



PRESS RELEASE

For Immediate Release

CHINA MOBILE 2023 INTERIM RESULTS

Rapid growth in digital transformation business with steady enhancements to quality of growth

Highlights

- Favourable business performance
- Remarkable results in business transformation
- Strong promotion of the “Two New Elements”
- Ongoing in-depth reforms and innovation
- Steady increase in dividend payment
- Committed to becoming world-class

Operating performance

	1H 2022	1H 2023	Change
Operating revenue (RMB million)	496,934	530,719	6.8%
Of which: Revenue from telecommunications services (RMB million)	426,417	452,238	6.1%
EBITDA (RMB million) ¹	173,912	183,457	5.5%
Profit attributable to equity shareholders (RMB million)	70,275	76,173	8.4%
Basic earnings per share (RMB)	3.29	3.56	8.2%
Dividend per share- interim (HK\$)	2.20	2.43	10.5%
Total mobile customers (million)	970	985	1.6%
Of which: 5G package customers (million)	511	722	41.3%
5G network customers (million)	263	393	49.7%
Mobile ARPU (RMB)	52.3	52.4	0.2%
Wireline broadband customers (million)	256	286	11.9%
Of which: Household broadband customers (million)	230	255	10.6%
Household customer blended ARPU (RMB)	43.0	43.3	0.7%
Corporate customers (million)	2,112	2,430	15.0%

1. EBITDA = profit from operations + depreciation and amortization

(Hong Kong, 10 August 2023) – In the first half of 2023, our operating revenue was RMB530.7 billion, or growth of 6.8% year-on-year. Of this, our telecommunications services revenue accounted for RMB452.2 billion, an increase of 6.1% year-on-year. Total connections reached 3.19 billion, with a net addition of 250 million. CHBN markets saw all-round growth, with HBN revenue accounting for 42.7% of telecommunications services revenue, an increase of 2.7 percentage points year-on-year. Our digital transformation revenue increased by 19.6% year-on-year and reached RMB132.6 billion, taking up 29.3% of telecommunications services revenue. We are steadily advancing our transition from traditional to new growth drivers, with a continuously rising share of revenue contribution from digital transformation. This has underscored the value contribution of digital transformation as our “second curve” of revenue growth.

Profit attributable to equity shareholders was RMB76.2 billion, an increase of 8.4% year-on-year, and earnings per share were RMB3.56. We maintained industry-leading profitability among top-tier global telecommunications operators. EBITDA was RMB183.5 billion, an increase of 5.5% year-on-year. EBITDA as a percentage of telecommunications services revenue was 40.6%. Capital expenditure totaled RMB81.4 billion. Free cash flow amounted to RMB79.1 billion, an increase of 43.3% year-on-year. We maintained a leading position in terms of effectiveness and efficiency, and continued to achieve favorable momentum.

To create higher returns for our shareholders and share the results of our growth, after giving full consideration to the Company's profitability, cash flow generation and future development needs, the Company has decided to pay HK\$2.43 per share for the 2023 interim dividend, representing an increase of 10.5% year-on-year. Full-year profit to be distributed in cash in 2023 will increase to 70% or above of the profit attributable to equity shareholders of the Company for the year. The Company will strive to create more value for shareholders.

Mr. Yang Jie, Chairman of the Company commented, 'In the first half of 2023, despite various difficulties and challenges brought about by insufficient macro demand and complex external environment, we worked closely together as a solid team to seize the valuable opportunities emerging from the flourishing digital economy, deepening the implementation of the world-class "Powerhouse" development strategy. We systematically built our new information infrastructure centering around 5G, computing force network (CFN) and capability middle platform, and innovatively created a new information services system equipped with connectivity, computing force and capability. These efforts, coupled with our deeper and more extensive reforms and innovation, enabled us to achieve fresh accomplishments across all aspects of our operations. We recorded favorable business results and made steady enhancements to quality of growth, laying a solid foundation for achieving our full-year targets. These results were truly hard-earned.'

Remarkable Results in Value-Oriented Operations

We adhered to scale-based and value-oriented operations and continued to drive the comprehensive and integrated development of our CHBN markets in a well-coordinated manner, breaking into new areas and opened new markets. All four markets expanded both in scale and value. We consolidated our leading position in the industry and customer satisfaction continued to increase.

