中国移动
China Mobile

Annual Report 2024

AI+

Stride into the AI+ New Era

China Mobile Limited

Stock Codes: 941 (HKD Counter) and 80941 (RMB Counter)

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Theme

Currently, we are experiencing a new wave of technological revolution and industrial transformation characterized by digital intelligence. Data, computility and AI have become the key drivers of new quality productive forces. With the combined effect of high-quality data, high-performance computility and highly sophisticated algorithms, AI is accelerating its breakthrough in applications, empowering thousands of industries and households. This will significantly promote integrated innovation, industrial systems, enterprise operations and information consumption, leading the economy and society to evolve from "Internet+" and "5G+", and to stride into the "AI+" new era.

Forward-Looking Statements

Forward-looking statements contained in this annual report do not constitute and should not be viewed as commitments made by the Company. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from those implied by such forward-looking statements. In addition, the Company does not intend to update such forward-looking statements. Investors are cautioned not to unduly rely on such forward-looking statements.

CONTENTS

MILESTONES FOR 2024

Feb 2024

Two air-ground experimental satellites carrying China Mobile's satellite-borne base stations and core network equipment were successfully launched into Low Earth orbit

Mar 2024

The world's first 400G all-optical inter-provincial backbone network was officially put into commercial use

Mar 2024

China Mobile initiated the world's first 5G-A commercial deployment

Apr 2024

China Mobile's *Jiutian* large model became the first central state-owned enterprise-developed large model to obtain dual filing for "Generative Artificial Intelligence Service" and "Domestic Deep Synthesis Service Algorithm"

May 2024

China Mobile launched the "AI+" initiative

Milestones for 2024

Jun 2024

Mobile customer base surpassed the 1 billion milestone

Jun 2024

China Mobile garnered two First Prize awards and three Second Prize awards in The State Scientific and Technological Progress Award. Notably, the Company-led project "5th-Generation Mobile Communications System (5G) Key Technologies and Engineering Applications" won the First Prize award

Jul 2024

China Mobile was placed on the "China ESG Listed Companies Pioneer 100 List" and received the highest evaluation

Sep 2024

China Mobile Intelligent Computing Center (Harbin), the largest single-cluster intelligent computing center among domestic telecommunications operators, was completed and officially put into operation

Oct 2024

China Mobile unveiled its "Four Engines and Two Wings" capability system for high-quality development of the low-altitude economy

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. YANG Jie
(Executive Director & Chairman)
Mr. HE Biao
(Executive Director & Chief Executive Officer)
Mr. WANG Limin
(Executive Director)
Mr. LI Ronghua
(Executive Director & Chief Financial Officer)

Independent Non-Executive Directors

Mr. YIU Kin Wah Stephen
Dr. YANG Qiang
Mr. LEE Ka Sze Carmelo
Mrs. LEUNG KO May Yee Margaret

PRINCIPAL BOARD COMMITTEES

Audit Committee

Mr. YIU Kin Wah Stephen (Chairman)
Dr. YANG Qiang
Mr. LEE Ka Sze Carmelo
Mrs. LEUNG KO May Yee Margaret

Remuneration Committee

Mr. YIU Kin Wah Stephen (Chairman)
Dr. YANG Qiang
Mr. LEE Ka Sze Carmelo
Mrs. LEUNG KO May Yee Margaret

Nomination Committee

Dr. YANG Qiang (Chairman)
Mr. YIU Kin Wah Stephen
Mr. LEE Ka Sze Carmelo
Mrs. LEUNG KO May Yee Margaret

Sustainability Committee

Mrs. LEUNG KO May Yee Margaret
(Chairman)
Mr. HE Biao
Mr. LI Ronghua
Mr. LEE Ka Sze Carmelo

COMPANY SECRETARY

Ms. WONG Wai Lan Grace

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
KPMG Huazhen LLP
Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance

LEGAL ADVISER

Sullivan & Cromwell (Hong Kong) LLP

REGISTERED OFFICE

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

PUBLIC AND INVESTOR RELATIONS

Tel: 852 3121 8888
Fax: 852 2511 9092
Website: www.chinamobileltd.com
Stock code: (HKEX)
HKD Counter: 941
RMB Counter: 80941
(SSE) 600941

HK SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17/F Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

RMB SHARE REGISTRAR

China Securities Depository and Clearing Corporation Limited (CSDC)
Head Office Address:
No. 17 Tai Ping Qiao Street,
Xicheng District,
Beijing, P.R. China
Postal Code: 100033
www.chinaclear.cn

PUBLICATIONS

As required by the laws and regulations of People's Republic of China and Hong Kong SAR, the Company shall file an annual report with Shanghai Stock Exchange and Hong Kong Stock Exchange by the end of April each year. Copies of the annual reports of the Company, once filed, will be available at:

Hong Kong and the mainland of China:

China Mobile Limited
60/F, The Center,
99 Queen's Road Central
Hong Kong

29 Jing Rong Avenue,
Xi Cheng District, Beijing, China
www.chinamobileltd.com

SSE: www.sse.com.cn
HKEX: www.hkexnews.hk

FINANCIAL HIGHLIGHTS

Operating Revenue
(RMB million)

2024 / 1,040,759

2023 / 1,009,309

Revenue from Telecommunications Services
(RMB million)

2024 / 889,468

2023 / 863,514

Profit Attributable to Equity Shareholders
(RMB million)

2024 / 138,373

2023 / 131,766

Dividend per Share (Full Year)
(HK$)

2024 / 5.09

2023 / 4.83

	2024	2023
Operating revenue (RMB million)	1,040,759	1,009,309
Of which: Revenue from telecommunications services (RMB million)	889,468	863,514
EBITDA[1] (RMB million)	333,691	341,478
EBITDA margin[2]	32.1%	33.8%
Profit attributable to equity shareholders (RMB million)	138,373	131,766
Margin of profit attributable to equity shareholders[3]	13.3%	13.1%
Basic earnings per share (RMB)	6.45	6.16
Dividend per share – Interim (HK$)	2.60	2.43
– Final (HK$)	2.49	2.40
– Full year (HK$)	5.09	4.83

1 EBITDA = profit from operations + depreciation and amortization
2 EBITDA margin = EBITDA / operating revenue
3 Margin of profit attributable to equity shareholders = profit attributable to equity shareholders / operating revenue

CORPORATE PROFILE

China Mobile Limited (the "Company", and together with its subsidiaries, the "Group") was incorporated in Hong Kong on 3 September 1997. The Company was listed on the New York Stock Exchange ("NYSE") and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 22 October 1997 and 23 October 1997, respectively. The shares of the Company were admitted as a constituent stock of the Hang Seng Index in Hong Kong on 27 January 1998. On 7 May 2021, the NYSE filed a Form 25 with the US Securities and Exchange Commission and the delisting of the American Depositary Shares of the Company became effective on 18 May 2021. On 5 January 2022, the Company's RMB ordinary shares ("RMB Shares" or "A Shares") were listed on the Shanghai Stock Exchange ("SSE"). On 19 June 2023, a RMB counter was added for the trading of shares in the Company listed on the Main Board of the Hong Kong Stock Exchange (the "Hong Kong Shares").

As the leading ICT services provider in the mainland of China, the Group provides communications and information services in all 31 provinces, autonomous regions and directly-administered municipalities throughout the mainland of China and in Hong Kong SAR, and boasts a world-class telecommunications and information operator with the world's largest network and customer base, a leading position in profitability, brand value and market value ranking. Its businesses primarily consist of voice, data, broadband, dedicated lines, IDC, cloud computing, IoT and other services in the Customer, Home, Business and New ("CHBN") markets. As of 31 December 2024, the Group's total number of employees approached 455,405, and had a total of 1,004 million mobile customers and 315 million wireline broadband customers, with its annual revenue reaching RMB1,040.8 billion.

The Company's ultimate controlling shareholder is China Mobile Communications Group Co., Ltd. ("CMCC"), which, as of 31 December 2024, directly and indirectly held approximately 69.40% of the total number of issued shares of the Company. The remaining approximately 30.60% was held by public investors.

In 2024, the Company was once again selected as one of The Global 2,000 World's Largest Public Companies by Forbes magazine and Fortune magazine's Global 500 list. The China Mobile brand was once again listed in BrandZ™ Top 100 Most Valuable Global Brands 2024 ranking 63. Currently, the Company's corporate credit ratings are equivalent to China's sovereign credit ratings, namely, A+/Outlook Stable from Standard & Poor's and A1/Outlook Negative from Moody's.

China Mobile Principal Organizational Structure
as at 31 December 2024

China Mobile Communications Group Co., Ltd.

China Mobile (Hong Kong) Group Limited

China Mobile Hong Kong (BVI) Limited

Other holders of Hong Kong Shares — 26.60% | 69.20% | 4.20%* — Holders of RMB Shares

China Mobile Limited

China Mobile International Limited | **China Mobile Communication Co., Ltd.** | **Aspire Holdings Ltd.**

Operating subsidiaries in 31 provinces, autonomous regions and directly-administered municipalities in the mainland of China and Hong Kong | Other specialized subsidiaries#

* Includes 0.20% of the shares of the Company that were directly held by CMCC

\# Other specialized subsidiaries include:

- China Mobile Group Design Institute Co., Ltd.
- China Mobile Group Device Co., Ltd.
- China Mobile Online Services Co., Ltd.
- China Mobile (Suzhou) Software Technology Co., Ltd.
- China Mobile Internet Company Limited
- China Mobile Investment Holdings Co., Ltd.
- China Mobile Financial Technology Co., Ltd.
- China Mobile (Shanghai) ICT Co., Ltd.
- China Mobile Xiong'an ICT Co., Ltd.
- China Mobile Group Finance Co., Ltd.
- China Mobile IoT Company Limited
- China Mobile Information Technology Company Limited
- MIGU Co., Ltd.
- China Mobile (Hangzhou) Information Technology Company Limited
- China Mobile TieTong Company Limited
- China Mobile System Integration Co., Ltd.
- China Mobile (Chengdu) ICT Co., Ltd.
- China Mobile e-Commerce Co., Ltd.
- China Mobile Information System Integration Co., Ltd.
- China Mobile Park Construction and Development Co., Ltd.
- China Mobile Hong Kong Treasury Company Limited
- China Mobile (Hong Kong) Innovation Research Institute Co., Limited

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. YANG Jie

Age 62, Executive Director and Chairman of the Company, joined the Board of Directors of the Company in March 2019, in charge of the overall management of the Company. He is currently the Chairman of CMCC and a Director and the Chairman of China Mobile Communication Co., Ltd. ("CMC"). Mr. Yang has a doctorate degree. He formerly served as deputy director general of Shanxi Posts and Telecommunications Administration, general manager of Shanxi Telecommunications Corporation, vice president of China Telecom Beijing Research Institute, general manager of Business Department of the Northern Telecom of China Telecommunications Corporation, vice president, president and chairman of China Telecommunications Corporation, and president and chief operating officer, and chairman and chief executive officer of China Telecom Corporation Limited. Mr. Yang is a professor-level senior engineer with long-term involvement in the operation and management of basic telecommunications enterprises as well as extensive experience in management and the ICT industry.

Mr. HE Biao

Age 53, Executive Director, Chief Executive Officer and a member of the Sustainability Committee of the Company, joined the Board of Directors of the Company in April 2024, in charge of the operation of the Company. He is also a Director and President of CMCC and CMC. Mr. He has a doctorate degree. He had successively served as a deputy general manager and general manager of Guangdong Branch of China United Network Communications Corporation Limited, a vice general manager of China United Network Communications Group Company Limited, senior vice president of China United Network Communications Limited (listed in Shanghai), senior vice president of China Unicom (Hong Kong) Limited (listed in Hong Kong), a director and senior vice president of China United Network Communications Corporation Limited, and chairman of China Unicom Online Information Technology Company Limited. Mr. He has many years' experience and expertise in the information and communications technology industry.

Biographies of Directors and Senior Management

Mr. WANG Limin

Age 56, Executive Director of the Company, joined the Board of Directors of the Company in January 2025, principally in charge of human resources and corporate culture matters. He is also a Director of CMCC and CMC. Mr. Wang has a master's degree. He formerly served as a Director of the Grassroots Construction Guidance Office of the General Office of the Political Department of the Supreme People's Procuratorate of the People's Republic of China (the "Supreme People's Procuratorate"), Deputy Director and Deputy Director (Second Branch) of the Anti-Corruption and Bribery Bureau of the Supreme People's Procuratorate, Deputy Director of the Third Discipline Inspection and Supervision Office of the Central Commission for Discipline Inspection, Deputy Director of the Seventh Supervision and Inspection Office of the Central Commission for Discipline Inspection and the National Supervisory Commission, Head of the Discipline Inspection Team and Head of the Discipline Inspection and Supervision Team of China Huaneng Group Co., Ltd..

