population of more than one billion people, realizing nationwide continuous coverage in almost all cities and counties as well as data hotspot coverage in developed rural towns and villages. Through expanding coverage and improving reliability of our network quality, we improved customer experience and laid the foundation for our first-mover advantages in 4G network capability. We proactively guided the development of the device supply chain to launch 4G devices of more diversified models at more affordable prices. We accelerated our customer migration to 4G network by offering new integrated tariff plans and providing more convenient and quicker upgrade services, and the number of our 4G customers demonstrated an accelerating growth momentum. As at the end of December 2014, our 4G customer base exceeded 90 million and 4G customers' DOU reached 780MB. Meanwhile, we have launched 4G international roaming services in 71 countries and regions, and accelerated the global development of TD-LTE through the efforts of GTI (Global TD-LTE Initiative).

The transcending 4G developments established our leading position in the market and laid a solid foundation for the sustainable and healthy development of the Company.

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BUSINESS DEVELOPMENT

Seizing the opportunities arising from the rapid 4G developments and popularization of smart devices, we actively expanded the market focusing on the three major drivers of our operations comprising existing customers and business, data traffic and corporate customer services, and maintained stable growth in business development.

We maintained a stable customer base. As at the end of December 2014, we had over 800 million customers, representing a growth of 39.43 million customers compared with the end of 2013. The Group furthered the operation of existing customers and business, optimized customer reward programs, established premier customer service systems, accelerated customer migration from 2G and 3G networks to 4G network and achieved stable retention of middle-to-high-end customers.

Our data traffic operation experienced rapid development. Aligned with the booming increase in data traffic demand, we optimized our data traffic operation system and explored new marketing modes including “data traffic sharing” and “corporate-sponsored data traffic”. Mobile data traffic increased by 115.1% compared to the previous year. Revenue from mobile data traffic increased by 42.9%, increased its contribution to 25.9% of telecommunications services revenue, becoming the primary driver of revenue growth.

We made remarkable achievements in corporate customer operations. Revenue from informationalization services increased by 24.8% compared to the previous year, leading to an evident increase in market share. Revenue from dedicated lines for corporate customers and IDC also increased by 57.5% and 71.1%, respectively.

The Group once again achieved prominent results in device sales. In 2014, we achieved a record sales volume, which significantly accelerated customer migration from 2G and 3G networks to 4G network, provided strong support for operations of both existing customers and business and data traffic, and stimulated development of the 4G device supply chain.

STRATEGIC TRANSFORMATION

Proactively aligning with the development trends of mobile Internet and the alternating trends of the three curves, namely, declining voice services, vigorously growing data traffic services and emerging digital services as components of telecommunications revenue, the Group leveraged its own advantages and capitalized on the opportunities arising from 4G developments, further promoted the Four-Network Coordination, enhanced innovative full-service operation and actively explored mobile Internet, thereby attaining new achievements in strategic transformation.

The Group dynamically responded to the demand of Four-Network Coordination, devoted efforts to the exceptional development of 4G business and continuously enhanced its overall network capability. The Group accelerated the data traffic migration from 2G and 3G networks to 4G network, leading to a more reasonable data carrying structure with 4G network gradually becoming the major data carrying network and promoting the transition from voice-centric to data-centric operations. The Group provided the foundation and support for the transition from mobile services to innovative full-services by actively implementing the Broadband China strategy, focusing on accumulation of infrastructure resources including transmission networks and public Internet, and developing broadband access leveraging on its 4G advantages. Adhering to the “smart pipes, open platform, featured services, friendly interface” policy, the Group fully leveraged its advantages in resources, scale and capabilities, actively deployed resources in mobile Internet, Internet of Things and other areas, consolidated the product series including “and-Communication”, “and-Life”, and “and-Entertainment”, thereby steadily promoting the transformation and evolution from communications to digital services.

REFORM AND INNOVATION

The Group strengthened its efforts in reform and endeavored to promote entrepreneurship and innovation. Adhering to the principles of centralized management, operational specialization, market-oriented mechanisms, the building of a flat organization and the standardization of processes, the Group constructed new infrastructure and developed products and services for specialized operations and further enhanced its capabilities to achieve sustainable growth in future.

We made notable new achievements in specialized operations. With respect to devices, we significantly reduced the costs of distribution channels and increasingly diversified device models. Smart phones under our own brand priced at around RMB1,000 have been exported to and sold in European and Asian markets. With respect to corporate customer operations, we launched Mobile Cloud, 4G multi-function automobile devices and On-Board Diagnostics Box devices and steadily improved our network-wide service capabilities. With respect to international business, we endeavored to lower international roaming settlement costs, launched the innovative international fixed data packages and unlimited daily data plans, and vigorously developed 4G international roaming services to persistently improve customer perception. Further, we successfully acquired equity interests in True Corporation, a telecommunications operator in Thailand, and commenced operations of our Global Network Center in Hong Kong, significantly enhancing our capabilities and ability to provide international network services. We have established China Mobile Online

Services Company Limited focusing on centralized services and channel-based operations as well as MIGU Company Limited focusing on mobile Internet digital content services. We are now under way to jointly set up an internet of vehicles company, namely, Virtue Intelligent Network Company Limited, with Deutsche Telekom AG.