"Customer" Market: Solid Foundation with Stable-to-rising Growth

We strengthened the integration of data access, applications and customer benefits, and extended our promotion for universal 5G adoption and the China Mobile digital superstore. As a result, our "Customer" market experienced stable-to-rising growth, with revenue reaching RMB259.4 billion in the first half of 2023, an increase of 1.3% year-on-year. Mobile customers totaled 985 million, with a net addition of 10.38 million customers. In our mobile customer base, 722 million were 5G package customers, with a net addition of 108 million. The number of customers using our integrated-benefit products reached 326 million, a net addition of 38.85 million customers. The number of monthly active users of Mobile Cloud Drive, our cloud product, recorded a net addition of 9.76 million customers, bringing the total to 176 million, the second largest in the industry in terms of customer base. The number of customers using our 5G new voice over high-definition video reached 101 million, a net addition of 9.24 million customers. Our range of emerging 5G personal digital products, including cloud XR (augmented reality), cloud games and 5G ultra high-definition video connecting tones, all saw rapid growth. With increased customer value and loyalty, mobile ARPU (average revenue per user per month) reached an industry-leading figure of RMB52.4.

"Home" Market: Value Discovery Driving Favorable Growth

We captured the value potential of full-gigabit network and cloud-based applications by deepening our leadership in four areas – gigabit broadband, content-driven TV, platform-based IoT, and ecosystem-enabled HDICT (home data, information and communications technology). As a result, our "Home" market generated favorable growth, with revenue for the first half of 2023 reaching RMB64.9 billion, an increase of 9.3% year-on-year. The number of household broadband customers reached 255 million, or a net increase of

11.15 million, and led the industry. The number of household gigabit broadband customers reached 60.36 million, accounting for 23.7% of the overall household broadband customer base and showing ample room for development from bandwidth upgrade. Our mobile HD customer base reached 201 million. The number of smart home network and home security customers increased by 50.1% and 40.6% respectively year-on-year. HDICT solutions applied in new scenarios such as smart community and digital village have attracted 20.88 million users. Contribution from smart home applications continued to increase, and household customer blended ARPU reached RMB43.3.

“Business” Market: Strengthened Capabilities with Leading Growth Rate

We focused our efforts on the integrated development of network, cloud and DICT (data, information and communications technology), by fully leveraging our advantage in cloud and network resources. We focused on Mobile Cloud and 5G industry applications and obtained breakthroughs in scale, and our “Business” market continued to achieve rapid growth. In the first half of 2023, our “Business” market revenue reached RMB104.4 billion, an increase of 14.6% year-on-year. Our corporate customer base reached 24.30 million, with a net increase of 1.10 million customers. Our Mobile Cloud revenue reached RMB42.2 billion, an increase of 80.5% year-on-year. Within Mobile Cloud, the revenue market share of IaaS ranked top 3 in China, with revenue growth of our proprietary IaaS+PaaS exceeding 100%. Cumulatively, we have signed agreements for more than 25,000 5G commercial projects across multiple sectors, driving the value of DICT contracts to RMB20.9 billion in the first half of 2023, or growth of 28% year-on-year. The revenue from our 5G dedicated network reached RMB2.51 billion, an increase of 69.7% year-on-year. We achieved industry leadership in segments including smart mining, smart factories, smart power, smart hospitals, smart city and autonomous driving. We obtained breakthroughs in the new markets of Internet of Vehicles (IoV) and digital government. In the To V market, we forged partnerships with 9 of the top 10 new energy brands in China, ranked by sales volume; in the To G market, we empowered public administration, social governance and services related to people’s livelihoods, securing more than 1,000 projects with contract values exceeding RMB3 million each, showing a growing brand recognition in this space.