Mr. LI Ronghua

Age 59, Executive Director and Chief Financial Officer of the Company, joined the Board of Directors of the Company in October 2020, principally in charge of finance, internal audit and securities affairs of the Company. He is also a member of our Sustainability Committee since 1 January 2024, the Chief Accountant of CMCC, and a director and Vice President of CMC. Mr. Li has a master's degree. He formerly served as Vice Manager and Manager of Finance and Assets Department of State Grid Corporation of China, Deputy General Accountant of State Grid Corporation of China, Director and Chairman of State Grid Overseas Investment Limited (Hong Kong), and Chairman of State Grid Yingda International Holdings Group Ltd. During the period between December 2019 and September 2020, Mr. Li had served as the Head of the preparatory team, and Director and Chairman of State Grid Yingda Co., Ltd. (listed in Shanghai).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YIU Kin Wah Stephen, JP

Age 64, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in March 2017, and now also the Chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee. Mr. Yiu is currently the Chairman of the Hong Kong Insurance Authority, a director of Hong Kong Academy of Finance, an Independent Non-Executive Director of ANTA Sports Products Limited and Amer Sports, Inc. (a company listed on New York Stock Exchange), a Council member and the Treasurer of The Hong Kong University of Science and Technology, a board member of Airport Authority Hong Kong, and a member of the International Advisory Council of the National Financial Regulatory Administration, the Public Service Commission and the Exchange Fund Advisory Committee of The Hong Kong Monetary Authority. Mr. Yiu joined the global accounting firm KPMG ("KPMG") in Hong Kong in 1983 and was seconded to KPMG in London, the United Kingdom from 1987 to 1989. Mr. Yiu became a partner of KPMG in 1994, served as the Partner in Charge of Audit of KPMG from 2007 to 2010, and served as the Chairman and Chief Executive Officer of KPMG China and Hong Kong as well as a member of the Executive Committee and the Board of KPMG International and KPMG Asia Pacific from April 2011 to March 2015. Mr. Yiu previously served as an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited, a member of the Audit Profession Reform Advisory Committee and the Mainland Affairs Committee of the Hong Kong Institute of Certified Public Accountants. Mr. Yiu is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yiu received a professional diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1983, and holds a master's degree in business administration from the University of Warwick in the United Kingdom.

Biographies of Directors and Senior Management

Dr. YANG Qiang

Age 63, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2018, and now also the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. Dr. Yang is currently the Chief AI Advisor of WeBank Co., Ltd., the Professor Emeritus and the former Head of the Department of Computer Science and Engineering of the Hong Kong University of Science and Technology (HKUST), as well as the Co-founder and a non-executive director of Beijing Fourth Paradigm Technology Co., Ltd. Dr. Yang had served as, among other posts, an Assistant Professor and a Tenured Associate Professor at the Department of Computer Science of the University of Waterloo in Canada from September 1989 to August 1995, a Tenured Associate Professor, an Industrial Research Chair and a Full Professor at the School of Computing Science of Simon Fraser University in Canada from August 1995 to August 2001, and an Associate Professor, a Full Professor and an Associate Head of the Department of Computer Science and Engineering of HKUST from August 2001 to June 2012. From 2012 to November 2014, Dr. Yang was also the Founding Head of Huawei's Noah's Ark Research Lab. He was the President of International Joint Conference on Artificial Intelligence (IJCAI) from 2017 to 2019 and an executive committee member of the Association for the Advancement of Artificial Intelligence (AAAI) from 2016 to 2019. He was the AAAI Conference Chair in 2021. Dr. Yang is a Fellow of several international professional societies, including AAAI, Association for Computing Machinery (ACM), Institute of Electrical and Electronic Engineering (IEEE), etc. In 2021, he was elected to be a Fellow of the Royal Society of Canada and the Canadian Academy of Engineering. Dr. Yang received a bachelor's degree in astrophysics from Peking University in 1982, master's degrees in astrophysics and computer science from the University of Maryland, College Park in the United States in 1985 and 1987 respectively, and a doctor's degree in computer science from the University of Maryland, College Park in 1989.

Biographies of Directors and Senior Management

Mr. LEE Ka Sze Carmelo, JP

Age 64, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2022, and now also a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee. Mr. Lee has been a partner of Messrs. Woo Kwan Lee & Lo since 1989 and is currently a Non-Executive Director of Safety Godown Company, Limited and Playmates Holdings Limited, an Independent Non-Executive Director of S.F. Holding Co., Ltd., and Company Secretary of Shenzhen Investment Limited. Mr. Lee is also a member of the Campaign Committee of The Community Chest of Hong Kong. Mr. Lee previously served as an Independent Non-Executive Director of KWG Group Holdings Limited until 1 March 2024. Mr. Lee is qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory, and received a Bachelor's degree in Laws and a Postgraduate Certificate in Laws from The University of Hong Kong in 1982 and 1983, respectively.

Mrs. LEUNG KO May Yee Margaret, SBS, JP

Age 72, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in May 2022, and now also the Chairman of the Sustainability Committee and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee. She is currently an Independent Non-Executive Director of First Pacific Company Limited, Sun Hung Kai Properties Limited and Agricultural Bank of China Limited. Mrs. Leung is a Non-Official Member of the Executive Council of the Hong Kong Special Administrative Region, Chairman of the Advisory Committee on Arts Development, a member of the Culture Commission, a member of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, a non-ex officio member of The Law Reform Commission of Hong Kong, as well as a Council member, Treasurer, Chairman of the Finance Committee and a member of the Human Resource Policy Committee of The University of Hong Kong. Mrs. Leung formerly served as Group General Manager and Global Co-Head of Commercial Banking of HSBC Holdings plc, Vice-Chairman and Chief Executive of Hang Seng Bank Limited, as well as Deputy Chairman, Managing Director and Chief Executive of Chong Hing Bank Limited. She had also served as an Independent Non-Executive Director of Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Corporation, QBE Insurance Group Limited, Hong Kong Exchanges and Clearing Limited and Li & Fung Limited. Mrs. Leung received a Bachelor's degree in Economics, Accounting and Business Administration from The University of Hong Kong in 1975.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Mr. LI Huidi

Age 56, Vice President of the Company, appointed in September 2019, principally in charge of planning and construction, network, information harbor, information security, international business and others. He is also a Vice President and Chief Cyber Security Officer of CMCC, and a Director and Vice President of CMC. Mr. Li has a doctoral degree. Previously he served as a research fellow in Lucent Technologies – Bell Labs Innovations, a vice president of UTStarcom Inc., a vice president and general manager of New Mobile Technology and High-end Products Division of Lenovo Group Limited, chief technology officer and chairman of Technology Innovation Committee of Lenovo Mobile Communication Technology Co., Ltd.

Mr. ZHANG Dong

Age 55, Vice President of the Company, appointed in July 2024, principally in charge of marketing, customer service, wireline businesses, terminals, mobile Internet, SmartHome, FinTech and others. He is also a Vice President of CMCC, and a Director and Vice President of CMC. Mr. Zhang has a master's degree. Previously he served as a vice president of Hainan Mobile and Jiangsu Mobile, director general of Marketing Department of CMCC, and chairman and president of Beijing Mobile.

Biographies of Directors and Senior Management

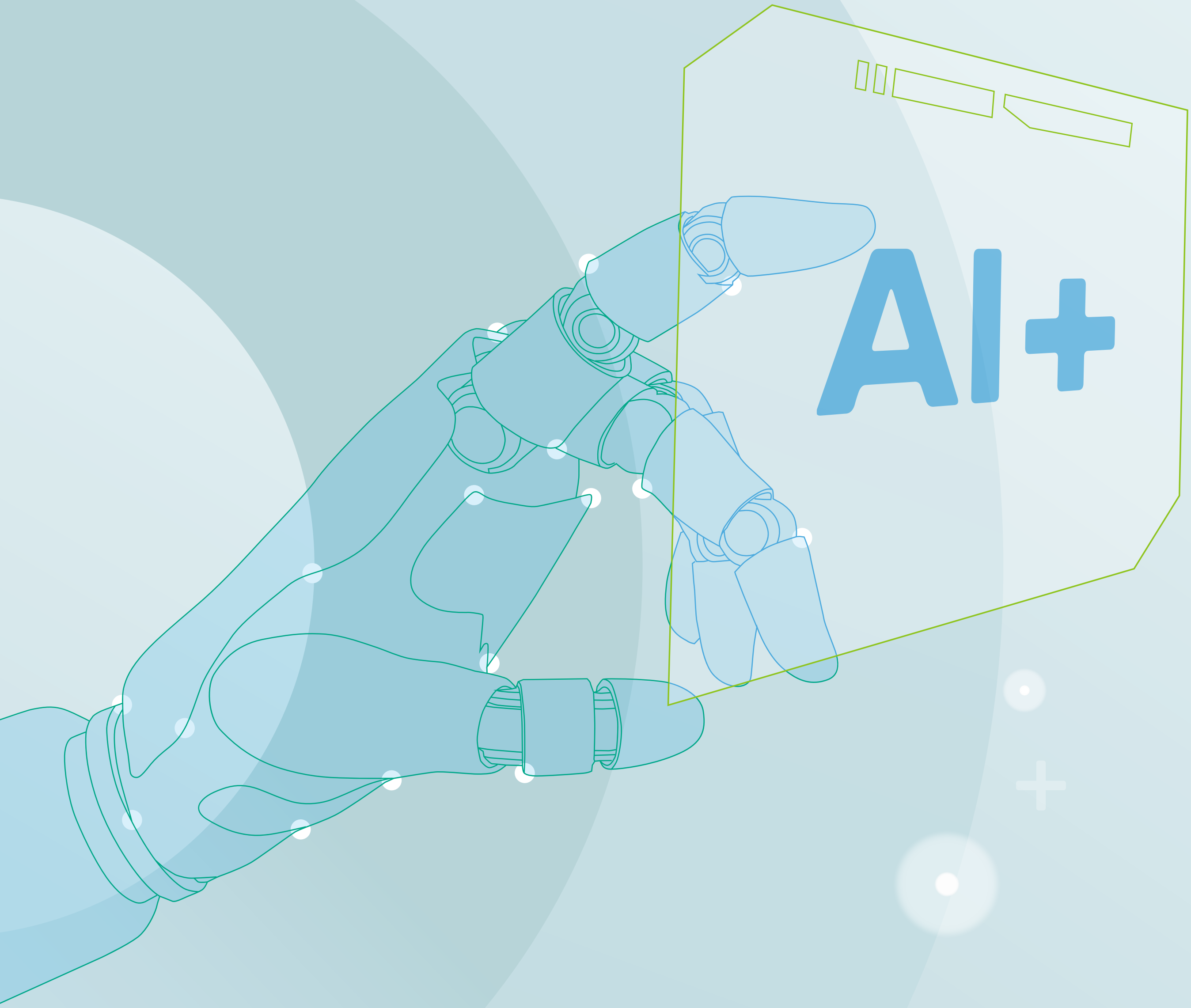
Mr. CHENG Jianjun

Age 53, Vice President of the Company, appointed in February 2025, principally in charge of the legal and regulatory affairs, 5G co-construction and sharing, technological innovation, investment, supply chain and R&D matters. He is also a Vice President of CMCC, and a Director and Vice President of CMC. Mr. Cheng has a master's degree. He previously served as a Deputy Director-General of the Radio Administration Bureau and a Deputy Director-General of the Department of International Cooperation of the Ministry of Industry and Information Technology of China ("MIIT"), the Director-General of the Heilongjiang Communications Administration and Fujian Communications Administration, the Director of the State Radio Regulation of China (State Radio Spectrum Administration), and the Director-General of the Radio Administration Bureau of the MIIT.

Mr. CHEN Huaida

Age 50, Vice President of the Company, appointed in March 2025, principally in charge of corporate customers, cloud business, system integration, ICT business, IoT and other matters. He is also a Vice President of CMCC, and a Director and Vice President of CMC. Mr. Chen has a master's degree. He previously served as a vice president of Shandong Mobile, president and chairman of Shaanxi Mobile, executive director and general manager of Shaanxi Communications Enterprises, and head of Corporate Customers Dept., Corporate Customers Branch and Xiong'an Office.

