



中国移动
China Mobile



CHINA MOBILE LIMITED

Stock Code: 941

INTERIM REPORT 2014



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Welcome to China Mobile Limited's website



Chairman's Statement

Dear Shareholders,

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



Chairman's Statement

Financial Results

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

Business Development

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

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

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

¹ EBITDA margin = EBITDA/Operating revenue

Chairman's Statement

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

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

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

Strategic Transformation

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

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

Chairman's Statement

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

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

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

Reform and Innovation

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

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

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

Chairman's Statement

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

Corporate Governance

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

Investment and Acquisition

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

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

Chairman's Statement

Corporate Social Responsibility

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

Awards and Recognition

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

Dividends

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

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

Chairman's Statement

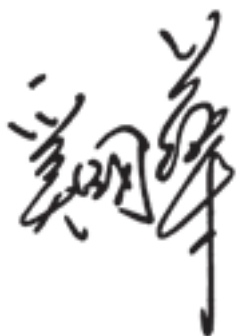
Future Outlook

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

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

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

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



Xi Guohua

Chairman

14 August 2014, Hong Kong

Interim Financial Information

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2014

(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2014 Million	2013 Million
Operating revenue (Turnover)	5		
Revenue from telecommunications services		297,910	284,671
Revenue from sales of products and others		26,771	18,433
		324,681	303,104
Operating expenses			
Leased lines		10,235	8,857
Interconnection		12,116	12,833
Depreciation		55,868	52,223
Personnel		18,115	16,534
Selling expenses		44,700	40,625
Cost of products sold		40,523	30,601
Other operating expenses		80,770	70,007
		262,327	231,680
Profit from operations		62,354	71,424
Non-operating net income		332	387
Interest income		7,870	7,324
Finance costs		(114)	(167)
Share of profit of associates		3,966	3,308
Profit before taxation	6	74,408	82,276
Taxation	7	(16,619)	(19,095)
PROFIT FOR THE PERIOD		57,789	63,181
Other comprehensive (loss)/income for the period that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas entities		(100)	(67)
Share of other comprehensive income of associates		718	16
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		58,407	63,130

Interim Financial Information (Continued)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

for the six months ended 30 June 2014

(Expressed in RMB)

	Note	Six months ended 30 June	
		2014 Million	2013 Million
Profit attributable to:			
Equity shareholders of the Company		57,742	63,128
Non-controlling interests		47	53
PROFIT FOR THE PERIOD		57,789	63,181
Total comprehensive income attributable to:			
Equity shareholders of the Company		58,360	63,078
Non-controlling interests		47	52
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		58,407	63,130
Earnings per share – Basic	9(a)	RMB2.86	RMB3.14
Earnings per share – Diluted	9(b)	RMB2.83	RMB3.10
EBITDA¹ (RMB million)		118,265	123,687

The notes on pages 15 to 33 are an integral part of this interim financial information. Details of dividends to equity shareholders of the Company are set out in note 8.

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

Interim Financial Information (Continued)

UNAUDITED CONSOLIDATED BALANCE SHEET

as at 30 June 2014

(Expressed in RMB)

	Note	As at 30 June 2014 Million	As at 31 December 2013 Million
Non-current assets			
Property, plant and equipment	10	493,952	479,227
Construction in progress	10	97,322	85,000
Land lease prepayments and other prepayments		22,764	19,735
Goodwill		36,894	36,894
Other intangible assets		819	1,063
Interest in associates	11	56,149	53,940
Deferred tax assets		22,387	17,401
Restricted bank deposits	12	7,767	6,816
Other financial assets		127	127
		738,181	700,203
Current assets			
Inventories		8,660	9,152
Accounts receivable	13	16,072	13,907
Other receivables	14	12,560	11,649
Prepayments and other current assets	14	12,874	11,832
Amount due from ultimate holding company	15	146	94
Tax recoverable		302	647
Bank deposits	16	381,464	374,977
Cash and cash equivalents	17	73,907	44,931
		505,985	467,189
Current liabilities			
Accounts payable	18	176,474	173,157
Bills payable		1,360	1,360
Deferred revenue		67,524	61,789
Accrued expenses and other payables		155,606	125,811
Amount due to ultimate holding company	15	14	22
Obligations under finance leases		68	68
Current taxation		9,252	8,706
		410,298	370,913
Net current assets		95,687	96,276
Total assets less current liabilities carried forward		833,868	796,479

Interim Financial Information (Continued)

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

as at 30 June 2014

(Expressed in RMB)

	Note	As at 30 June 2014 Million	As at 31 December 2013 Million
Total assets less current liabilities brought forward		833,868	796,479
Non-current liabilities			
Interest-bearing borrowings	19	(4,991)	(4,989)
Deferred revenue, excluding current portion		(675)	(662)
Deferred tax liabilities		(106)	(104)
		(5,772)	(5,755)
NET ASSETS		828,096	790,724
CAPITAL AND RESERVES			
Share capital	20	396,334	2,142
Reserves	20	429,774	786,631
Total equity attributable to equity shareholders of the Company		826,108	788,773
Non-controlling interests		1,988	1,951
TOTAL EQUITY		828,096	790,724

The notes on pages 15 to 33 are an integral part of this interim financial information.