We strengthened centralized management. With extensive promotion of our electronic procurement and tendering system, our centralized procurement was continuously improved. We established the centralized platform for data security to focus on handling indecent information. We also further strengthened centralized management of sales outlets and promoted the reform of centralized network operations and maintenance system. Moreover, there was steady progress in the construction of modern infrastructure such as centralized data centers and call centers. We also commenced construction of research centers in Suzhou and Hangzhou.

The Group achieved new progress in its innovative development. We published the integrated communications white paper on "New Communications, New Messages, New Contacts" and developed the initial capabilities for pre-commercial operations. Through optimizing the consolidation and operations of digital contents products, subscription increased continuously. In addition, we promoted the transformation of marketing system, optimizing our tariff structure and marketing model, invigorated customer-oriented product innovation and promoted the transformation of operations model encompassing various aspects including networks, marketing, services, channels and support.

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CORPORATE GOVERNANCE

Abiding by corporate governance principles of integrity, transparency, openness and efficiency, the Company strived to better corporate governance practices by strictly following the requirements under the Listing Rules. We continued to improve the risk and internal control management system, enhanced risk predictions and the effects of risk management and control, and promoted the integration of internal controls and business processes. In 2014, in response to internal and external operating environments as well as regulatory requirements, we continued to focus on the effectiveness and standards of our development, strengthened the supervision of tariff management, improved the efficiency of use of marketing resources to prevent operation risks and eliminate management loopholes. We continuously improved our management systems and mechanism optimization to ensure our healthy business operations and development.

CORPORATE SOCIAL RESPONSIBILITY

The Group has always attached great importance to corporate social responsibility. Over the past year, we continued to deepen the management of our corporate social responsibility, implemented innovative social responsibility practices and played an important role in providing emergency communication services, safeguarding network and information security, eliminating digital divide, facilitating energy saving and emissions reduction and supporting social and charity activities, thus earned wide recognition. We furthered our "Green Action Plan" and realized a reduction in overall energy consumption per unit of information flow by 13.7% in 2014 compared with the previous year. Through our China Mobile Charity Foundation, we continued to carry out philanthropic activities such as poverty alleviation and education support. We have cumulatively sponsored surgeries for 2,260 children in poverty with congenital heart disease, and training for 70,539 secondary and elementary school principals in central and western rural China. In 2014, the Company was selected for inclusion in the Dow Jones Sustainability Index family for the seventh consecutive year.

RESIGNATION OF DIRECTOR

Madam Huang Wenlin resigned from her positions as an Executive Director and Vice President of the Company by reason of retirement with effect from 19 March 2015. On behalf of the Board, I would like to take this opportunity to acknowledge Madam Huang's contributions to the Company with the highest regard and deepest gratitude.

AWARDS AND RECOGNITION

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

DIVIDENDS

Based on the Group's operating performance in 2014 and taking into consideration its long-term future development, in accordance with the dividend payout ratio of 43% planned for the full financial year of 2014, the Board recommends payment of a final dividend of HK\$1.380 per share for the financial year ended 31 December 2014. This, together with the interim dividend of HK\$1.540 per share that was paid, amounts to an aggregate dividend payment of HK\$2.920 per share for the full financial year of 2014.

In 2015, taking into consideration various relevant factors, including the Group's overall financial condition, cash flow generating capability and future sustainable development needs, the Company's planned dividend payout ratio for the full year of 2015 will be 43%.

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

FUTURE OUTLOOK

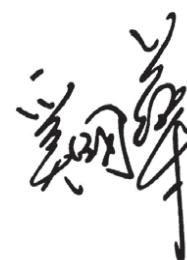
Looking ahead, as China's economic development enters a new phase with new norms, the Chinese government will endeavor to maintain stable economic growth, implement key projects including information networks and integrated circuits, formulate the "Internet+" Plan and promote the combination of mobile Internet, Internet of Things, cloud computing, mega data, etc. with modern manufacturing industries, thereby creating a favorable macro-environment for the development of the information and communications industry. In the meantime, in light of the accelerated innovation of information technology, the accelerated development of smart devices and the complete opening up of the 4G era, social dependence on digital lifestyles has become more entrenched. The demand for digital services such as mobile healthcare, mobile education and mobile finance continues to increase, and will form a new round of consumer demand. All of these will open up a broad market for the sustainable development of the industry.

Nonetheless, we are facing severe challenges from intensified competition from two aspects. With respect to competition in Internet, cross-generation innovation and cross-sector competition are endlessly emerging while the substitution effect of OTT business has become more intensified and is branching into competition for customers, network bypass and re-shaping of the industry landscape. With respect to competition within the industry, the competition among traditional operators focusing on existing customers and business and data traffic will be further intensified, with a more diverse range of competitors in a more complex competitive landscape. In addition, adjustments of the relevant government policies will also lead to considerable impacts on the Company's development.

Looking ahead, the Group will focus on the strategic vision of "Mobile Changes Life", firmly seize the favorable opportunities arising during the golden period of data traffic operation and for developing digital services, accurately embrace the development trends of the three growth curves in voice, data traffic and digital services, continue to adhere to quality and efficiency, promote business redeployment, innovation and strategic transformation to strive for breakthrough. We will persistently bolster our leading advantages in 4G business, foster digital services and further reform in our system and mechanism to cultivate new prospects for sustainable and healthy developments amid the mobile Internet era.

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

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



Xi Guohua
Chairman

19 March 2015, Hong Kong