CORPORATE RECOGNITIONS



CHAIRMAN’S STATEMENT

CHAIRMAN'S STATEMENT

Chairman's Statement

Dear Shareholders,

Amid a complex and stressful external environment marked by various challenges, the Company united as a team and remained committed to scaling new heights in 2024. We seized the significant opportunities brought about by the development of new quality productive forces to the information services industry. At this important juncture, we continued to implement the "1-2-2-5"[1] strategy, and progressively advance the "Three Major Programs" of "Two New Elements" upgrade, the "BASIC6"[2] sci-tech innovation initiative and the "AI+" initiative. These efforts fully unleashed the vitality of reform and innovation, resulting in favourable operating performance and remarkable achievements in business transformation. New momentum and new advantages have fast taken shape, enabling us to make solid progress in establishing a world-class information services and sci-tech innovation enterprise. We do not take these hard-earned accomplishments lightly.

2024 RESULTS

Our operating revenue for the year reached RMB1,040.8 billion, representing year-on-year growth of 3.1%. Of this, telecommunications services revenue accounted for RMB889.5 billion, a year-on-year increase of 3.0%. The total number of connections[3] reached 3,670 million, with a net addition of 316 million connections. With regard to the CHBN[4] markets, revenue from the HBN markets accounted for 45.6% of telecommunications services revenue, an increase of 2.4 percentage points year-on-year. Digital transformation revenue[5] reached RMB278.8 billion, an increase of 9.9% year-on-year, and its contribution to telecommunications services revenue reached 31.3%, an increase of 1.9 percentage points from the previous year.

Profit attributable to equity shareholders was RMB138.4 billion, an increase of 5.0% year-on-year, with earnings per share of RMB6.45. EBITDA[6] was RMB333.7 billion, accounting for 37.5% of telecommunications services revenue. Our profitability maintained its leading position among top-tier global telecommunications operators. Capital expenditure totaled RMB164.0 billion, accounting for 18.4% of telecommunications services revenue, a decrease of 2.5 percentage points year-on-year. Free cash flow was RMB151.7 billion, an increase of 22.9% year-on-year.

1 Anchoring ourselves to "one single position" of a world-class information services and sci-tech innovation enterprise; speeding up the "two changes", which are the shift from quantitative leadership based on scale to qualitative leadership with a focus on improving effectiveness and efficiency, and the shift from delivering business results in the short-to-mid-term to achieving value growth in the mid-to-long-term. We will collectively foster the "Two New Elements": systematically building a smart information infrastructure centered on 5G, Computility Network (CN) and the integration platform, and developing a smart info-service spectrum of connectivity, computility and capability. We will proactively unleash the "five benefits" through innovation, customer recognition, reforms, talent and the ecosystem.

2 BASIC6 stands for: B-Big data, A-AI, S-Security, I-Integration platform, C-Computility network, 6-6G.

3 The total number of connections includes connections from mobile phones, wireline broadband, IoT cards, home devices and industry devices.

4 CHBN refers to the "Customer" market (C), the "Home" market (H), the "Business" market (B) and the "New" market (N).

5 Digital transformation revenue includes the revenues from new businesses from the "Customer" market (China Mobile Cloud Drive and others); the revenues from smart home businesses from the "Home" market; the revenues from DICT, IoT and dedicated lines businesses from the "Business" market; and the revenue from the "New" market (excluding revenue from international basic business).

6 EBITDA = profit from operations + depreciation and amortization.

Chairman's Statement

The Board of Directors recommends a dividend payout ratio of 73%[7] for the full year of 2024. It also recommends a final dividend payment of HK$2.49 per share[8] for the year ended 31 December 2024. Together with the interim dividend already paid, total dividend for the full year of 2024 amounted to HK$5.09 per share, an increase of 5.4% year-on-year.

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, in the three-year period from 2024, the profit to be distributed in cash for each year will gradually increase to above 75% of the profit attributable to equity shareholders of the Company[9] for that year. The Company will strive to create more value for shareholders.

LEVERAGED SCALE ADVANTAGE TO FURTHER VALUE-ORIENTED OPERATIONS

The Company comprehensively advanced its CHBN strategy and drove the integrated development across all four markets. We remained steadfast in our customer-centric and market segment-based approach, focusing on customer retention and value generation as our long-term strategic priorities, while strengthening our product offerings and innovation capabilities. As a result, we have consolidated our fundamental advantages while effectively stimulating growth.

"Customer" Market: Holistic Management of Existing and New Customers with Refined Operations

We have reinforced the development strategy of "connectivity + application + benefits + hardware", persistently refining the management approach to existing customers through service integration, value creation, and the improvement of customer experience. In the meantime, we have expanded our business based on market segmentation and customers' use cases. We worked to transform the revenue growth driver of the "Customer" market to AI+ information services, maintaining stable development of this market. In 2024, "Customer" market revenue reached RMB483.7 billion and mobile customers exceeded 1.0 billion, representing a net increase of 13.32 million. Of these, 5G network customers reached 552 million, with a net increase of 88 million, representing 55.0% of the overall customer base. Personal China Mobile Cloud Drive revenue reached RMB8.9 billion, a year-on-year increase of 12.6%; revenue from integrated-benefit products reached RMB26.8 billion, a year-on-year increase of 19.7%. The number of monthly active customers using our 5G New Calling across all platforms reached 150 million, of which smart application subscribers amounted to 34.75 million. Mobile ARPU (average revenue per user per month) continued to be industry-leading at RMB48.5.

7 Based on an exchange rate which is equal to the mid-price of HK$ to RMB as announced by the People's Bank of China at the end of 2024.

8 Dividends on A shares will be paid in RMB at an exchange rate which is equal to the average of the mid-prices of HK$ to RMB as announced by the People's Bank of China during the one week before the day on which the annual general meeting declares the dividends.

9 The basis of profit distribution of the Company is the profit attributable to equity shareholders under IFRS Accounting Standards.

"Home" Market: Smart Upgrades with Value Uplift

Our smart home ecosystem, launched under the China Mobile *Aijia* (AI Home) brand, has been focused on "full gigabit + cloud life". We actively promoted the upgrade of connection to "gigabit + FTTR (fiber to the room)" and of AI+ smart home applications and smart home services. These initiatives have helped the "Home" market achieve favourable growth. In 2024, "Home" market revenue reached RMB143.1 billion, a year-on-year increase of 8.5%. The number of household broadband customers reached an industry-leading 278 million, representing a net increase of 14.05 million customers. Of these, gigabit broadband customers reached 99 million, a year-on-year increase of 25.0%. FTTR customers reached 10.63 million, a year-on-year increase of 376%. AI+ Mobile Home Security customers reached 12.80 million. Household customer blended ARPU increased by 1.6% year-on-year to RMB43.8.

"Business" Market: Leveraging Strong Capabilities with Deep Cultivation of Vertical Industries

The integrated scale expansion of "network + cloud + DICT (data, information and communication technology)" has helped us forge new "AI + DICT" capabilities, accelerating the construction of an operating system for standardized, product-driven, and platform-based solutions. We have vigorously explored high-value commercial customers and achieved favourable growth in the "Business" market. In 2024, "Business" market revenue reached RMB209.1 billion, a year-on-year increase of 8.8%. Our corporate customer base grew by 4.22 million to reach 32.59 million. The proportion of contracts won in open tenders amounted to an industry leading 16.6%. We launched 99 standardized, product-driven, and platform-based solutions that incorporate our proprietary capabilities. We strove to become a top-tier cloud services provider by embarking on the cloud to intelligence transformation. China Mobile Cloud revenue reached RMB100.4 billion, a year-on-year increase of 20.4%. The scale of IaaS+PaaS (infrastructure as a service + platform as a service) revenue maintained its top-five position in the industry while 5G applications for vertical sectors also maintained an industry-leading position, scaling up significantly in smart cities, smart factories, smart parks, smart campuses and other segments. We won more than 700 large-scale 5G DICT projects, each with a commercial value of more than RMB10 million. 5G dedicated network revenue reached RMB8.7 billion, a year-on-year increase of 61.0%.

In the "To V" market, we have achieved significant breakthroughs. With a net increase of 14.43 million factory-installed IoV connections, our total number of connections reached 65.06 million. We established channel partnerships with 25 leading car manufacturers, fast strengthening our presence in the field of "vehicle-road-cloud integration" and we made good progress in collaborative benchmark projects in pilot cities. In the commercial customer segment, we achieved initial success through enriching the "dedicated line+" one-stop integrated products and lightweight solutions. Our commercial packages for small and medium-sized enterprises grew to 26.84 million, with a net increase of 21.40 million sets. As the low-altitude economy quickly takes shape, we have released the "Four Engines and Two Wings" capability system[10], creating 50 benchmark applications to support the scale growth of the sector.

[10] "Four Engines" are the terminal, network, platform and application; "Two Wings" are AI and security.

Chairman's Statement

"New" Markets: Innovation and Breakthroughs with Increased Contribution

We focused on innovative expansion in four major areas: international business, digital content, FinTech, and equity investment, achieving favourable growth in the "New" market. In 2024, "New" market revenue reached RMB53.6 billion, a year-on-year increase of 8.7%. In terms of international business, we unleashed further synergies between the domestic and international markets, sped up the export of high-quality products and solutions to support the "Belt and Road" initiative, and upgraded overseas digital infrastructure while continuing to strengthen our international ecosystem cooperation. In 2024, international business revenue reached RMB22.8 billion, a year-on-year increase of 10.2%. In terms of digital content, we stepped up our efforts in digital-intelligence creation and new quality content operations, while refining our core products such as MIGU Video. Digital content revenue reached RMB30.3 billion for the year, a year-on-year increase of 8.2%. MIGU Video's monthly active customers across all platforms reached 520 million, with MIGU AI Smart Match accumulating 160 million views. In terms of FinTech, we created a "communications + finance" integrated ecosystem, achieving a business scale throughout the industry value chain of RMB116.5 billion, a year-on-year increase of 52%. Our "and-Wallet" monthly active customers grew by 40.7% year-on-year to 124 million. In terms of equity investment, we focused on strategic emerging industries and key areas of future industries, further enhancing the role of capital as a link and enabler.

KEY RESULTS ACHIEVED IN "THREE MAJOR PROGRAMS": REMARKABLE PROGRESS IN "TWO NEW ELEMENTS" UPGRADE

The Company continued to upgrade the "Two New Elements", actively building out a new model for value growth.

Ongoing improvement of smart digitalization infrastructure. *Our "dual gigabit" network maintained a leading position.* We spared no effort to reinforce our leading advantage in the 5G network, investing RMB69.0 billion in 2024 and accumulatively put into operation more than 2.4 million 5G base stations, a net increase of 467,000 stations. We have built the world's first large-scale commercial 5G-A network, with RedCap (Reduced Capability) covering all cities nationwide. We piloted technologies including sensing and communication integration, AI applications in wireless networks, and passive IoT in various scenarios and applications. We deployed our gigabit broadband capabilities in an on-demand and precise manner and at the end of December 2024, our entire network had been fully equipped with gigabit service capabilities, with gigabit coverage reaching 480 million households. Meanwhile, we are accelerating the evolution of network infrastructures to support space-air-ground integration, promoting the deep integration of aviation Internet, satellite Internet and ground networks. *Our computility network continued to lead the industry.* We actively implemented the national Eastern Data and Western Computing project, forging a nationwide computility network with all-round leadership in technology and scale. Our general-purpose computility capacity has reached 8.5 EFLOPS (FP32), and our intelligent computility capacity has reached 29.2 EFLOPS (FP16). The "N+X"[11] multi-layer and full-coverage intelligent computility layout continued to improve, with the first batch of 13 intelligent computility center nodes commencing operation in regions including Beijing-Tianjin-Hebei, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and Chengdu-Chongqing. The system gave rise to a computility optical network spanning east to west and connecting different hubs. We continued to optimize the "1-5-20ms" three-tier low-latency computility service circle. Among them, the 400G backbone network was selected as one of the Top 10 mega-projects of China's central state-owned enterprises in 2024, and the IPv6+ backbone network was selected for the 2024 World Internet Conference Awards for Pioneering Science and Technology. By continuously and comprehensively upgrading the AIDC, our data centers covered all national hub nodes. *Our integration platform applications continued to expand.* We accelerated the intelligent service supply of "unified packaging and flexible deployment" capabilities, launching 1,348 capabilities on the platform in 2024, with the total number of deployments reaching 777.6 billion. We have built the world's largest communications service data cluster – the *Wutong* Big Data Platform – with a cumulative data scale exceeding 2,000PB, and annual data service deployments exceeding 100 billion times.

[11] It refers to: N (national, regional intelligent computing centers) + X (localized and customized edge intelligent computing nodes).