Interim Financial Information (Continued)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014

(Expressed in RMB)

	Attributable to equity shareholders of the Company									
	Share capital Million	Share premium Million	Capital reserve Million	General reserve Million	Exchange reserve Million	PRC statutory reserves Million	Retained profits Million	Total Million	Non-controlling interests Million	Total equity Million
As at 1 January 2013	2,142	387,183	(292,268)	72	(1,489)	211,610	416,197	723,447	1,862	725,309
Changes in equity for the six months ended 30 June 2013:										
Profit for the period	-	-	-	-	-	-	63,128	63,128	53	63,181
Other comprehensive income/(loss)	-	-	16	-	(66)	-	-	(50)	(1)	(51)
Total comprehensive income for the period	-	-	16	-	(66)	-	63,128	63,078	52	63,130
Dividends to equity shareholders (note 8(b))	-	-	-	-	-	-	(28,460)	(28,460)	(21)	(28,481)
Shares issued under share option scheme (note 20)	-	17	(5)	-	-	-	-	12	-	12
Transfer to PRC statutory reserves	-	-	-	-	-	8	-	8	-	8
As at 30 June 2013	2,142	387,200	(292,257)	72	(1,555)	211,618	450,865	758,085	1,893	759,978
As at 1 January 2014	2,142	387,243	(293,052)	72	(600)	235,749	457,219	788,773	1,951	790,724
Changes in equity for the six months ended 30 June 2014:										
Profit for the period	-	-	-	-	-	-	57,742	57,742	47	57,789
Other comprehensive income/(loss)	-	-	718	-	(100)	-	-	618	-	618
Total comprehensive income for the period	-	-	718	-	(100)	-	57,742	58,360	47	58,407
Dividends to equity shareholders (note 8(b))	-	-	-	-	-	-	(26,044)	(26,044)	(10)	(26,054)
Shares issued under share option scheme (note 20)	4,876	2,073	(1,940)	-	-	-	-	5,009	-	5,009
Transfer to PRC statutory reserves	-	-	-	-	-	10	-	10	-	10
Transition to no-par value regime (note 20)	389,316	(389,316)	-	-	-	-	-	-	-	-
As at 30 June 2014	396,334	-	(294,274)	72	(700)	235,759	488,917	826,108	1,988	828,096

The notes on pages 15 to 33 are an integral part of this interim financial information.

Interim Financial Information (Continued)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2014

(Expressed in RMB)

	Six months ended 30 June	
	2014	2013
	Million	Million
Net cash generated from operating activities	120,066	125,206
Net cash used in investing activities	(70,070)	(101,564)
Net cash used in financing activities	(21,035)	(28,521)
Net increase/(decrease) in cash and cash equivalents	28,961	(4,879)
Cash and cash equivalents as at 1 January	44,931	70,906
Effect of changes in foreign exchange rate	15	(14)
Cash and cash equivalents as at 30 June	73,907	66,013

The notes on pages 15 to 33 are an integral part of this interim financial information.

Interim Financial Information (Continued)

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 mobile telecommunications and related services in Mainland China and in Hong Kong (For the purpose of preparing the unaudited condensed consolidated interim financial information, Mainland China refers to the PRC excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan). The Company's ultimate holding company is China Mobile Communications Corporation ("CMCC").

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 23 October 1997 and the American Depositary Shares of the Company were listed on the New York Stock Exchange on 22 October 1997.

The unaudited condensed consolidated interim financial information was approved for issuance on 14 August 2014.

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 34 of this interim report.

2 Basis of Preparation

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

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

2 Basis of Preparation (Continued)

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

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

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 2013.

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

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

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

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

Interim Financial Information (Continued)

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 mobile telecommunications and related businesses. No geographical information has been disclosed as the majority of the Group's operating activities are carried out in Mainland China. The Group's assets located and operating revenue derived from activities outside Mainland China are less than 5% of the Group's assets and operating revenue, respectively.

5 Operating Revenue (Turnover)

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

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

6 Profit before Taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2014 Million	2013 Million
Impairment loss for doubtful accounts	3,237	2,372
Amortization of other intangible assets	43	40
Operating lease charges		
– land and buildings	5,492	5,085
– leased lines	10,235	8,857
– others	1,992	1,629
Contributions to defined contribution retirement plans	2,020	1,852

7 Taxation

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(CONTINUED)

(Expressed in RMB unless otherwise indicated)

7 Taxation (Continued)

Notes:

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

8 Dividends**(a) Dividends attributable to the period**

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

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

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

8 Dividends (Continued)

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

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

9 Earnings Per Share

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

Weighted average number of shares (diluted)

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(CONTINUED)*(Expressed in RMB unless otherwise indicated)***10 Property, Plant and Equipment and Construction In Progress****(a) Acquisition of property, plant and equipment and construction in progress**

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment and construction in progress with a cost of RMB83,716,000,000 (for the six months ended 30 June 2013: RMB57,857,000,000).

(b) Write off of property, plant and equipment

Property, plant and equipment with a net book value of RMB815,000,000 were written off during the six months ended 30 June 2014 (for the six months ended 30 June 2013: RMB836,000,000).

