

CHAIRMAN'S STATEMENT



“ It is a great honor for me to have been entrusted with the Chairman position by the shareholders and directors in September last year. Since I took up the post, I have received warm support from our customers and investors for which I am deeply grateful. I also remain fully aware of the significant responsibilities to these stakeholders, and their justified high expectations for the Chairman of this Company.

The success that the Company has had to date is a great source of motivation. China Mobile boasts the world's largest network and customer base, market-leading profitability, strong brand recognition, outstanding execution capabilities and leading market capitalization. All these combine to make China Mobile one of the world-class telecommunications service providers. We, however, should not rest on the laurels of past success as the industry faces an increasingly complicated operating landscape. There are challenges ahead, identified and unforeseen, as well as opportunities to be seized. The management team and I are ready to navigate China Mobile through these challenges and steer towards the opportunities that will take the Company forward now, and in the future.

Working closely with the management team, I am confident that we will be able to create a robust company suited to the current environment and bring an innovative direction to our long-term planning, amidst the constant state of global change that the telecommunications industry finds itself in, with an aim to deliver strong performance to our shareholders.

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CHAIRMAN'S STATEMENT

Dear Shareholders,

2015 was a crucial year for China Mobile's transformation. Despite increasing competition in the telecommunications industry, a continued disturbance to the traditional communications landscape by the Internet and changing regulatory policies, China Mobile seized opportunities in the 4G sector. As the first mover in providing 4G services, we continued to lead innovative business layouts and developments and to focus our efforts on transformation and management efficiency. As a result, China Mobile has solidified its position as a leading 4G service provider. We are an industry leader in revenue growth, and we have continuously strengthened our competitive position in the marketplace and have laid a solid foundation for sustainable future development.

2015 PERFORMANCE

Benefiting from the rapid development of data traffic business driven by the extension of 4G adoption, China Mobile's dependency on traditional services as a source of revenue growth has decreased. Our operating revenue in 2015 was RMB668.3 billion, up by an industry-leading 2.6% compared to the previous year. For the first time, our revenue from data services surpassed our revenue from voice services, accounting for 52.0% of revenue from telecommunications services.

Operating Revenue Growth in **LEADING POSITION**

China Mobile again demonstrated industry leading profitability. The margin of profit attributable to equity shareholders was 16.2%, profit attributable to equity shareholders was RMB108.5 billion and basic EPS was RMB5.30.

For the financial year ended 31 December 2015, the Board recommends payment of a final dividend of HK\$1.196 per share. Together with the interim dividend of HK\$1.525 per share paid earlier, this amounts to an aggregate dividend payment of HK\$2.721 per share for the full financial year of 2015.

In considering China Mobile's financial situation, capability to generate cash flow and future development needs, the Company's planned dividend payout ratio for the full financial year of 2016 will be 43%.

The Board remains confident that our Company's leading position in profitability and proven track record in generating healthy cash flow will propel China Mobile's future development and bring favorable returns for our shareholders.

For a more detailed analysis of business affairs and financial performance in 2015, please refer to the "Business Review" and "Financial Review" sections.

4G DEVELOPMENT

In 2015, our Company exerted great effort in all aspects of 4G development and achieved remarkable results.

Our Company has established the world's largest 4G network with superior quality. Our 4G network has approximately 1.1 million base stations. It realizes continuous coverage in all areas above rural towns level, as well as effective coverage of data hotspots in villages. In addition, we have almost realized full coverage of high speed railways, underground subways, and key scenic spots. Our 4G network provides coverage for over 1.2 billion people, and our average download speeds on urban roads exceed 37Mbps. The end-to-end customer experience has been further enhanced. China Mobile's 4G customer Net Promoter Score leads the market.

Our Company also achieved record highs in customer development. We have already become the world's largest 4G operator in terms of customer base. Within this year, we had a net addition of over 200 million 4G customers, bringing our total 4G customer base to over 300 million. DOU of 4G customers was 2.2 times the DOU of our total mobile customer base, which demonstrated strong driving force from 4G.

We have launched 4G international roaming services in 114 countries and regions, an increase of 61% compared with the previous year. We have also increased our collaboration with organizations including GTI¹ to build a global TD-LTE eco-system. So far, 43 countries and regions have launched 76 TD-LTE commercial networks.

STRATEGIC TRANSFORMATION

In recent years, due to the downward trend in traditional voice services and SMS, our Company has attached high importance to, and actively explored strategic transformation, which have now achieved some initial success.

We have already achieved tangible results in our transformation from a voice-centric operation to a data-centric operation, as we have seen that data traffic has become the primary driver for revenue growth. In 2015, our mobile data traffic increased 143.7% compared to the previous year; DOU of handset data customers increased 118.5%; and our revenue from wireless data traffic increased 30.5%, reaching a total of RMB200.9 billion.