Continuous optimization of smart info-service spectrum. *Our product offerings have significantly expanded.* We seized the opportunities arising from accelerated economic and social digital transformation by focusing on creating more core products and industry applications at the scale of hundreds of millions, billions, and tens of billions, while meeting customers' needs for improved digital lives, streamlined production, and enhanced governance. In the mass market, 17 products have a customer base exceeding 100 million, with 8 products having a customer base exceeding 200 million. In the corporate market, 6 products have generated revenues exceeding RMB10 billion. We have achieved the integration of general-purpose computing, intelligent computing, supercomputing and quantum computing into the network, expanding more than 370 intelligent computing services. We have pioneered the industry's first technology standards, service standards, and white papers for the Visual Internet[12], while releasing the Visual Internet large model and achieving a year-on-year increase of 165% in newly-added connections. We have established three major product systems: network-integrated security, cloud-integrated security and DICT-integrated security. Our security products generated annual revenue growth of 103%. The newly-launched *Beidou* satellite messaging service enabled seamless messaging in areas without signal coverage. *Our customer service further improved.* We set up a Customer Experience Management Committee to further enhance the comprehensive service system that covers every aspect and process of service and involves every member of staff. The system resulted in a significant decrease in customer service-related complaints and an increase in the one-time resolution rate for customer issues by 2.2 percentage points. The average handling time for customer issues decreased notably. Our customer satisfaction is industry-leading, with increased satisfaction with product quality and a high level of satisfaction with touchpoints and network quality. *Our brand building efforts persisted.* We are committed to creating a high-quality and highly recognized prestigious brand, furthering the building and operation of the "1+4+4" strategic brand system[13]. Our brand impact continued to improve, with our brand value ranking among the top 100 globally renowned lists and maintaining industry leadership. We have refreshed the China Mobile *Aijia* brand, conveying the well-received brand propositions of AI-powered smart home and loving and beautiful home. *Our channel transformation continued to advance.* We have deepened the platform-based operations of the pan-terminal and omni-channel alliance, creating an ecosystem comprising upstream and downstream partners in the terminal industry chain, with over 200,000 cooperative channel merchants. We have worked continuously to improve our online presence, with a focus of making the China Mobile APP the main platform for the operations and interactions of existing customers. Our efforts have achieved positive results, with the APP's monthly active customers exceeding 230 million, a year-on-year increase of 46.9%.

[12] China Mobile Visual Internet is a smart digitalization infrastructure specializing in video connection services. Using video IoT terminals as the medium, it converges connection, capabilities and services on a video-connected platform.

[13] "1+4+4" strategic brand system refers to: China Mobile as the corporate brand; GoTone, M-zone, Easy Own and China Mobile *Aijia* (AI Home) as four customer brands; and MIGU, China Mobile Cloud, *Wutong* Big Data and *Jiutian* as four product brands.

KEY RESULTS ACHIEVED IN "THREE MAJOR PROGRAMS": FRUITFUL RESULTS FROM "BASIC6" SCI-TECH INNOVATION INITIATIVE

The Company has fully leveraged its role as the main driver of enterprise innovation, continuously enhancing its technological innovation capabilities and quality. In 2024, we were awarded two First Prize awards and three Second Prize awards in The State Scientific and Technological Progress Award.

Achieved more robust innovation and technological breakthroughs. *In tackling turnkey technologies*, our computility network (CN) brain commenced nationwide commercial use, with the full launch of task-based services, managing over 60 EFLOPS of proprietary computility, social computility, and over 250,000 network links. It has been deployed in four national and regional hub nodes, contributing to the construction of a nationwide integrated computility system. We have jointly developed open standards for intelligent computing card interconnection (OISA) and machine interconnection (GSE) technology systems. We proposed the industry's first 5G-A integrated sensing and communications technology system and constructed a low-altitude intelligent Internet of Things (IoT) technology system integrating communications, sensing, control and navigation, supporting ten typical low-altitude application scenarios. We built a 6G communications, sensing, computing and intelligence integrated test device, which was selected as a major technological achievement at the Zhongguancun (ZGC) Forum. The *Jiutian* large model became the first central state-owned enterprise-developed large model to obtain dual filing for "Generative Artificial Intelligence Service" and "Domestic Deep Synthesis Service Algorithm". Our endogenous security technology commenced large-scale commercial use as we took the lead in releasing the first international standard in computility network security. Our proprietary quantum computing cloud platform became one of the first new items of information infrastructure to be included in the national supercomputing Internet platform. We built a quantum computing scientific device and the first telecom-grade quantum high-definition encrypted communications system. *In setting international standards and building high-value patent reserves*, we accumulatively led 313 5G international standards, ranking first among global operators. We served as the joint rapporteur for the world's first 6G scenario and requirement standard, and the first wireless access network 6G standard in 3GPP. China Mobile's total number of effective patents exceeds 17,000 and we are the first domestic operator to join the world's largest Linux patent licensing platform.

Innovation yielded more prominent outcomes. *We made significant contributions to the commercial conversion of scientific innovation outcomes*. We promoted the nationwide commercial use of 5G and 5G-A technologies, creating over 48,000 5G industry commercial cases and helping China maintain an all-round leading position in areas including network construction, technology R&D, integrated applications and industrial development. We upgraded and improved the Data Switching Service Network (DSSN), which has been deployed in 6 provinces, supporting a monthly data transaction volume exceeding 100 million exchanges. The China Mobile DSSN has been written in the National Data Infrastructure Construction Guidelines, becoming the mainstream technical facility and implementation plan for the national data circulation and utilization infrastructure, supporting the healthy development of the data market. We have continuously promoted the large-scale application of 5G+ *Beidou* high-precision positioning, with service invocations exceeding 2.3 trillion. The outstanding result has won us the "Platinum Award", the highest award for innovative applications, from the Global Navigation Satellite System (GNSS) and Location Based Services (LBS) Association of China for two consecutive years. *We continued to improve the sci-tech innovation system and mechanism*. We ran the *Jiutian* Artificial Intelligence Research Institute while establishing new centres such as the Embodied Intelligence Industry Innovation Centre, the China Mobile General Security Research Institute, the Hong Kong Innovation Research Institute, and the Qilu Research Institute, further strengthening the "Unified Five Rings" innovation system[14]. We continued to optimize the three-tier sci-tech reform echelon comprising the sci-tech special zone, key sci-tech teams and a reserve pool, with 15 company-level sci-tech special zones. We have also strengthened the talent pool under the "10-10^2-10^3-10^4" program, and sped up the recruitment and development of high-calibre and scarce talent. In the pool, there are more than 5,500 technical experts, more than 20,000 first-rate engineers, and a total of 59,000 R&D personnel.

[14] The "Unified Five Rings" refers to our technology and innovation system that consists of five rings: the inner ring (major research institutes), the mid-ring (specialized companies facilitating industry research collaboration), the outer ring (provincial companies and regional innovation institutes), the partnership ring (tertiary institutes and enterprise partners), and the overseas ring (overseas R&D institutes and international organizations).

KEY RESULTS ACHIEVED IN "THREE MAJOR PROGRAMS": "AI+" INITIATIVE IN FULL SWING

The Company is seizing the opportunities presented by AI development, anchoring itself as a provider, aggregator and operator, fully leveraging its scale advantage in AI in technological capabilities and economic benefits, and accelerating the transformation from "+AI" to "AI+".

"AI+" capabilities continued to optimize. *We have strengthened our new AI infrastructure,* with two mega-scale intelligent computing centres with ten thousand-level processor capacity in Hohhot and Harbin commencing operation. Our hyper-scale training and inference-integrated intelligent computing platform supports functions such as large-scale training at ten-thousand level processor capacity, long-term stable training, heterogeneous mixed training and cross-domain scheduling. It is an industry-leading platform in terms of scale and technology. *We have honed high-quality core AI capabilities.* Backed by over a decade of experience, we benchmarked our standards against top international and domestic ones and overcame challenges with our proprietary technology in developing the *Jiutian* general large model, making it possible to make independent innovation in core capabilities across the entire data pipeline, including data construction, pre-training, fine-tuning and inference. The large model supports all modalities such as language, vision, speech, structured data and multi-modal, with versions available in various sizes. It was selected as one of the Top Ten National Pillar brands amongst Central State-owned Enterprises in 2024. In addition, we have deployed 40 AI industry large models in sectors such as energy, transportation, healthcare and education, assisting various industries in intelligent transformation, digital transformation and network integration. *We aggregated a high-quality AI industry ecosystem,* actively building the *Jiutian* ecosystem aggregation platform, opening large model training bases, evaluation bases and industry innovation bases, and, at the same time, introducing multiple high-quality domestic and international large models, datasets and intelligent agents. We established an AI joint laboratory with international partners. The China Mobile Cloud is advancing through a strategic transformation and upgrade, with a shift from cloud infrastructure to smart capabilities, and with basic cloud products undergoing comprehensive AI iterations. We constructed a new large model service platform, with upgraded base architecture, core capabilities, platform and services. We have built an AI+ large model data supply system, integrated into the national data annotation system, supporting the construction of national data annotation bases in Baoding and Changsha. *We are developing high-quality AI talent,* with the AI core team reaching around 2,000 members. The *Jiutian* AI team was selected as a 2024 Central State-owned Enterprise Model.

Innovative "AI+" applications proliferated. The Company has launched 24 AI+ products and 39 AI+DICT applications, accelerating the comprehensive upgrade to intelligent services. *In the corporate market, we stepped up our efforts to promote "AI+DICT" services,* introducing industry applications such as AI invigilation and AI quality inspection, and developing intelligent products including AI office assistants and AI video surveillance. We actively drove the monetization of AI capabilities, establishing more than 100 AI+DICT showcases covering central and provincial state-owned enterprises, higher education institutions, and leading enterprises across industries, and securing more than 500 projects. We have co-developed the *Kunlun* large model, achieving breakthroughs in the commercial application of AI+DICT integrated solutions. *In the mass market, we are building an AI product family,* upgrading strategic products such as video ringtones, 5G New Calling, China Mobile Cloud drive, mobile HD, and cloud computer, at the same time as creating innovative AI features. We focused on areas such as AI+ new communications, new office, new content, new smart home, new visual Internet and new hardware, cultivating diverse intelligent applications. We launched our AI agent, China Mobile AI intelligent assistant *Lingxi*, providing customers with comprehensive intelligent services covering office, study, life and entertainment. As of the end of December 2024, the total number of customers using our AI-powered products reached 190 million. Meanwhile, we greatly promoted the deep integration of AI into all areas of operations and management, with customer service, network, sales and marketing, auditing and office large models achieving production-level scale applications. Innovations in digital intelligent operations have seen breakthroughs in the share of "AI+ services", "AI+ sales and marketing" and "AI+ office" have significantly improved the work efficiency. The smart autonomous network has already reached an advanced level (L4) of smart autonomy in some scenarios, effectively utilizing AI capabilities such as enhancing energy-saving efficiency, accelerating service activation efficiency and enabling automatic network configuration.

REFORMS FULLY UNLEASHED VITALITY

The Company continued to drive reforms and enhance management, significantly strengthening internal motivation and fostering a more prosperous cooperative ecosystem.

Furthered enterprise reforms. *Mechanism reforms progressed in greater depth,* with the development of an implementation outline for furthering reforms across the board and the orderly launch of multiple key reform measures. We set up boards of directors in subsidiaries where conditions allowed, making the institutional systems even more robust. We have advanced the all-round transformation of the workforce in terms of structure, capability and composition with a forward-looking approach while improving the market-oriented employment mechanism. We precisely and efficiently allocated incentive resources to significantly increase the range and intensity of incentives. *Management was enhanced using scientific approaches* to optimize the collaborative mechanism by ensuring the headquarters, regional companies and specialized teams each performed their respective roles in overall strategy-setting and management, driving market development and enhancing competency. The headquarters' role in strategy-setting and management was further established. The sales and marketing organizational system for the general market and the corporate market was strengthened. We also implemented special initiatives to improve quality and efficiency while enhancing the level of precise and quality management. *Ground-level reforms were effectively implemented* with remarkable progress seen in "Scientific Reform Action" and "Double Hundred Action". Three of our subsidiaries were rated as "Benchmark" enterprises and five others rated "Outstanding" enterprises. We continued to drive transformation adopting a specialized, refined, differentiated and innovative approach. One of our teams was selected as a national Little Giant enterprise and two others were selected as high potential "Sailing Enterprise" by the State-owned Assets Supervision and Administration Commission (SASAC).

Open cooperation expanded. *In terms of strengthening strategic cooperation,* the Company continued to do so by actively establishing and forming closer strategic partnerships with various levels of government, enterprises and universities, promoting cross-sector synergies in information services and contributing to the development of new quality productive forces. *In terms of enhancing capital cooperation,* we have been vigorously planning our investment in strategic emerging industries and future industries such as AI, integrated space-air-ground networks, domestic software and advanced manufacturing, consistently increasing the synergy between industry and investment. *In terms of innovation cooperation,* we have enhanced joint innovation, building 5G and computility network innovation consortia, and expanding cooperation with a cumulative total of 40 central state-owned enterprises. We reinforced new joint R&D efforts by furthering the "Joint Innovation+" plan and deepening the integration of industry, academia, research and application. We strengthened regional and overseas innovation deployments by building a collaborative R&D management platform to promote the export of capabilities. *In terms of ecosystem cooperation,* we leveraged the role of chain leaders to drive integration, gathering over 1,400 upstream enterprises, and coordinating the implementation of the "Chain Integration Special Project 2.0" for 14 sub-chains to continuously enhance industrial leadership and resilience, and create high-quality industrial clusters. We also strengthened and expanded the GTI international cooperation platform, bringing together more than 400 international operators and industry partners.