11 Interest in Associates

	As at 30 June 2014	As at 31 December 2013
	Million	Million
Interest in associates	56,149	53,940

As at 30 June 2014, the Group's interest in associates is principally the equity investment in Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank"). As at 30 June 2014, the fair value of investment in SPD Bank was RMB33,763,000,000 (as at 31 December 2013: RMB35,180,000,000), below its carrying amount of RMB54,755,000,000 (as at 31 December 2013: RMB52,548,000,000) by approximately 38.3% (as at 31 December 2013: approximately 33.1%).

The Group assesses at the end of each reporting period whether there is objective evidence that interest in associates are impaired and particularly, whether there were impairment indications existed on investment in SPD Bank. The recoverable amount of the investment in SPD Bank is determined by value-in-use. The calculation used pre-tax cash flow projections for the five years ending 30 June 2019 with subsequent extrapolation to perpetuity. The discount rate used was based on a cost of capital used to evaluate investments in Mainland China. Management judgement is required in estimating the future cash flows of SPD Bank which are sensitive to the cash flows projected. The key assumptions are determined with reference to external sources of information. Based on management's assessment results, there was no impairment as at 30 June 2014 and 31 December 2013, respectively. Changes in the key assumptions could have a significant impact on the recoverable amount of the investment in SPD Bank and could result in impairment charge in future periods.

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

12 Restricted Bank Deposits

	Note	As at 30 June 2014 Million	As at 31 December 2013 Million
Restricted bank deposits			
– Statutory deposit reserves	(i)	7,727	6,659
– Pledged bank deposits	(ii)	40	157
		7,767	6,816

Notes:

- (i) The statutory deposit reserves are deposited by China Mobile Finance Company Limited with the People's Bank of China ("PBOC") as required, which are not available for use in the Group's daily operations.
- (ii) Pledged bank deposits are related to the performance bonds issued by banks in favor of the Office of the Communication Authority (formerly "the Office of the Telecommunications Authority") of Hong Kong, in order to secure China Mobile Hong Kong Company Limited's due performance of network and service rollout requirement in or before 2017 and 2018, respectively.

13 Accounts Receivable

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

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

13 Accounts Receivable (Continued)

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

Accounts receivable are expected to be recovered within one year.

14 Other Receivables, Prepayments and Other Current Assets

Other receivables primarily comprise interest receivable from banks, utilities deposits, and rental deposits, which are mainly expected to be recovered within one year.

Prepayments and other current assets primarily consist of rental prepayments.

As at 30 June 2014 and 31 December 2013, there were no significant overdue amounts for other receivables.

15 Amounts Due from/to Ultimate Holding Company

Amounts due from/to ultimate holding company are unsecured, interest free, repayable on demand and arose in the ordinary course of business.

16 Bank Deposits

Bank deposits represent term deposits with banks with original maturity exceeding three months.

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

17 Cash and Cash Equivalents

	As at 30 June 2014 Million	As at 31 December 2013 Million
Bank deposits with original maturity within three months	17,391	7,798
Cash at banks and in hand	56,516	37,133
	73,907	44,931

18 Accounts Payable

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

The aging analysis of accounts payable is as follows:

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

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(CONTINUED)

(Expressed in RMB unless otherwise indicated)

19 Interest-Bearing Borrowings

	Note	As at 30 June 2014 Million	As at 31 December 2013 Million
Bonds	(i)	4,991	4,989

The above interest-bearing borrowings are unsecured and are not expected to be settled within one year.

Note:

- (i) As at 30 June 2014 and 31 December 2013, the bonds represent the balance of fifteen-year guaranteed bonds issued by China Mobile Group Guangdong Co., Ltd., a subsidiary of the Company, with a principal amount of RMB5,000,000,000, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 4.5% per annum, and are payable annually. The bonds, redeemable at 100% of the principal amount, will mature on 28 October 2017.

The Company has issued a joint and irrevocable guarantee (the "Guarantee") for the performance of the bonds. CMCC, the ultimate holding company, has also issued a further guarantee in relation to the performance by the Company of its obligations under the Guarantee.

20 Share Capital

Issued and fully paid:

	Note	Number of shares	HK\$ million	Equivalent RMB million
As at 1 January 2014		20,102,539,665	2,010	2,142
Shares issued under share option scheme		209,863,244	5,757	4,876
Transition to no-par value regime	(i)	–	367,576	389,316
As at 30 June 2014		20,312,402,909	375,343	396,334

Note:

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

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

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

20 Share Capital (Continued)

The outstanding options were as follows:

	Number of instruments		Vesting conditions	Contractual life of options
	As at 30 June 2014	As at 31 December 2013		
Options granted to directors				
– on 28 October 2004	473,175	473,175	40% one year from the date of grant, 30% two years from the date of grant, 30% three years from the date of grant	10 years
– on 8 November 2005	2,881,500	2,881,500	40% one year from the date of grant, 30% two years from the date of grant, 30% three years from the date of grant	10 years
Options granted to other employees				
– on 28 October 2004	31,046,340	113,418,420	40% one year from the date of grant, 30% two years from the date of grant, 30% three years from the date of grant	10 years
– on 21 December 2004	456,000	475,000	40% one year from the date of grant, 30% two years from the date of grant, 30% three years from the date of grant	10 years
– on 8 November 2005	140,553,300	268,025,464	40% one year from the date of grant, 30% two years from the date of grant, 30% three years from the date of grant	10 years
Total share options	175,410,315	385,273,559		

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(CONTINUED)*(Expressed in RMB unless otherwise indicated)***20 Share Capital (Continued)**

No share options were granted to the directors of the Company or other employees of the Group or lapsed during the six months ended 30 June 2014 and 2013.