¹ Global TD-LTE Initiative

Our corporate customer base and market share steadily increased this year as well. In 2015, we targeted industry sectors such as government, medical, transportation, logistics and education. We worked hard to promote key business and information solutions into these target areas, a strategy which achieved favorable results. Our revenue growth rate from corporate telecommunications and informatization services was higher than the industry average and its revenue market share has reached nearly one third.

Moreover, across the telecommunications industry, we have spearheaded the exploration and deployment in digital services. According to the Internet industry's practice of specialization, we have established various professional companies, including MIGU, CM Internet, CM M2M, Virtue Intelligent Network, all of which focus on digital content, mobile Internet, Internet of Things, Internet of Vehicles and other digital services. Furthermore, through the establishment of a fund to invest in a range of industries along the value chain, China Mobile has not only invested in a diversified collection of ideas but has also collaborated with these innovative companies to establish integrated operating platforms. But this is an area that we believe to be in its infancy and there is much more that we can achieve by going deeper into digital services. As such, we need to explore new operating models for China Mobile in order to achieve further market-orientated mechanism and to cultivate ongoing innovation to solidify our position in this competitive digital landscape.

In order to increase the efficiency of our management processes, we promoted centralized management in areas such as sales and marketing, network maintenance, IT support, logistics, finance and human resources. This move promotes resources sharing and allows us to benefit more from the economies of scale. We have also implemented effective cost-control measures to cut costs and boost efficiency, which have allowed us to maintain our favorable profitability.

We have achieved initial success in our strategic transformation and established a foundation for sustainable development, but at the same time, we are fully aware that our Company has areas for improvement in applications and information services. In order to achieve progress and success, we need to maximize opportunities in new technologies and services such as big data, cloud computing and the Internet of Things, and in doing so our capabilities and services can be enhanced. This is not an easy task and calls for persistence and endeavour.

INVESTMENT AND ACQUISITION

Our Company's acquisition of assets and businesses from TieTong² enabled us to obtain a wireline broadband license and accelerated the implementation of our full-service strategy. Firstly, by rapidly expanding wireline

Data Services Revenue

FIRST TIME SURPASSED

Voice Services Revenue

broadband for household use, we can benefit from the growth in digitally enabled families. Secondly, by providing the integration of wireline and mobile services, we can improve our customer retention and reduce our churn rate. Finally, this acquisition can create synergy in increasing our network capabilities, coverage and efficiency. Through joint development with TieTong in recent years, our total number of wireline broadband customers exceeded 55 million.

For the agreement with China Tower³, our Company has already completed the transfer of existing towers at a fairly negotiated price. Currently, we hold 38% of the outstanding shares of China Tower and the one-off gain from the transfer improved our net profit by RMB10.1 billion for 2015. Through the centralized construction and maintenance of towers and related assets by China Tower, our Company will benefit from not only from a faster development of enhanced network coverage capabilities but also save on capital expenditure. As we continue in our close collaboration, a greater number of shared towers will further reduce our operating cost.

REGULATORY POLICIES

The Chinese government has promoted the cyberpower strategy, instituted the "Internet+" action plan and propelled the supply-side structural reform, and as such, has created new opportunities for business growth.

In response to the needs of our community and the government's emphasis on "speed upgrade & tariff reduction", China Mobile has introduced more than ten policies, including one that permits customers to carry over unused data to the next month. We listened to community opinions and implemented transparent and effective measures, and as a result, our handset data tariff was decreased by 43%, which in turn, stimulated increased data usage. The consequences of this were a positive uptick in revenues while maintaining customer satisfaction.

² China TieTong Telecommunications Corporation

³ China Tower Corporation Limited

CHAIRMAN'S STATEMENT

We anticipate that future regulatory policies will encourage the construction of information network infrastructure and increase consumption of information services. Any future policies aimed at increasing network speeds, decreasing network tariff, and providing better information services to meet societal needs will create some pressure on our current operations capabilities and will need developments for which we will need to be prepared.

We are fully aware of the increasing investor concern with regulatory developments. Nonetheless, we will actively communicate with the relevant regulators to ensure that we represent different perspectives and interests as well as meeting their expectations.

CORPORATE GOVERNANCE

We have imposed high standards of corporate governance on ourselves, particularly around the areas of integrity, transparency, openness and efficiency, and we meticulously follow the requirements of the Listing Rules. We will continue our focus on optimizing our risk management and internal control systems, which permit us to quickly respond to potential risks and manage against them. In 2015, the Company strengthened monitoring on procurement, project investment and business collaboration. We have also conducted a special audit of our key procedures and IT systems. We believe that by regularly reviewing and developing our internal management procedures and mechanism, we can maintain quality operations.

For a more detailed analysis of our corporate governance, please refer to the "Corporate Governance Report".

CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE RECOGNITION

We place great emphasis on the corporate social responsibility of China Mobile, and carefully consider the needs of the wider community that we serve.

For many years, although we have focused on economic development, we have never neglected our civic duty to raise environmental awareness and promote greener practices, from recycling to low carbon emissions. In fact, we are entering the ninth year of our "Green Action Plan" in a bid to reduce energy consumption and emissions. Finally, in 2015, the overall energy consumption per unit of information flow decreased 17.5% from the previous year.