OVERALL ESG PERFORMANCE WON WIDE RECOGNITION

As a responsible corporate citizen, the Company places great emphasis on sustainable development, consistently adhering to the principle of "Sincerity and Fulfillment, Self-Realization and Empowerment". Based on our own growth, we drive and empower comprehensive development in the economy, society and environment.

Furthered green development. Building on the "C^2 Three Energy – China Mobile Carbon Peak and Carbon Neutrality Action Plan"[15], we formulated the "C^2 Three Energy Plan 2.0", by upgrading our vision, goals, actions, organization and capabilities. We have incorporated green concepts into the entire production and operations process, promoting deep and substantive green, low-carbon and sustainable development with remarkable results. In 2024, the total energy consumption per unit of telecommunications business decreased by 9.7% year-on-year, and the carbon emissions per unit of telecommunications business decreased by 14.9% year-on-year. We have fully leveraged the role of information technology in carbon reduction, contributing to a carbon reduction of approximately 350 million tons for the entire society.

Practically and effectively understood social responsibility. We strove to leverage our expertise as an organization to support the high-quality development of the entire society and meet people's needs for a better life through digital and intelligent innovation. We led the way in offering new information services and empowering a better, smarter future, fully demonstrating the power of "wireless" and "mobility" in the digital and intelligent era. We ensured a robust support mechanism as we launched our regional development strategies in order to provide efficient services to enable the digital and intelligent transformation of regional economies and societies, and our efforts have yielded positive results. By promoting innovative development of supply chain finance, we provided tangible assistance to medium, small and micro enterprises in overcoming difficulties. We successfully accomplished communications missions for major events, and went all out to safeguard communications during flood prevention, and earthquake and disaster relief missions. We actively prevented and combated illegal and criminal activities on communications networks and strove to contribute to a clean and safe cyberspace. We promoted the "Digital Intelligence Rural Revitalization Plan" and built more than 410,000 digital villages that meet the standards. Our charity projects, including the China Mobile Heart Caring Campaign and the Blue Dream – China Mobile Education Aid Plan, have received widespread social acclaim.

15 C^2 Three Energy – China Mobile Carbon Peak and Carbon Neutrality Action Plan," "Three Energy" refers to the three key actions, covering energy saving, energy cleaning and empowerment.

Chairman's Statement

Corporate governance achieved remarkable results. We adhered to the principles of integrity, transparency, openness and efficiency, strictly complying with regulatory requirements for listed companies, ensuring the protection of shareholders' legal rights, and further strengthening the construction of the board of directors. We maintained active communication with the capital market, proactively strengthening investor relations, and maintaining high standards of corporate governance. We persistently strengthened our legal compliance in business operations, building a more robust compliance management, internal control, risk prevention and control system. This allowed us to enhance our ability to lawfully manage our operations and compliance system, providing strong support for the Company's reform and development. We strengthened audit supervision, focusing on key areas, improving risk warning capabilities and risk control effectiveness, and ensuring the Company's sustainable and healthy development.

The Company received the highest Five-Star Excellence rating in the "2024 China ESG Listed Companies Pioneer 100" list and the highest rating in the Wind ESG industry rating. We also topped the list of "China ESG Listed Companies Technology Innovation Pioneer 30". In addition, China Mobile's *Building the New Wutong·Honghu Digital Talent Nurturing Ecosystem* case study, contributing to the country's digital talent development, was selected as an Outstanding China ESG Practice Case Study in 2024. Moreover, *Institutional Investor* magazine awarded the Company the title of Most Honored Company while *Bloomberg Businessweek/Chinese Edition* magazine awarded the Company the honors of Listed Company of the Year and Most Valuable Investment Listed Enterprise. We also won the *Finance Asia* Best Telecommunications Service Company Gold Award and was included on the highest-level honor lists by the China Association for Public Companies, including Best Practice for Annual Results Presentation, Best Practice for Listed Company Board of Directors, and Best Practice for Listed Company Directors' Office.

FUTURE OUTLOOK

Currently, we are experiencing a new wave of technological revolution and industrial transformation characterized by digital intelligence. Data, computility and AI have become the key drivers of new quality productive forces. With the combined effect of high-quality data, high-performance computility and highly sophisticated algorithms, AI is accelerating its breakthrough in applications, empowering thousands of industries and households. This will significantly promote integrated innovation, industrial systems, enterprise operations and information consumption, leading the economy and society to evolve from "Internet+" and "5G+" to "AI+", and to stride into the AI+ new era.

Despite the pressures and challenges, the Company is presented with ample opportunities to realize its potential. We are at a critical stage with strategic opportunities, business transformation and intensive reforms all interwoven. On the one hand, the external environment has become more difficult and complex. Despite being on the path to recovery, the macro economy remains fragile. This is coupled with weak effective demand and consumption, causing difficulty in production and operations for some businesses. Traditional communications demand is becoming saturated, homogenous competition within the industry is intensifying, and cross-disciplinary competition is becoming more complex. On the other hand, we see valuable opportunities as our business transforms. First, the positive long-term macroeconomic trajectory has not changed, with the vast market scale, well equipped industry system, abundant labour and talent, and other favourable conditions. Second, economic and social development has opened up new spaces for information services. Strategic emerging industries and future industries are accelerating development while traditional sectors are speeding up their transformation and quality upgrade. The demand for a value-for-money, high-tech, high-emotional value and beautiful digital life is growing. The development of smart cities is on the fast track. Third, the evolution of information technology has brought about new growth opportunities for information services. AI-powered smart devices, intelligent connected vehicles and smart robots are fast becoming the "new trio" of information consumption across personal, vehicle and home scenarios. AI+DICT will become the new form of information services, driving the rapidly-rising popularity of new productivity platforms such as Model-as-a-Service.

Chairman's Statement

Facing all of these opportunities and challenges, we will fully, accurately and comprehensively implement the new development paradigm, strengthen confidence, maintain a clear focus, uphold integrity and forge innovation. We will seek progress while maintaining stability by closely adhering to the "1-2-2-5" strategic implementation plan and put the "Three Major Programs" into full practice. In addition, we will further reform and drive innovation, transformation and the cultivation of new growth drivers. We will continue to refine operations and implement precise management. Adhering to a customer-centric philosophy, existing customer and value operations based on market segmentation will become our strategic and long-term mission. We will strengthen the "Two New Elements" and expand the scale effect of "AI+" while vigorously promoting the deep integration of technological and industry innovations, and striving for breakthroughs in the "BASIC6" sci-tech innovation initiative. We will implement supply-side reforms to support high-quality development, alongside other reforms in innovation, systems, and mechanisms. We will advance all these measures in a practical and effective manner, weaving precision, refinement, and efficiency across the full process of operations and management, and empowering management and performance improvement with digital intelligence. We will reinforce the new paradigm of high-quality development and be committed to becoming a world-class information services and sci-tech innovation enterprise, and creating greater value for our shareholders and customers.

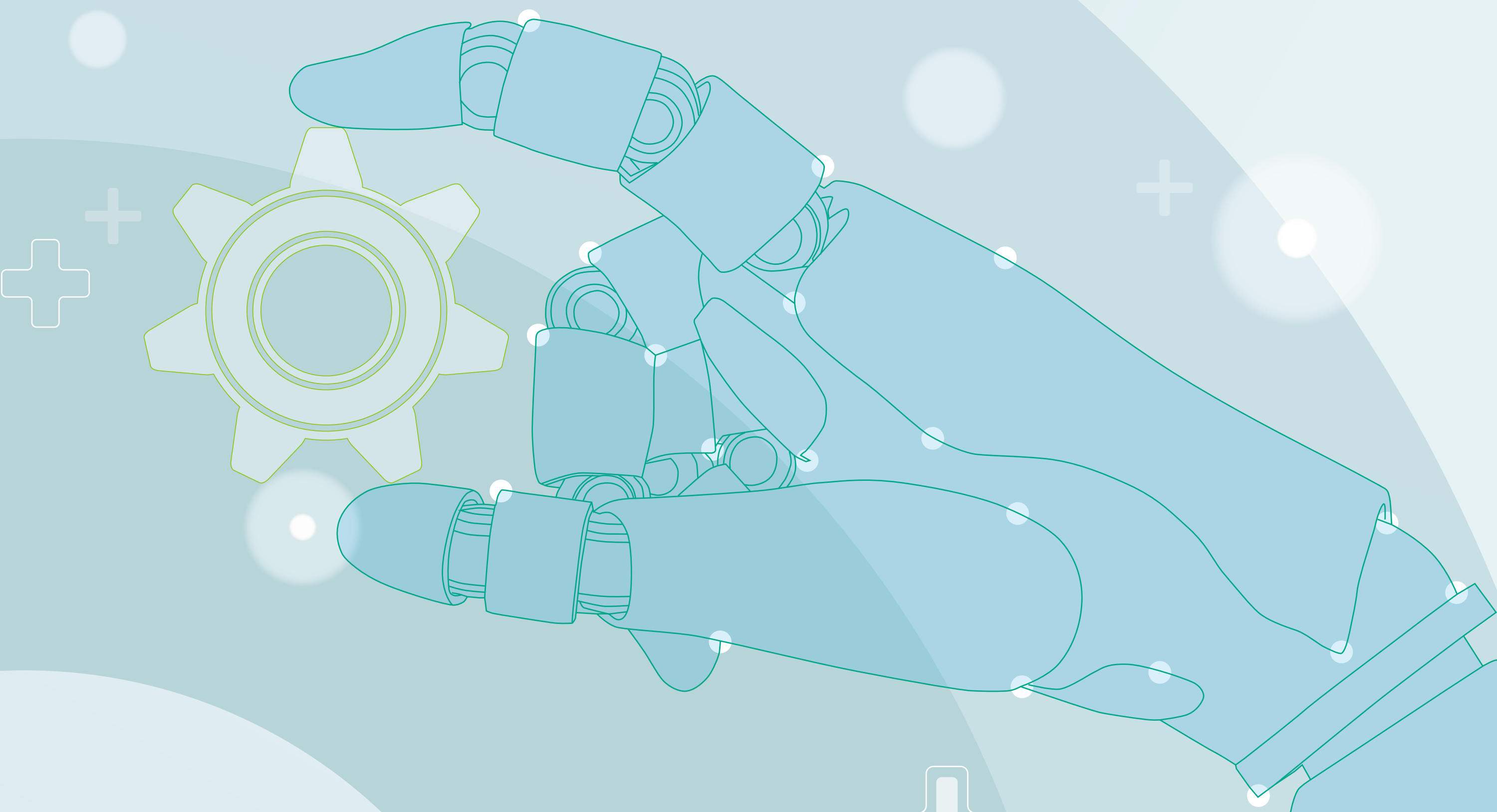
ACKNOWLEDGEMENT

Mr. Li Pizheng resigned as an executive director of the company in January 2025. Mr. Gao Tongqing and Mr. Sun Yingxin also ceased to serve as vice presidents in December 2024 and February 2025 respectively. During their tenure, Mr. Li, Mr. Gao, and Mr. Sun diligently fulfilled their duties, made significant contributions and demonstrated commendable dedication. On behalf of the Board of Directors, I would like to express our high appreciation and heartfelt gratitude for their outstanding contributions to the Company.

Finally, I would like to take this opportunity to extend my sincere thanks, on behalf of the Board, to all shareholders, customers and the public for their continued support and assistance, and to all employees for their hard work and dedication.

Yang Jie
Chairman

Hong Kong, 20 March 2025



BUSINESS REVIEW

BUSINESS REVIEW

In 2024, the Company comprehensively implemented the "1-2-2-5" strategy, and consistently advanced digital and intelligent transformation and high-quality development. By adhering to a philosophy of customer-centric development, we built a digital and intelligent operating model, focused on promoting customer integration, AI-driven products and services, platform-based operations, as well as streamlining the sales and marketing function and structure. This further solidified our basic capabilities, enabled stable and healthy growth in our overall business, and maintained our leading level of customer satisfaction. The Company achieved operating revenue of RMB1,040.8 billion, of which telecommunications services revenue was RMB889.5 billion, representing a year-on-year increase of 3.0%.