During the six months ended 30 June 2014, the directors of the Company and other employees of the Group exercised options to subscribe for nil and 209,863,244 ordinary shares of the Company, respectively (for the six months ended 30 June 2013: nil and 626,700 ordinary shares respectively).

Details of share options exercised during the six months ended 30 June 2014:

Grant date	Exercise price	Weighted average closing price per share of the share options exercised	Proceeds received	Number of shares involved in the options
28 October 2004	HK\$22.75	HK\$73.33	HK\$1,873,964,820	82,372,080
21 December 2004	HK\$26.75	HK\$75.70	HK\$508,250	19,000
8 November 2005	HK\$34.87	HK\$73.36	HK\$4,444,954,359	127,472,164
				209,863,244

21 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 ("CMCC Group"), for the six months ended 30 June 2014 and 2013. The majority of these transactions also constitute continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

21 Related Party Transactions (Continued)

(a) Transactions with CMCC Group (Continued)

	Note	Six months ended 30 June	
		2014 Million	2013 Million
Telecommunications services revenue	(i)	480	770
Telecommunications services charges	(i)	1,744	1,054
Property leasing and management services charges	(ii)	380	347
Interest expenses	(iii)	–	53
Interconnection revenue	(iv)	111	116
Interconnection charges	(iv)	221	248
Network assets leasing revenue	(v)	82	48
Network assets leasing charges	(v)	5,382	4,672
Network capacity leasing charges	(v)	2,382	1,784
Revenue derived from cooperation of telecommunications services	(vi)	264	225
Charges for cooperation of telecommunications services	(vi)	1,258	986

Notes:

- (i) The amounts represent telecommunications services settlement received/receivable from or paid/payable to CMCC Group for the telecommunications project planning, design and construction services, telecommunications line and pipeline construction services, telecommunications line maintenance services, and installation and maintenance services in respect of transmission towers.
- (ii) The amount represents the rental and property management fees paid/payable to CMCC Group in respect of business premises and offices, retail outlets and warehouses.
- (iii) The amount represents the interest expenses paid to China Mobile Hong Kong (BVI) Limited, the Company's immediate holding company, in respect of the balance of purchase consideration for acquisitions of subsidiaries.
- (iv) The amounts represent settlement received/receivable from or paid/payable to CMCC Group, in respect of interconnection settlement revenue and charges.

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(CONTINUED)*(Expressed in RMB unless otherwise indicated)***21 Related Party Transactions (Continued)****(a) Transactions with CMCC Group (Continued)**

Notes: (Continued)

- (v) The amounts represent the network assets leasing settlement received/receivable from or paid/payable to CMCC Group and the TD-SCDMA network capacity charges paid/payable to CMCC Group. On 29 December 2008, the Company entered into a network capacity leasing agreement (the "Network Capacity Leasing Agreement") with CMCC Group for the provision of TD-SCDMA related services. The lease was effective from 1 January 2009 to 31 December 2009 and is automatically renewed for successive one-year periods unless otherwise notified by one party to the other party. The Group is permitted to terminate the lease by giving 60 days advance written notice to CMCC Group. No penalty will be imposed in the event of a lease termination. Pursuant to the Network Capacity Leasing Agreement, the Group leases TD-SCDMA network capacity from CMCC Group and pays leasing fees to CMCC Group. The leasing fees are determined on a basis that reflects the actual usage of CMCC Group's TD-SCDMA network capacity and compensates CMCC Group for the costs of such network capacity. At the end of the lease terms, there is no purchase option granted to the Group to purchase the leased network assets. The Group also does not bear any gains or losses in the fluctuation in the fair value of the leased network assets at the end of the lease terms. As a result, the Group does not bear the risks associated with the ownership of the leased network assets, and accordingly the Group accounts for the network assets leasing and the network capacity leasing as operating leases.
- (vi) The amounts represent the services fee received/receivable from or paid/payable to CMCC Group for providing customer development services and cooperation in the provision of basic and value added telecommunications services.

(b) Amounts due from/to CMCC Group

Amounts due from/to CMCC Group, other than amount due from/to ultimate holding company, are included in the following accounts captions summarized as follows:

	As at 30 June 2014 Million	As at 31 December 2013 Million
Accounts receivable	1,137	1,162
Other receivables	5	6
Prepayments and other current assets	86	109
Accounts payable	5,441	4,036
Accrued expenses and other payables	133	145

The amounts are unsecured, interest-free, repayable on demand/on contract terms and arise in the ordinary course of business.