“New” Market: Increased Contribution with Rapid Growth

The “New” market maintained rapid growth following our efforts to focus on increasing the value contribution from international business, equity investment, digital content and FinTech. Revenue of the “New” market reached RMB23.5 billion in the first half of 2023, an increase of 18.4% year-on-year. In terms of international business, we deepened the synergies between international and domestic markets. We increased the export of high-quality products capabilities and 5G solutions to overseas markets while upgrading our digital infrastructure overseas and further strengthening our international ties. In the first half of 2023, our international business revenue reached RMB10.1 billion, an increase of 25.9% year-on-year. In terms of equity investment, we applied capital to attract and empower the formation and strengthening of industry chains, innovation chains, supply chains, ecological chains and value chains, actively expanding the family and ecosystem of the modern mobile information industry. In terms of digital content, we drew on the China Mobile Metaverse Industry Alliance to assist in our effort to drive the integrated innovation of the digital economy and metaverse, at the same time as enhancing our core products such as MIGU video and cloud games. Digital content revenue reached RMB13.0 billion in the first half of 2023, or growth of 12.5% year-on-year. The number of monthly active users for our cloud games across all platforms boasted a top-of-the-industry scale reaching 120 million. In terms of FinTech, we relentlessly promoted the rapid development of financial services throughout the industry chain, servicing around 600 partners upstream and downstream of the industry chain. We created an all-in-one digital consumption portal across all platforms, driving growth in “and- Wallet” monthly active customers by 64.8% year-on-year.

We achieved strong growth in digital transformation through increased efforts in business innovation, integrating connectivity, computing force and capability. In the first half of 2023, our digital transformation revenue contributed 84.1% to our incremental telecommunications services revenue and was the strongest driver of revenue growth. In terms of industry digitalization, DICT revenue increased by 24.9% year-on-year to RMB60.2 billion. In the area of personal and household digitalization, our benefit product revenue increased by 23.0% year-on-year to RMB10.2 billion; our smart home value-added business revenue grew by 21.4% year-on-year to RMB17.3 billion.

Strong Promotion of The “Two New Elements”

We adopted a systematic approach to developing 5G, CFN and capability middle platform, which are the key components of the new information infrastructure. In addition, we established a new information services system, integrating connectivity, computing force and capability. These measures reinforced our digital intelligence foundation.

Dual Gigabit maintained comprehensive leadership

We spared no effort in developing our leadership in 5G network, including furthering our collaboration with China Broadcasting Network Corporation Limited in the areas of co-construction and sharing, expanding synergies from multi-frequency network and extending our 5G coverage in an intensive and effective manner. In the first half of 2023, our investments in 5G network totaled RMB42.3 billion. Cumulatively to the end of June 2023, we have put into use 1.761 million 5G base stations, including 578,000 700MHz 5G base stations. We provided seamless services to 393 million 5G network customers and played a role in promoting the replication at scale of 5G industry applications in various business segments. By anticipating the evolution of 5G development, we continued to lead the setting of 5G R18 standards and completed the first phase of 5G-A trials of eight key new technologies, driving advancements in signature technology and key sectors such as communications and experience integration, space-ground integration, and passive IoT. With a clear focus on customer needs, we built the full-fiber gigabit broadband network and adapted to different scenarios in different regions. Our Optical Line Terminal (OLT) platforms in urban areas boast 100% gigabit capability, and we have extended this capability to villages with 93.2% coverage. As a result, our gigabit coverage has reached 370 million households, with a net addition of 110 million households.

Ongoing leadership in CFN development

We accelerated the structural reform of the supply side of computing force services, turning CFN from a conceptual prototype into an industry deployment and strengthening the infrastructure of our CFN. As we continued to intensify the hierarchical structure of our “4+N+31+X” computing force, our data centers now cover all the hubs and nodes corresponding to the national “eastern data and western computing” strategy. We increased the number of IDC cabinets available for external use by 11,000 to a total of 478,000, and the number of computing force servers for deployment by more than 91,000 to a total of more than 804,000, representing total computing capacity of 9.4 EFLOPS. We have completed the world’s longest 400G all-optical network transmission distance of 5,616 kilometers from Zhejiang to Guizhou. This is the most advanced computing highway in China and supports “eastern data and western computing”. The “1-5-20 milliseconds” three-tiered computing latency range reduced the average response time within our network by 22%. We gradually expanded our computing force services, including development of our proprietary CFN brain and the network-connected computing force platform. Our CFN brain was amongst the first batch to pass the autonomous CFN brain intelligence certification by the China Academy of Information and Communications Technology. Subsequently a number of network-connected computing force projects were launched, and we have integrated and managed the computing force of more than 10 enterprises. We have proactively pursued the “computing force faucets” strategy: for the mass market, we launched the “3+2+1” product system for computing force terminals; for the government and enterprise markets, we promoted computing-network integrated products related to “eastern data and western computing”, flexible network services, intelligent computing services, network-connected computing force and more. We have had a number of breakthroughs in CFN technology, leading nearly 100 standards-setting projects at home and abroad. Our original and iconic technology “computing power routing” achieved breakthrough in the International Organization for Standardization (ISO) Internet Engineering Task Force (IETF). Building on the national CFN trial network, we collaborated with more than 30 partners and nurtured more than 40 notable projects.