KEY OPERATING DATA

	2024	2023	Change%
Mobile Business			
Customers (million)	1,004	991	1.3%
Of which: 5G Network Customers (million)	552	465	18.8%
Net Additional Customers (million)	13.32	15.99	–16.7%
Of which: Net Additional 5G Network Customers (million)	88	138	–36.4%
Average Minutes of Usage per User per Month (MOU) (minutes/user/month)	222	242	–8.3%
Average Handset Data Traffic per User per Month (DOU) (GB/user/month)	15.9	15.9	0.1%
Average Revenue per User per Month (ARPU) (RMB/user/month)	48.5	49.3	–1.6%
Broadband Business			
Wireline Broadband Customers (million)	315	298	5.5%
Of which: Household Broadband Customers (million)	278	264	5.3%
Household Customer Blended ARPU (RMB/user/month)	43.8	43.1	1.6%
Corporate Business			
Corporate Customers (million)	32.59	28.37	14.9%
IoT Card Customers (million)	1,416	1,316	7.6%

FURTHERED SCALE-ENABLED AND VALUE-DRIVEN OPERATIONS

"Customer" Market

We focused on the holistic management of existing and new customers by strengthening integrated operation and enhancing customer loyalty to efficiently meet the diverse needs of customers to live a better digital life. On one hand, we strengthened existing customer operations and implemented a focused strategy to maintain customer value. We converged mid-to-high-end customers with GoTone operations to enhance their sense of gain. We enriched our offerings related to terminals, benefit products and applications, amongst others, and designed innovative scenario-based packages. We focused on the five factors to drive traffic growth: tariffs, terminals, products, ecosystems and networks. On the other hand, we undertook various measures to increase the scale of our customer base in order to speed up our growth and enhance customer value. By focusing on key customer segments such as business travellers, young generation, senior citizens and campuses, we were able to deliver differentiated product offerings to match their needs. We also created unique product benefits and launched benefit membership targeting emerging vertical markets, improving our competitive advantages. With a focus on ubiquitous connectivity, we vigorously drove the application of cloud handsets and terminal AI intelligent agents. As of the end of December 2024, the Company's 5G network customers reached 552 million, with its share of the overall customer base increased to an industry-leading rate of 55.0%. There was a net increase of 88 million customers in 2024, with an average monthly net increase of 7.30 million customers. 5G network customer ARPU and DOU reached RMB76.0 and 20.9GB respectively. Customer upgrade to 5G not only brought about value enhancements but also laid the foundation for future AI+ product expansion.

"Home" Market

We focused on the smart home business to build a smart home service ecosystem around "one line + one network + one home". Under the new China Mobile *Aijia* (AI Home) brand, we brought users a smarter, warmer and safer family life experience. We continued the AI+ upgrades, launching a smart network house-keeper, accelerating the large-screen application of our AI intelligent assistant *Lingxi*, and promoting the full AI-driven transition of home security intelligent services. We continued to enrich FTTR functions, promoting integrated solutions of "Gigabit + FTTR + Scenario-based services". We also actively expanded our home information services such as cloud computing, smart elderly care and smart home tutoring. The "Home" market achieved favourable growth, and obtained stable and healthy improvement in customer value. As of the end of December 2024, the number of household broadband customers reached 278 million, with a monthly average net increase of 1.17 million customers. The penetration rate of Mobile HD customers reached 75.2%. Smart home businesses in key scenarios such as networking, large screens and security maintained favourable growth, while accelerated expansion was seen in new HDICT (home data, information and communications technology) scenarios such as digital villages and smart communities. Household broadband revenue increased by 10.1%, smart home revenue increased by 4.4%, and household customer blended ARPU maintained stable and healthy growth.

Business Review

"Business" Market

We maintained our dual focus on business development and capability enhancement, particularly in industry verticals. We pursued operations in segmented scenarios in order to foster our competitive advantages in the "new quality" sectors. We further strengthened our market leadership by continuing to reinforce our capabilities in front-line sales, product solutions, and integrated service delivery in terms of both quantity and quality. We fully leveraged the combined advantages brought by China Mobile Cloud, converging computility, storage, network and applications to provide users with one-stop solutions. In view of the driving role AI has in the cloud, we worked to transform the China Mobile Cloud into an industry leader particularly in terms of intelligence, convenience and efficiency. In terms of 5G, we invested more effort in driving the technology's role in empowering economic and social development and promoting 5G industry applications from selective adoption to scaled replication across multiple segments. Our "three-pronged" approach to converting our traditional services into standardized, product-driven, and platform-based solutions has picked up speed, showing improvement in both quality and efficiency. We explored the development potential of commercial customers by enriching our offering of terminal, network, cloud and data products while sparing no effort in overcoming the challenges in high-value key scenarios such as buildings and industrial parks. This has yielded initial success in the corporate market segment. We actively formulated plans for the development of AI, low-altitude economy, Visual Internet, and security capabilities to create momentum for future growth. In 2024, our 5G vertical industry applications covered 80 of the 97 major categories of the national economy. Industry cloud revenue reached RMB83.8 billion, an increase of 18.3% year-on-year.

"New" Market

In terms of international business, we supported the formation of high-quality partnerships surrounding the Belt and Road Initiative, continued to optimize the build-out of the overseas information infrastructure, and improved the end-to-end service quality of international business. We continued to expand our "circle of friends" and grow the scale of our international business, with full-year international business revenue reaching RMB22.8 billion, an increase of 10.2% year-on-year. In terms of digital content, we focused on four product categories – video, music and color media[1], the metaverse, and games and reading. We converged the operation of content, platform, users, and commerce to break new ground. Full-year digital content revenue increased by 8.2% year-on-year while the number of monthly active cloud game users across all platforms reached 154 million, and the scale of video ringtone subscribers reached 427 million. In terms of FinTech, we launched the first financial risk management industry large model and provided services to multiple industry leading enterprises. The number of enterprises served by the financial industrial chain reached 3,170, an increase of 179% year-on-year. In terms of equity investment, guided by the strategy of building a world-class "Powerhouse", we continued to strengthen industrial investment by improving the fund investment platform and accelerating the expansion of the industrial innovation ecosystem. By doing so, we further demonstrated our role in creating value, fostering the ecosystem, and unleashing synergy between industries and investments.

[1] Color media refers to the media business related to color content for video ringtones

STRENGTHENED THE INFRASTRUCTURE FOUNDATION

We have always adhered to forward-looking planning and precise investment. We focused on connectivity, computility, and capability to cement our leadership in network scale, technology, quality and security. At the same time, we continued to implement precise and quality management, further optimize our investment structure, improve resource efficiency to secure investment returns, and promote green and low-carbon development.

The quality of our infrastructure continued to improve. As of the end of December 2024, the number of our base stations had exceeded 6.86 million, making our network the largest in the world. The total length of our optical network reached 35.86 million cable kilometers while our dedicated business network and backbone transmission network boasted bandwidth of 139 Tbps and 1,042 Tbps respectively. The bandwidth of CMNET, cloud dedicated network and IP dedicated network exceeded 633 Tbps.

We continued to optimize our international information infrastructure. As of the end of December 2024, we had over 90 submarine and land cable resources that enabled global coverage, and a total international transmission bandwidth of 164 Tbps. Our 330 POP covered all major countries and regions around the world. Our international roaming and 5G NSA services covered 268 and 87 locations respectively. Worldwide users covered by our Hand-in-Hand global partnership program exceeded 3.0 billion.

Total capital expenditure for the Company in 2024 totaled approximately RMB164.0 billion. We expect total capital expenditure for 2025 to be approximately RMB151.2 billion, primarily for areas such as optimizing connectivity infrastructure, upgrading computility infrastructure, building out long-term infrastructure, supporting CHBN sci-tech innovation, and enhancing customer satisfaction. The funds required will mainly come from operating cash flow.

BOOSTING SALES AND MARKETING EFFECTIVENESS

Channel Transformation

We furthered marketing transformation to deliver more efficient sales service. In the mass market, we implemented three key measures: first, we upgraded the channel system based on the "store + network + people" channel architecture, promoting transformation in five areas – channel system, planning, orientation, model, and support. Second, we enhanced our online capabilities, focusing on turning the China Mobile APP into the main platform for the operations and interactions of existing customers. We included business outlet, customer manager and smart home engineer functions on the APP to establish user connections. We also created the AI intelligent assistant *Lingxi* to optimize customer experience. Through these initiatives, we rapidly boosted the activity level on the APP. Third, we expanded the pan-terminal omni-channel alliance through building an ecosystem of terminals, linking up the channels and encouraging customers to join our membership programs. Further upgrade of the alliance took place in the year, making it the largest direct supply platform for pan-terminals in the country. In the corporate market, we focused on the construction of a customer-centric sales system, categorically sorting out the strategic customer list and the commercial customer list. We set up key roles to optimize the organizational structure for serving commercial customers and continuously strengthened our sales and marketing team. Our headquarters-to-headquarters strategy has gained traction. Coupled with pilot exclusive services for strategic customers, our front-end sales capabilities continued to improve.

Brand Operation

We are committed to building a high-quality and highly recognized prestigious brand. Guided by this strategic direction, we further built out and operated the "1+4+4" strategic brand system, winning customer word-of-mouth through a smoother network, more user-friendly products, more regulated sales practices, more convenient customer touchpoints, more streamlined processes, and a hassle-free experience. We innovated our brand operations by consolidating the customer value of GoTone, M-zone, Easy Own and China Mobile *Aijia* and other consumer brands, aggregating the technological value of product brands such as MIGU, China Mobile Cloud, *Wutong* Big Data and *Jiutian*, and enhancing the industry-leading brand value of China Mobile. We refreshed the China Mobile *Aijia* brand and built an AI-powered smart home service ecosystem, opening a new chapter for the brand with a sense of intelligence, warmth and security.

Business Review

Customer Service

We steadfastly advanced the implementation of a service management system encompassing every aspect and process of service and involving every member of staff, resulting in continued improvement of our overall service quality. First, the service management mechanism became more robust. The three-level Customer Experience Management Committee involving headquarters, provincial or professional companies, and prefectural companies was established, alongside a mechanism of hosting service quality analysis meetings. By doing so, we improved the efficiency of addressing customer pain points. Second, customers' perception of service was significantly improved. Service data gathered from various touchpoints was integrated. More than 150 million video customer service calls were conducted monthly while the touchpoint quality satisfaction rate increased year-on-year. The product quality standard system based on customer perception covered all four CHBN markets. We formulated and released the first service standard for the Video Internet industry. The satisfaction rate of key products remained at a high level. Third, our digital and intelligent service capabilities remained industry-leading. Customer service large models were applied on scale, and 31 provincial companies fully launched the augmented online customer service. The *Dayin* platform won the Best Practice in Digital Transformation of Listed Companies in 2024 award. Fourth, the reputation of "Heartwarming Service" improved continuously. We stepped up efforts to protect customer rights, and customer complaints were significantly reduced.