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

21 Related Party Transactions (Continued)

(c) Transactions with associates

The Group has entered into transactions with associates over which the Group or CMCC Group can exercise significant influence. The major transactions entered into by the Group and the associates and amounts due from/to the associates are as follows:

	As at 30 June 2014	As at 31 December 2013
	Million	Million
Bank deposits	46,823	42,752
Accounts payable	325	208

		Six months ended 30 June 2014	2013
	Note	Million	Million
Interest income	(i)	876	600
Mobile telecommunications services revenue	(ii)	53	31
Mobile telecommunications services charges	(iii)	806	914
Dividend income		2,476	2,052

Notes:

- (i) Interest income represents interest earned from deposits placed with SPD Bank. The applicable interest rate is determined in accordance with the benchmark interest rate published by PBOC.
- (ii) The amount represents the mobile telecommunications services revenue received/receivable from SPD Bank.
- (iii) The amount represents the mobile telecommunications services charges paid/payable to Union Mobile Pay Co., Ltd., an associate of CMCC Group.

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(CONTINUED)*(Expressed in RMB unless otherwise indicated)***21 Related Party Transactions (Continued)****(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 organisation (collectively referred to as “government-related entities”).

Apart from transactions with CMCC Group (note 21(a)) and associates (note 21(c)), the Group has collectively, 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 in the ordinary course of the Group’s business on terms comparable to the terms of transactions with other entities that are not government-related. The Group prices its telecommunications services and products in accordance with rules and regulations stipulated by related authorities of the PRC Government, where applicable, or based on commercial negotiations. 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.

22 Fair Values

All financial instruments are carried at amounts not materially different from their fair values at the balance sheet dates except as follows:

	As at 30 June 2014		As at 31 December 2013	
	Carrying amount Million	Fair value Million	Carrying amount Million	Fair value Million
Interest in listed associates	56,149	35,632	53,940	38,543
Interest-bearing borrowings – bonds	4,991	4,923	4,989	4,675

The fair values of interest in associates SPD Banks and IFLYTEK Co., Ltd. (renamed on 16 April 2014, formerly known as “Anhui USTC iFLYTEK Co., Ltd.”) and bonds are based on quoted market prices (level 1) at the balance sheet dates without any deduction for transaction costs.

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

(Expressed in RMB unless otherwise indicated)

23 Commitments

(a) Capital commitments

The Group's capital commitments outstanding at the balance sheet dates were as follows:

	As at 30 June 2014 Million	As at 31 December 2013 Million
Commitments in respect of land and buildings		
– authorized and contracted for	8,308	7,212
– authorized but not contracted for	34,096	43,709
	42,404	50,921
Commitments in respect of telecommunications equipment		
– authorized and contracted for	30,782	25,022
– authorized but not contracted for	112,908	167,901
	143,690	192,923
Total commitments		
– authorized and contracted for	39,090	32,234
– authorized but not contracted for	147,004	211,610
	186,094	243,844

(b) Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases at the balance sheet dates are as follows:

	Land and buildings Million	Leased lines Million	Others Million	Total Million
As at 30 June 2014				
Within one year	8,596	8,890	881	18,367
After one year but within five years	16,847	2,921	1,324	21,092
After five years	4,783	790	46	5,619
	30,226	12,601	2,251	45,078

Interim Financial Information (Continued)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(CONTINUED)*(Expressed in RMB unless otherwise indicated)***23 Commitments (Continued)****(b) Operating lease commitments (Continued)**

	Land and buildings Million	Leased lines Million	Others Million	Total Million
As at 31 December 2013				
Within one year	8,008	5,627	984	14,619
After one year but within five years	15,966	2,706	1,355	20,027
After five years	4,476	669	34	5,179
	28,450	9,002	2,373	39,825

24 Post Balance Sheet Events

After the balance sheet date, the directors declared an ordinary interim dividend. Further details are disclosed in note 8(a).

On 9 June 2014, China Mobile International Holdings Limited ("CMI Holdings"), a wholly-owned subsidiary of the Company, entered into a share subscription agreement with True Corporation Public Company Limited ("True Corporation", a fully-integrated, nationwide telecommunications provider in Thailand) to subscribe for 4,429,427,068 ordinary shares of True Corporation at the price of Baht6.45 (or HK\$1.54) per share with a total consideration of Baht28.57 billion (or HK\$6.82 billion). The completion of the subscription is subject to the fulfilment (or if applicable, waiver) of conditions set out in the agreement and upon the completion of the subscription, CMI Holdings will hold 18% of the total issued and outstanding shares of True Corporation. To fulfil part of the conditions set out in the agreement, the extraordinary general meeting of the shareholders of True Corporation was held on 25 July 2014 and had passed resolution to offer the newly issued ordinary shares of up to 4,429,427,068 shares to CMI Holdings at the price of Baht6.45 per share and increase the number of the board members of True Corporation by 3 seats to 18 seats. By the date when the unaudited condensed consolidated interim financial information is approved and authorized for issue, the subscription has not yet completed.