Continued to expand applications of capability middle platform

We focused on scaling our capability middle platform for both internal and external application to realize the value of the capabilities. This effort brought good results. As of the end of June 2023, we had launched 944 capabilities. These capabilities had been deployed 40.2 billion times per month on average, representing an increase of 192.3% from that of full-year 2022. Through commercialization of the capabilities and cost-savings from deploying them internally, we generated a value of more than RMB10 billion. This has supported us in empowering cloud migration and digital transformation across society, and improved the

cost-effectiveness of our operations with visible results. We continued to mine the value of big data and emphasized the application of big data throughout enterprise production and operations. In the first half of 2023, we generated big data revenue of RMB2.56 billion, or a year-on-year increase of 56.6%, showing our growing brand recognition in this area. In addition, we are proactively integrating ourselves into the national big data strategy and have streamlined data element circulation by leveraging our advantages such as data and computing force.

Significant increase in information services offering

We have further strengthened our product portfolio and competitiveness, with a coordinated product release series beginning to take shape. In the mass market, our customer base for 7 of our products, including video connecting tones, home security services and mobile authentication services, led the industry; 16 products, including MIGU Video, cloud games and big-screen video-on demand have each exceeded 100 million customers. In the “Business” market, 5 and 12 of our products have generated annual revenue of more than RMB10 billion and more than RMB1 billion respectively. Our Mobile Cloud capability was industry leading across all platforms. We launched COCA (our proprietary high performance computing architecture) and built Panshi (our big cloud bedrock computing platform enabling a full-stack of autonomous and controllable tools). Our key products, such as cloud servers, were at the forefront of the industry in terms of their core performance. Two of our Mobile Cloud products were bestowed the Red Dot Award: Brands & Communication Design. In artificial intelligence (AI), we created the Jiutian AI platform building on our strengths as a telecommunications operator, and offering industrial-level intelligent service capabilities ranging from algorithms and platforms to capabilities and large-scale applications. This platform has been deployed in more than 830 applications across 27 fields internally and externally. Under this platform we have launched the Jiutian massive computing public administration large model and the Jiutian customer service large model, which help to promote the digitalization and integration of various industries. In terms of terminal products, China Mobile’s pan-terminal omni- channel alliance continued to expand. In the first half of 2023, sales of all terminals including handsets reached 47.13 million units, further reinforcing our influence in the industry.

Future outlook

The rapid development and continued integration of next-generation information technologies, such as 5G, cloud computing, big data and AI, are leading to new trends of systematic innovation and becoming increasingly integrated into all aspects of the economy, society, and everyday life, leading to the emergence of new industries and models such as autonomous driving, unmanned factories, and metaverse. The new wave of technological innovation has created more opportunities for industry development, but also put higher demands on the transformation of traditional business models. The integration of CT, IT and DT technologies, the integration of connectivity, computing force and capability in services, and the integration of new-generation information technology with production, livelihood and governance in applications are accelerating. These three integrations have quickened their pace and presented valuable opportunities for us to expand our information services. In the meantime, the macroeconomic environment is facing new challenges with a complex and rapidly changing business landscape. A lack of overall demand, operating difficulties, and intense competition from multiple entities are posing challenges for certain enterprises. We also face certain uncertainties in our transformation and future development.

Mr. Yang Jie, Chairman of the Company commented, ‘Faced with a new business environment and new opportunities, we will fully, accurately and comprehensively align with new principles to ensure we contribute to the new development paradigm. We will firmly adhere to and creatively implement our “1-2-2-5”¹² strategy with precision. We will accelerate the construction of a new growth model driven by innovation and establish a world-class “Powerhouse” to a high standard, breaking new ground as we become a world-class information services and sci-tech innovation enterprise. By doing so, we will continue to bring more value to our shareholders and customers.’

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