Through our China Mobile Charity Foundation, we continue to provide medical assistance to disadvantaged groups. By the end of 2015, we had sponsored surgeries for 2,744 children with congenital heart disease. In another of our chosen causes, we have focused on narrowing the digital divide by improving telecommunications and internet services in villages and remote areas.

312 million
4G CUSTOMERS

1.1 million
4G BASE STATIONS

In response to a growing phenomenon, we have implemented policies and procedures that target and reduce phishing and spam SMS to strictly protect customer privacy, combat spam and improper messages. In 2015 alone, we reduced spam SMS complaints by 29.4%.

We have established a widely-recognized and industry leading brand. In 2015, we were ranked number one by Forbes Magazine in "The World's Largest Telecom Companies 2015", and for the eighth year in a row, we were selected for inclusion in the Dow Jones Sustainability Indices for our noteworthy developments. In addition, we were ranked 11th by the Financial Times in its "FT Global 500".

In 2015, Moody's and Standard & Poor's continued to maintain our corporate credit ratings at the same level as that awarded to China's sovereign ratings.

FUTURE OUTLOOK

A holistic understanding of the economy coupled with a long-term vision are the keys to success in today's telecommunications industry. As the Chinese economy enters its next stage and the telecommunications landscape undergoes new changes, we are faced with a new range of opportunities and challenges.

On one hand, China Mobile is well-positioned to take advantage of the Chinese government's promotion of the cyberpower strategy, implementation of the "Internet+" action plan, and expansion in information services consumption as the key focus of supply-side structural reforms. On the other hand, the increasing penetration of internet companies into ICT landscape, the intensifying substitution by OTT and other new technologies along with the unpredictability of the regulatory policies have posed new tests for China Mobile.

We need to rapidly adapt to these economic changes in order to effectively compete. China Mobile will seize the opportunities with the emergence of Internet of Everything, and develop a new generation of information network infrastructure. We will move forward to expand connection scale, provide premium services and applications.

4G expansion is the focal point for 2016. On this front, we will adhere to the principle of exploring new markets and striving for excellence. Leveraging our 4G advantages, we will continue to improve network quality, accelerate the migration of 2G/3G customers to 4G and enhance customer value.

Our data business has become our main revenue driver reflecting the changes in user habits and will serve as the foundation for future growth and expansion. But we need to be smart about how we capture the opportunity of 4G, as reducing tariffs and boosting usage are not just about revenue increases but need to be tied to efficiency improvements.

We will continue to expand our corporate customer base and increase revenue scope. We will continue to seize opportunities in "Internet+", and target government, medical, transportation, logistics and education sectors, with tailored information technology products and services.

Providing high quality broadband services, developing smart cities and increasing smart home capabilities are the aims of the Chinese government's "Broadband China" strategy. To support this policy goal, we will emphasize integrated development of wireline and mobile with a range of connected actions, and adhere to the principle of high-standard, high-quality and high-value to develop wireline broadband services. We will optimize our investment in wireline broadband by providing products featuring high connection speed, premium quality and brand. We will maintain steady growth in our revenue from our wireline broadband services.

Looking ahead, our strategy will focus on expanding digital services and leading technological innovations. We plan to increase investment in technological innovation, establish new businesses and develop new business models, including strengthening the content media business and expanding smart technology and applications for some key industries.

We see huge growth potential in the Internet of Everything. In the next five years, connectivity in China is expected to exceed ten billion, creating a business of over one trillion yuan. China Mobile provides connectivity to a one-billion-customer base and will continue to build through this solid

foundation to establish an open platform for Internet of Everything that enables us to reach the ten-billion scale in terms of connection support in the future to link people and things and between things everywhere.

The management and I at this point want to extend the call for action to act on the future vision for China Mobile. Our commitment to this is that we will create a platform in the Company that will support our five areas of development: momentum in innovation, new company values, increased operational synergies, fresh impetus around company reforms and a new collective future. All of us sharing in this initiative and direction will ensure that we smoothly implement any needed reforms and find success.

ACKNOWLEDGMENT

On behalf of the Board, I would like to express our gratitude to my predecessor, Mr. Xi Guohua, for his invaluable contribution to the Company. Mr. Xi has steered China Mobile through the difficult 3G era and spearheaded the Company to be the leading 4G service provider in the Mainland, which brought China Mobile to where it is today.

The success China Mobile achieved now and future is attributable to the continued support of its customers and shareholders, the dedication of its employees, the trust bestowed upon China Mobile by regulatory agencies and the faith in China Mobile by the wider community. I represent the Board in thanking everyone for their contributions in making China Mobile a success. As I touched on above, these might not be easy times, but with continuing efforts from all our employees, I know that China Mobile will continue to reach new heights to benefit not only its shareholders but also the community at large.



Shang Bing
Chairman

17 March 2016, Hong Kong