On 11 July 2014, China Mobile Communication Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement with China United Network Communications Corporation Limited and China Telecom Corporation Limited to establish China Communications Facilities Services Corporation Limited. Pursuant to the agreement, the Company subscribed for RMB4 billion in cash, which represents 40.0% of the registered capital of China Communications Facilities Services Corporation Limited upon its establishment. China Communications Facilities Services Corporation Limited mainly engages in construction, maintenance and operation of telecommunication towers. The parties are also at a preliminary stage in considering potential injections of certain telecommunications assets into China Communications Facilities Services Corporation Limited.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF CHINA MOBILE LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed interim financial information set out on pages 9 to 33, which comprises the consolidated balance sheet of China Mobile Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related consolidated statements of comprehensive income, changes in equity and 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 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, 14 August 2014

Discussion of Selected Items in the Interim Results

I. Actively Promoted Construction of 4G Network and Deepened Development of Four-Network Coordination

In the first half of 2014, in order to leverage on its first mover advantage in 4G, seize the opportunities arising from rapid growth in informationization, effectively promote its business structure transformation and optimize network capacity allocation, the Group actively promoted the construction of 4G network, deepened development of Four-Network Coordination and increased investment in network construction rationally while building on its sound capital planning. The Group's capital expenditure for the first half of 2014 was RMB83.8 billion, representing 28.1% of revenue from telecommunications services, which was funded primarily by cash generated from operations.

The Group will strive to maintain a balance between construction demand and investment efficiency, between current capacity demand and network revolution and upgrade, and between short-to-mid-term operating results and the Group's long-term competitiveness. The Group is committed to insisting rational investment, closely monitoring the effectiveness of capital expenditure and maintaining a favorable level of return from assets.

2. Endeavored to Establish Low-Cost and Highly Efficient Operation System and Continuously Enhance Capabilities for Sustainable Development

In the first half of 2014, the Group's operating expenses was RMB262.3 billion, up 13.2% over the same period last year and representing 80.8% of the operating revenue. Faced with the double challenge from the slower revenue growth and stronger resources demand during the transformation period, the Group adhered to the cost and resource allocation principle of "forward-looking planning, effective resource allocation, rational investment and refined management", strengthened its operations in existing business, promoted data traffic, expanded corporate customer services and explored new business growth. The Group deepened its vision on overall staff efficiency, established business operation models adaptable to the value-added tax regime and endeavored to maximize synergies from the limited resources.

The Group strengthened the management and control of marketing resources, emphasized precision in marketing, promoted transformation of sales channels and optimized customer services. The Group provided effective support for customer and business development while continuously enhancing the effectiveness of resources. With the expansion of asset scale and increases in resource prices, fixed costs relating to assets such as depreciation, utilities expenses, operating lease charges and others continued to increase relatively rapidly.

In relation to personnel expenses, in order to support the needs of business expansion and transformation development, the Group focused on enhancing reserves of high quality personnel and continued to optimize the personnel structure. As of 30 June 2014, the total number of employees of the Group was 198,000. Personnel expenses for the first half of 2014 were RMB18.1 billion, representing 5.6% of the operating revenue. The Group continued to implement strict management and control over its non-operating expenses with efforts on constantly reduce administration and management expenses such as office, conference, business travel expenses and others. The Group also fostered a favorable cost optimization culture and enhanced its low-cost and highly efficient operations by streamlining management processes and actively promoting cost benchmarking measures and best practices.

Discussion of Selected Items in the Interim Results (Continued)

3. Continued to Maintain Healthy Cash Flow and Capital Structure

Amidst the complex operation environment and intense investment pressure, the Group continued to maintain healthy cash flow as a result of stable and favorable growth in business operations and revenue, refined cost control and the continuous effect of economies of scale. Free cash flow (net cash generated from operating activities after deduction of capital expenditure incurred) of the Group was RMB36.3 billion for the six months ended 30 June 2014. As of 30 June 2014, the Group's total cash and bank balances were RMB463.1 billion, of which 98.2%, 0.1% and 1.7% were denominated in RMB, U.S. dollar and Hong Kong dollar, respectively.

As of 30 June 2014, the Group's total debt to book capitalization ratio (with total book capitalization representing the sum of total debt and total equity attributable to equity shareholders) was approximately 0.8%, and the borrowings of the Group totaled RMB6.4 billion. The financial position of the Group continued to remain at a sound level. Approximately 1.1% of the Group's borrowings were made at floating interest rates. The effective average interest rate of the borrowings of the Group was approximately 2.25% in the first half of 2014.

The Group will consistently uphold prudent financial principles and strictly monitor and control financial risks in order to maintain a healthy cash flow generating capability and preserve and enhance value capability. In addition, the Group will focus on scientific resource allocation and endeavor to maintain a solid structure and level of debt and reinforce and develop favorable economic benefits in order to continuously create value for its shareholders.

Other Information

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2014, the interests and short positions of the directors in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers are set out below.

Certain directors of the Company personally held ordinary shares of the Company. Details of the directors' holding of ordinary shares of the Company as at 30 June 2014 are as follows.

Director	Capacity	Ordinary shares held
LO Ka Shui	Beneficial owner	400,000
	Interest of controlled corporation	300,000
Frank WONG Kwong Shing	Beneficial owner	200,000

Certain directors of the Company personally hold options to subscribe for ordinary shares of the Company. Details of such options are disclosed under the paragraph "Directors', chief executive's and employees' rights to acquire shares" below. The share options were granted pursuant to the terms of the share option scheme adopted by the Company.