KEY PRIORITIES FOR 2025

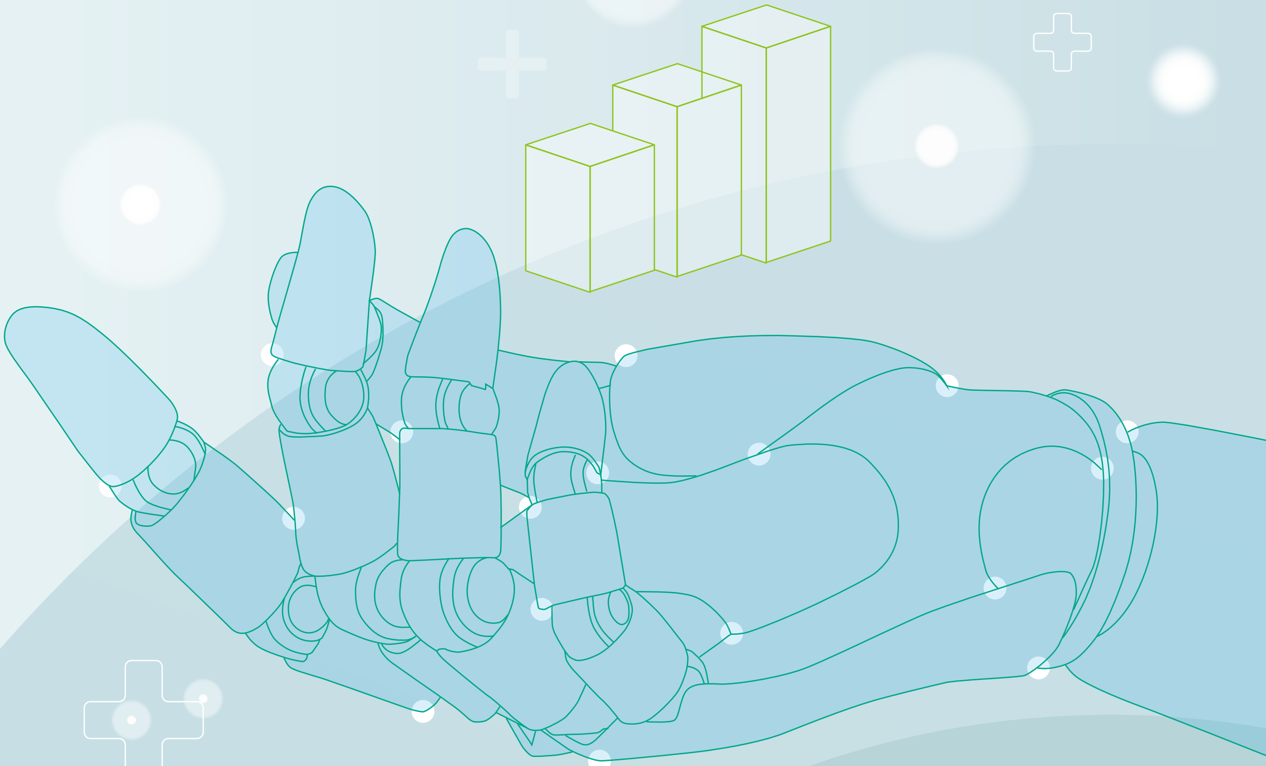
In 2025, We will relentlessly shoulder the responsibility of being the main force in building a strong "Technology Power" and "Cyberpower", and Digital China. We will fully demonstrate the power of "mobility" in the digital and intelligent era, stimulate the surging momentum of reforms and innovation, and take solid steps towards becoming a leading innovator in digital technology and information services. To this end, we will devote all our efforts to the following four areas:

First, we will pursue high-quality development and achieve new breakthroughs in corporate strength, quality and scale. We will consolidate our leading advantages of new information infrastructure, improve the level of refined operation, expand the revenue contribution of key markets, improve the level of global operation, accelerate the release of the AI+ scale impact, cultivate the growth momentum of emerging fields, and build a healthy development ecosystem.

Second, we will drive innovation and scale new heights in building the Company's sci-tech strength. We will vigorously promote the deep integration of technological and industrial innovation, making further breakthroughs in BASIC6. We will drive industrial innovation with technological innovation, and accelerate the cultivation and development of new quality productive forces.

Third, we will further the reforms and take new steps to stimulate momentum, vitality and potential. We will fully adopt the Company's implementation outline for furthering reforms across-the-board, extending various reforms swiftly and steadily to implement, solidify and achieve results. We will make concerted effort to drive reforms comprehensively, pragmatically and systematically.

Fourth, we will practise precise and quality management in order to make progress in improving operational efficiency and effectiveness. We will weave precision, refinement and quality together throughout the entire process of operations and management, promote the deep integration of AI across the board, and empower management and performance improvement with digitalization and intelligence.



FINANCIAL REVIEW

FINANCIAL REVIEW

In 2024, we seized the significant opportunities brought about by the development of new quality productive forces to the information services industry. At this important juncture, we continued to implement the "1-2-2-5" strategy, and progressively advance the "Three Major Programs" of "Two New Elements" upgrade, the "BASIC6" sci-tech innovation initiative and the "AI+" initiative. These efforts resulted in favourable operating performance and remarkable achievements in business transformation.

	2024	2023	Change
Operating revenue (RMB million)	1,040,759	1,009,309	3.1%
Revenue from telecommunications services (RMB million)	889,468	863,514	3.0%
Revenue from sales of products and others (RMB million)	151,291	145,795	3.8%
EBITDA (RMB million)	333,691	341,478	–2.3%
EBITDA margin	32.1%	33.8%	–1.7pp
Profit attributable to equity shareholders (RMB million)	138,373	131,766	5.0%
Margin of profit attributable to equity shareholders	13.3%	13.1%	0.2pp
Basic earnings per share (RMB)	6.45	6.16	4.7%

We proactively pursued market expansion, furthered our scale-based and value-oriented operations, and persisted in sound cost control practices, thereby maintaining our profitability at a leading level among international first-class telecommunications operators and continuing to create value for our shareholders.

OPERATING REVENUE

In 2024, our operating revenue reached RMB1,040.8 billion, up by 3.1% year-on-year, of which revenue from telecommunications services was RMB889.5 billion, up by 3.0% year-on-year. We refined our operations through customer segmentation, cultivated our existing strengths and furthered value-oriented operations. We enhanced product supply management and innovation, drove the comprehensive and integrated development of our CHBNVG markets, and achieved stable growth on record-high revenue.

Revenue from Telecommunications Services

We prioritized the development of a system of operations tailored for different market, customer, scenario and need segments, and promoted holistic development of existing and new customers. Our revenue from wireless data traffic services was RMB385.9 billion, down by 2.3 percentage points when expressed as a percentage of revenue from telecommunications services.

We continued to solidify our high grounds in terms of broadband scale and vigorously cultivated high-value commercial customers, with equal emphasis on scale and quality. Our revenue from wireline broadband services reached RMB130.2 billion, up by 9.6% year-on-year, making up a growing portion of our revenue from telecommunications services.

We focused on optimizing our business structure and developing new capabilities and sources of revenue. We leveraged AI+ as a core driver for growth in information services revenue and development of the digital intelligent economy in strengthening our capabilities, enhancing our value and expanding our scale in the information services sector. Our revenue from applications and information services reached RMB243.8 billion, up by 10.0% year-on-year, and contributed 2.6 percentage points of the increase in revenue from telecommunications services.

Revenue from Sales of Products and Others

Driven by sales of handsets and other terminals, our revenue from sales of products and others was RMB151.3 billion, up by 3.8% year-on-year. Our terminal sales business mainly serves to support the expansion of our principal telecommunications businesses, and hence its contribution to our profit is relatively low.

OPERATING EXPENSES

We consistently pursued precision, meticulousness and leanness in our operation management. We stepped up differential and systematic management of costs and resources and application of cost-reduction technologies, and persisted in lowering our costs while enhancing our efficiency.

In 2024, our operating expenses were RMB898.2 billion, up by 2.7% year-on-year. Our operating expenses represented 86.3% of our operating revenue.

	2024 RMB million	2023 RMB million	Change
Operating expenses	898,169	874,963	2.7%
Network operation and support expenses	283,341	268,895	5.4%
Depreciation and amortization	191,101	207,132	–7.7%
Employee benefit and related expenses	151,944	144,333	5.3%
Selling expenses	54,564	52,477	4.0%
Cost of products sold	149,240	142,807	4.5%
Other operating expenses	67,979	59,319	14.6%

Network Operation and Support Expenses

Network operation and support expenses were RMB283.3 billion, up by 5.4% year-on-year and representing 27.2% of operating revenue. Of which, maintenance, operation support and related expenses increased by 8.8% year-on-year and reached RMB191.0 billion, primarily driven by continued growth in our transformation-related businesses and innovation-related investments.

Depreciation and Amortization

Depreciation and amortization were RMB191.1 billion, down by 7.7% year-on-year and representing 18.4% of operating revenue. The decrease was primarily driven by the change of the depreciable life of 5G wireless assets and related transmission equipment.

Employee Benefit and Related Expenses

Employee benefit and related expenses were RMB151.9 billion, up by 5.3% year-on-year and representing 14.6% of operating revenue. The increase was primarily driven by our increased investments in sci-tech talents to support our strategic transformation and sci-tech innovation.

Financial Review

Selling Expenses

Selling expenses were RMB54.6 billion, up by 4.0% year-on-year and representing 5.2% of operating revenue.

Cost of Products Sold

Cost of products sold was RMB149.2 billion, up by 4.5% year-on-year and representing 14.3% of operating revenue. The increase was primarily driven by the growth in revenue from sales of products.

Other Operating Expenses

Other operating expenses were RMB68.0 billion, up by 14.6% year-on-year and representing 6.5% of operating revenue. The increase was primarily driven by expected credit impairment losses in accounts receivable and increases in settlement costs for our international businesses.

Profitability

In 2024, we continued to improve the quality and efficiency of our operations, maintained an industry-leading level of profitability, and continued to create greater value for our shareholders and customers. Profit from operations was RMB142.6 billion, up by 6.1% year-on-year. EBITDA was RMB333.7 billion, down by 2.3% year-on-year, and EBITDA margin was 32.1%, down by 1.7 percentage points year-on-year. Benefiting from solid growth in revenue, continued structural optimization and robust cost control, profit attributable to equity shareholders was RMB138.4 billion in 2024, up by 5.0% year-on-year. The margin of profit attributable to equity shareholders was 13.3%.

	2024 RMB million	2023 RMB million	Change
Profit from operations	**142,590**	134,346	6.1%
Other gains	**4,970**	9,823	–49.4%
Interest and other income	**23,005**	21,134	8.9%
Finance costs	**3,273**	3,730	–12.3%
Income from investments accounted for using the equity method	**11,097**	8,958	23.9%
Taxation	**39,863**	38,596	3.3%
Profit attributable to equity shareholders	**138,373**	131,766	5.0%

CAPITAL STRUCTURE

Our financial position continued to remain robust. As at the end of 2024, total assets and total liabilities were RMB2,108.1 billion and RMB711.6 billion, respectively. The liabilities to assets ratio was 33.8%.

We consistently and firmly adhered to our prudent financial risk management policies and maintained sound repayment capabilities. The effective interest coverage multiple was 48 times.

	As at 31 December 2024 RMB million	As at 31 December 2023 RMB million	Change
Current assets	568,559	498,104	14.1%
Non-current assets	1,539,568	1,494,553	3.0%
Total assets	2,108,127	1,992,657	5.8%
Current liabilities	633,018	558,565	13.3%
Non-current liabilities	78,570	88,107	–10.8%
Total liabilities	711,588	646,672	10.0%
Non-controlling interests	4,507	4,253	6.0%
Total equity attributable to equity shareholders	1,392,032	1,341,732	3.7%
Total equity	1,396,539	1,345,985	3.8%

FUND MANAGEMENT AND CASH FLOW

We consistently and firmly adhered to our sound and prudent financial policies and stringent fund management systems, and maintained a healthy cash flow and ensure the safety and integrity of our funds through our highly centralized management of investing and financing activities. Meanwhile, we continued to reinforce our centralized fund management efforts and made appropriate allocations of our funds, thereby fully leveraging our fund scale efficiency.

In 2024, we maintained a healthy and strong cash flow. Net cash generated from operating activities was RMB315.7 billion, up by 3.9% year-on-year. Net cash used in investing activities was RMB185.2 billion, down by 10.0% year-on-year. Net cash used in financing activities was RMB105.2 billion, down by 15.1% year-on-year. Free cash flow was RMB151.7 billion, up by 22.9% year-on-year. As at the end of 2024, our total cash and bank balances were RMB296.7 billion, of which 93.1%, 1.8% and 4.9% were denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively. Our robust fund management and healthy cash flow provided a solid foundation for our sustainable and healthy development.

	2024	2023	
	RMB million	RMB million	Change
Net cash generated from operating activities	**315,741**	303,780	3.9%
Net cash used in investing activities	**185,194**	205,699	–10.0%
Net cash used in financing activities	**105,167**	123,843	–15.1%
Free cash flow	**151,720**	123,486	22.9%

CREDIT RATINGS

Currently, the Company's corporate credit ratings are equivalent to China's sovereign credit ratings, namely, A+/Outlook Stable from Standard & Poor's and A1/Outlook Negative from Moody's. These ratings reflect that our sound financial strength, favourable business potential and solid financial management are highly recognized by the market.

SUSTAINABILITY REPORT

We fully embrace sustainability in our operation and management, dedicating ourselves to integrating the digital economy with the real economy, unleashing the potential for information services to stimulate growth, promoting economic development, social progress and people's livelihoods improvement, and empowering the digital intelligent and sustainable development of the economy, the society and the environment.

Focusing on digital intelligence innovation to drive economic development. We comprehensively advanced the upgrade of the "Two New Elements". By the end of 2024, we had put more than 2.4 million 5G base stations into operation; our gigabit network coverage had reached 480 million households; our "4+N+31+X" computility network had covered all Eastern Data and Western Computing hub nodes; our intelligent computility capacity had reached 29.2 EFLOPS (FP16), while our general-purpose computility capacity had reached 8.5 EFLOPS (FP32); and our integration platform had responded to 777.6 billion deployment requests from internal and external users. We steadfastly advanced the "BASIC6" sci-tech innovation initiative and promoted the close integration of sci-tech innovation with industrial innovation. We also spared no effort in cultivating and reinforcing national-level sci-tech powers: our *Jiutian* large model was selected as one of the Top Ten National Pillar brands amongst Central State-owned Enterprises, whereas our computility optical network – 400G backbone network was selected as one of the Top 10 mega-projects of China's central state-owned enterprises in 2024. We comprehensively implemented the "AI+" initiative, accelerated integrated innovation in computational intelligence, perceptual intelligence, cognitive intelligence and motor intelligence. We fully leveraged our capability advantage and expanded AI use cases to various context in production, daily life and governance. By the end of 2024, we had delivered over 40,000 ICT solutions for various industries. We also actively shouldered our responsibility as the leader of the modern mobile information industry chain, by supporting the development of a symbiotic industry chain, expanding multi-format and inclusive collaboration in the ecosystem, and building a digital economy ecosystem with close partnership and connection.