Apart from those disclosed herein, as at 30 June 2014, 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 the SFO) that is required to be recorded and kept in the register in accordance with section 352 of the SFO or any interests required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Other Information (Continued)

Directors', Chief Executive's and Employees' Rights to Acquire Shares

Apart from those disclosed below, at no time during the six months ended 30 June 2014 was the Company, any of its holding companies or subsidiaries, a party for 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 held on 24 June 2002, a share option scheme (the "Scheme") was adopted. The Scheme shall be valid and effective for a period of 10 years commencing on its adoption date after which period no further options to subscribe for shares of the Company will be granted. The Scheme ceased to be valid and effective on 24 June 2012 and accordingly, no further share options will be granted under the Scheme. Accordingly, during the six months ended 30 June 2014, no share option was granted or cancelled under the Scheme. However, the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted under the Scheme prior to the expiry of the 10-year period and which may become thereafter capable of being exercised under the rules of the Scheme.

As at 30 June 2014, the directors and chief executive of the Company and employees of the Group had the following personal interests in options to subscribe for shares of the Company granted under the Scheme.

	No. of shares involved in the options outstanding at the beginning of the period	No. of shares involved in the options outstanding at period end	Date on which options were granted	No. of shares involved in the options lapsed during the period	No. of shares acquired on exercise of options during the period	Exercise price HK\$
Directors						
LI Yue	154,000	154,000	28 October 2004	–	–	22.75
	780,000	780,000	8 November 2005	–	–	34.87
XUE Taohai	154,000	154,000	28 October 2004	–	–	22.75
	780,000	780,000	8 November 2005	–	–	34.87
SHA Yuejia	82,575	82,575	28 October 2004	–	–	22.75
	780,000	780,000	8 November 2005	–	–	34.87
LIU Aili	82,600	82,600	28 October 2004	–	–	22.75
	141,500	141,500	8 November 2005	–	–	34.87
Moses CHENG Mo Chi	400,000	400,000	8 November 2005	–	–	34.87
Employees						
	113,418,420	31,046,340	28 October 2004	–	82,372,080	22.75
	475,000	456,000	21 December 2004	–	19,000	26.75
	268,025,464	140,553,300	8 November 2005	–	127,472,164	34.87
175,410,315 (Note (a))						

Other Information (Continued)

Directors', Chief Executive's and Employees' Rights to Acquire Shares (Continued)

Share option scheme of the Company (Continued)

Notes:

- (a) The total number of shares involved in the options outstanding at period end represents 0.86% of the issued share capital of the Company as at the date of this report.
- (b) Particulars of share options:

Date of grant	Exercise period
28 October 2004	28 October 2005 to 27 October 2014 (in respect of 40% of the options granted) 28 October 2006 to 27 October 2014 (in respect of 30% of the options granted) 28 October 2007 to 27 October 2014 (in respect of the remaining 30% of the options granted)
21 December 2004	21 December 2005 to 20 December 2014 (in respect of 40% of the options granted) 21 December 2006 to 20 December 2014 (in respect of 30% of the options granted) 21 December 2007 to 20 December 2014 (in respect of the remaining 30% of the options granted)
8 November 2005	8 November 2006 to 7 November 2015 (in respect of 40% of the options granted) 8 November 2007 to 7 November 2015 (in respect of 30% of the options granted) 8 November 2008 to 7 November 2015 (in respect of the remaining 30% of the options granted)

Details of share options exercised during the period:

Period during which options were exercised	Exercise price HK\$	Weighted average closing price per share immediately before dates of exercise of options HK\$	Proceeds received HK\$	Number of shares involved in the options
2 January 2014 to 30 June 2014	22.75	73.14	1,873,964,820	82,372,080
18 June 2014	26.75	75.50	508,250	19,000
3 January 2014 to 30 June 2014	34.87	73.24	4,444,954,359	127,472,164

Other Information (Continued)

Directors', Chief Executive's and Employees' Rights to Acquire Shares (Continued)

Share option scheme of Aspire Holdings Limited ("Aspire")

Pursuant to a resolution passed at the annual general meeting of the Company held on 24 June 2002, the share option scheme of Aspire (the "Aspire Scheme") was adopted by the Company.

The Aspire Scheme is valid and effective for a period of 10 years commencing on its adoption date after which period no further options to subscribe for shares of Aspire will be granted. The Aspire Scheme ceased to be valid and effective on 24 June 2012 and accordingly, no further options will be granted under the Aspire Scheme. However, the provisions of the Aspire Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under the Aspire Scheme prior to the expiry of the 10-year period and which may become thereafter capable of being exercised under the rules of the Aspire Scheme.

As at 30 June 2014, the employees of Aspire had the following personal interests in options to subscribe for shares of Aspire granted under the Aspire Scheme.

	No. of shares involved in the options outstanding at the beginning of the period	No. of shares involved in the options outstanding at period end	Date on which options were granted	Normal period during which options are exercisable	No. of shares involved in the options lapsed during the period	Exercise price US\$
Employees of Aspire*	725,000	—	18 March 2004	(Note)	725,000	0.298
	45,000	—	28 May 2004	(Note)	45,000	0.298

* During the six months ended 30 June 2014, no share options have been granted under the Aspire Scheme for the directors or chief executive of the Company.

Note:

(a) The initial 50% of the options granted to a particular employee are exercisable between the period:

— commencing on the later of:

(i) 2 years after the commencement of employment of that employee or the option offer date (as the case may be); or

(ii) the listing of the shares of Aspire; and

— ending on the date falling 10 years from the option grant date; and

(b) the remaining 50% of such options shall be exercisable between the period commencing 3 years after the initial 50% of the options become exercisable and ending on the date falling 10 years from the option grant date.

Other Information (Continued)

Directors', Chief Executive's and Employees' Rights to Acquire Shares (Continued)

Share option scheme of Aspire Holdings Limited ("Aspire") (Continued)

None of the directors of Aspire had any personal interests in options to subscribe for shares of Aspire granted under the Aspire Scheme at the beginning and at the end of the six months ended 30 June 2014.

No options were granted or exercised under the Aspire Scheme during the six months ended 30 June 2014. Share options involving 770,000 Aspire shares have lapsed during the six months ended 30 June 2014.

Since the options granted pursuant to the Aspire Scheme are for the subscription of shares in Aspire which are not listed, the value of the options granted is not required to be disclosed under the Hong Kong Listing Rules.

In any event, since (i) the shares in Aspire are not listed, (ii) the options granted under the Aspire Scheme are not freely transferable (and hence there is no open market for transacting these options); and (iii) the grantee of an option will also not be able to charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any option, any valuation of the options will necessarily be based on subjective assumptions, and may not provide a reliable measure of the fair value of the options and would potentially be misleading to the shareholders of the Company.

Apart from the foregoing, at no time during the period was the Company, any of its holding companies or subsidiaries, a party for 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 acquiring shares in or debentures of the Company or any other body corporate.

Pre-IPO Share Option Scheme of China Mobile Hong Kong Company Limited

Pursuant to a resolution passed by the shareholders of China Mobile Hong Kong Company Limited (formerly known as China Mobile Peoples Telephone Company Limited) ("CMHK") on 4 March 2004, the pre-IPO share option scheme (the "CMHK Pre-IPO Scheme") was adopted to incentivize the then employees of CMHK.

No share options were granted under the CMHK Pre-IPO Scheme after the listing of CMHK on 31 March 2004 and no further share options will be granted under the CMHK Pre-IPO Scheme. There were 70,000 shares covered by the share options granted under the CMHK Pre-IPO Scheme which were outstanding at the beginning of the six months ended 30 June 2014. All the share options outstanding at the beginning of the six months ended 30 June 2014 were granted to employees of CMHK on 11 March 2004, and the exercise price was HK\$4.55 per share, being the offer price of the shares of CMHK at the time of its initial public offering. All options granted under the CMHK Pre-IPO Scheme have been vested. Grantees of the outstanding share options are entitled to exercise the share options from 11 March 2005 to 10 March 2014. No share options granted under the CMHK Pre-IPO Scheme have been exercised during the six months ended 30 June 2014. Accordingly, all of the outstanding share options lapsed during the six months ended 30 June 2014.

Other Information (Continued)

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 2014 amounting to 5% or more of the ordinary shares in issue:

	Ordinary shares held		Percentage of total issued share capital
	directly	indirectly	
(i) China Mobile Communications Corporation ("CMCC")	–	14,890,116,842	73.31%
(ii) China Mobile (Hong Kong) Group Limited ("CMHK (Group)")	–	14,890,116,842	73.31%
(iii) China Mobile Hong Kong (BVI) Limited ("CMHK (BVI)")	14,890,116,842	–	73.31%

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 2014, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 336 of the SFO as having an interest in 5% or more of or any short position in the issued share capital of the Company.

Changes in Director's Biographical Details

Changes in director's biographical details since the date of the 2013 annual report of the Company is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Mr Frank Wong Kwong Shing has been appointed as a Non-Executive Director of PSA Corporation Limited with effect from 20 April 2014.

Madam Huang Wenlin is no longer a director of China Mobile Communications Corporation with effect from 9 June 2014.

Mr Liu Aili has been appointed as the Chairman of China Communications Facilities Services Corporation Limited with effect from 11 July 2014.

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

Other Information (Continued)

Purchase, Sale or Redemption of the Company's Listed Securities

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

Audit Committee

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

Compliance with the Code Provisions of the Corporate Governance Code

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

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules, to regulate the directors' securities transactions. All directors have confirmed, following enquiry by the Company, that they had complied with the required standard set out in the Model Code throughout the period from 1 January 2014 to 30 June 2014.

Closure of Register of Members

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

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

Other Information (Continued)

Withholding and Payment of Enterprise Income Tax for Non-Resident Enterprises in Respect of 2014 Interim Dividend

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

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

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

Forward-Looking Statements

Certain statements contained in this 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 any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company's most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC") and in the Company's other filings with the SEC.



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