Embracing inclusive growth and cultivating a better collective livelihood. We are committed to growing alongside and sharing our achievements with the society. We adhered to the "Talent Strengthening Enterprise" strategy, taking a precise, tailored and efficient approach to talent development, to provide solid support for our high-quality development. We continued to operate "Five Small" heartwarming projects, mutual aid funds, Happiness "1+1" cultural and sports activities as well as other initiatives to improve our employees' well-being. We accelerated the inclusive development of information services. We continued to advance the "Digital Intelligence Rural Revitalization Plan": we have expanded our 5G network to cover over 90% administrative villages in China and built around 415,000 qualifying digital villages. To share the results of our growth, we also took steps to address the diverse digital needs of different groups such as the elderly, physically impaired and ethnic minorities. Meanwhile, we launched an all-out combat against telecom fraud and harmful information, filtering 22.34 billion junk SMS and MMS and cutting-off 1,969.12 billion connections to harmful websites. We spared no effort in safeguarding emergency communications for major events, disaster relief missions and other similar cases. We actively took part in charitable activities and organized charitable events and volunteer services. We continued to operate our classic "One Red and One Blue" brand public welfare project (the *China Mobile Heart Caring Campaign* and the *Blue Dream – China Mobile Education Aid Plan*) and furthered the operations of our open-to-all internet public welfare platform. We integrated ourselves with regional development strategies, promoted the high-quality development of the "Belt and Road" and helped facilitate the development of a new pattern of mutual promotion between domestic and international dual circulation.

Sustainability Report

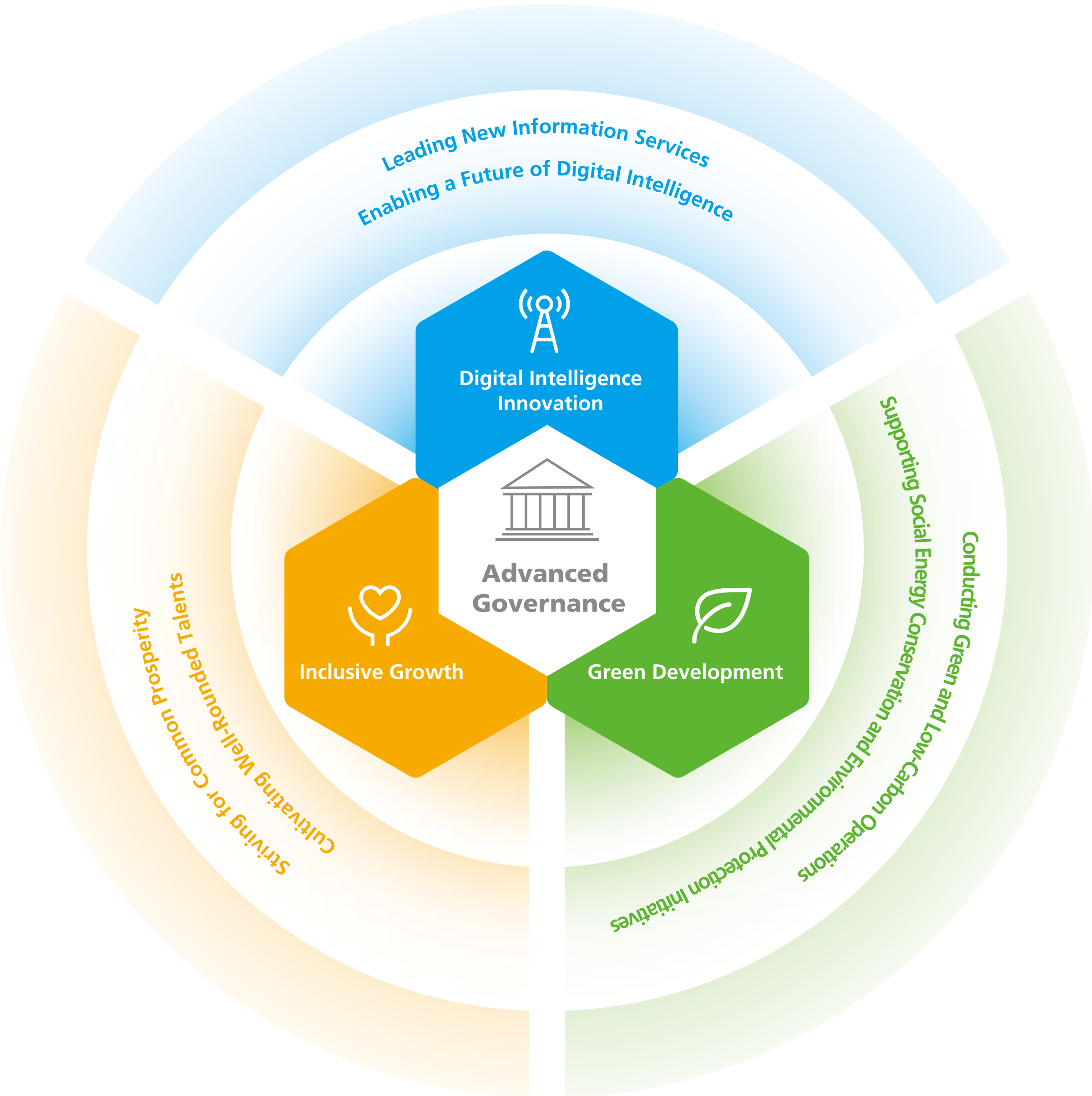
Practicing green development and empowering low-carbon transformation of the society. We consider combatting climate change as part and parcel of our development plan. We continued to advance the "C^2 Three Energy – China Mobile Carbon Peak and Carbon Neutrality Action Plan", making our contribution to the national carbon peak and carbon neutrality goals with our new "Three Energy and Six Green" development model. We practiced green and low-carbon operations. We continued to develop green base stations and green data centers and launched a "Green Intelligent Computility" initiative. In 2024, total energy consumption of our base stations reduced by 2%, despite the addition of 467,000 new 5G base stations. In 2024, we generated 290 million kWh of electricity from green energy sources, while the overall Power Usage Effectiveness (PUE) of our data centers reduced by 1% from that of 2023. We also took leadership in developing a green supply chain. In 2024, we conducted around 29,000 paperless procurements, representing close to 100% of our procurement, saving over 100 million sheets of paper and cutting carbon emission by around 260 tons. We embraced environmental protection efforts across the lifecycle in a green industry chain. We promoted the use of green packaging, saving 281,400 cubic meters of lumber during the year. We leveraged the role of information technology in carbon reduction, supported digital intelligent transformation and upgrade for environmental protection and pollution governance, and empowered the green transformation of the society. In 2024, we contributed to a reduction of carbon dioxide emissions by approximately 350 million tons for our society.

Maintaining excellence in governance and continuing to refine our sustainable development capabilities. We continued to optimize and modernize our governance system, safeguard our investors' interests and develop our directorship structure. We refined our three-level internal audit system and explored digital transformation of our audit capabilities. We actively implemented reforms and noticed improvements in management effectiveness. We stepped-up our reform action plans for key areas, such as the "Double Hundred Action" and the "Science and Technology Reform Action". We trained 13 specialized and innovative teams for strategic emerging industries. We reinforced our comprehensive risk management system, upgraded our digital intelligent risk management approaches, and developed complex and comprehensive risk models. We continued to implement a "Compliance Escort Plan" as we remained firmly committed to strict compliance with laws in our operations. We continued to develop and expand an embedded system with China Mobile characteristics to mitigate integrity risks, conduct precise integrity training in key areas, improve compliance awareness and safeguard our bottom-line of integrity.

Establishing a robust sustainability management structure and work system. We have always remained committed to our sustainability philosophy of "Sincerity and Fulfillment, Self-Realization and Empowerment". We have set up a Sustainability Committee under the Board of Directors to strengthen the supervision and management of sustainability efforts. We have published Sustainability Reports for 19 consecutive years, addressing concerns and expectations of stakeholders. We have conducted the Outstanding Corporate Social Responsibility Practice Case Selection for 17 consecutive years, identifying 1,333 practice cases and selecting 284 exemplars, promoting the application and dissemination of excellent sustainability practices internally and beyond.

Sustainability Report

China Mobile's Sustainability Model



CSR Philosophy: Sincerity and Fulfillment, Self-Realization and Empowerment

China Mobile's Sustainability Management Structure

Decision-Making Level	The Sustainability Committee of the Board, which comprises two Executive Directors and two Independent Non-executive Directors, is responsible for making recommendations to the Board on the Company's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives and goals; supporting the Board's decision-making on the Company's social responsibility and sustainability issues; overseeing, reviewing and evaluating actions taken by the Company in furtherance of corporate social responsibility and sustainability priorities and goals; and reviewing and reporting to the Board on sustainability risks and opportunities. The establishment of the Sustainability Committee will further enhancement our sustainability governance.
Organizational Level	We have set up a dedicated Sustainable Development Office as a standing organization, dedicated to spearheading the management of key sustainability issues and overseeing related information disclosures.
Implementation Level	Departments specializing in sustainable development across our professional divisions and subsidiaries are responsible for implementing our sustainable development directives and administrative guidelines, and reporting on sustainability progress on a regular basis.

China Mobile's Sustainability Management System

Strategy Management	Implementation Management
• Sustainability philosophy • Sustainability strategy and planning • Sustainability management system and specialized policies	• Sustainability team building • Sustainability research projects, publicity and training • Identification and management of key sustainability issues • Integrating sustainability into professional management
Communication Management	**Performance Management**
• Preparation, publication and dissemination of sustainability reports • Regular and special communication with stakeholders	• Integrating sustainability into strategic performance management • Awarding outstanding CSR practices

For more detailed information on our sustainability achievements in 2024, please refer to the *China Mobile Limited Sustainability Report 2024* published on the Company's website (www.chinamobileltd.com).

CORPORATE GOVERNANCE REPORT

Our goal has always been to enhance our corporate value, maintain our sustainable long-term development and generate greater returns for our shareholders. In order to better achieve these objectives, we have established sound corporate governance practices following the principles of integrity, transparency, openness and efficiency, while continuing to refine various policies, internal controls and management mechanisms and procedures having regard to the major stakeholders in good corporate governance, including shareholders, board of directors and its committees, management and staff, internal auditors, external auditors and the wider community such as customers, local communities, industry peers, regulatory authorities so as to prevent and resolve all kinds of risks.

As a company listed in Hong Kong and Shanghai, we shall also comply with corporate governance practices required by China Securities Regulatory Commission ("CSRC") and the SSE. Please see "2. Major Differences Between the Company Laws of the Place of Incorporation, the Articles of Association and the Company Laws and other Domestic Laws" under "Section 9 – Corporate Governance" in the Prospectus for Initial Public Offering of RMB Ordinary Shares (A Shares) of China Mobile Limited dated 21 December 2021 on the major differences between our corporate governance practices and those required of listed issuers under the regulations of the CSRC.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

The Sustainability Committee under our Board of Directors (the "Board") was responsible for corporate governance function, including to discuss issues related to environmental, social and governance matters, to develop and review policies and practices on corporate governance, to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, and to propose and make recommendations to the Board. For the year ended 31 December 2024, the Company complied with all the code provisions under Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

We require the procedures of our Board, its committees and other internal bodies to strictly comply with the principles of the Corporate Governance Code.

I. SHAREHOLDERS

The Company is incorporated in 1997 in Hong Kong and owned by all shareholders. Our ultimate controlling shareholder is CMCC. Our ordinary shares were listed on the HKEX and the SSE on 23 October 1997 and 5 January 2022, respectively. As of 31 December 2024, our total number of issued shares was 21,517,317,437, among which, approximately 69.40% were held directly and indirectly by CMCC. The remaining approximately 30.60% were held by public investors.

Shareholder Rights

Shareholders may make inquiries in writing to the Board. Inquiries must be deposited at our registered office at 60/F, The Center, 99 Queen's Road Central, Hong Kong (the "Registered Office"), for the attention of the Company Secretary, providing sufficient contact information so that such inquiries can be properly handled. In addition, shareholders may also raise their concerns and suggestions in the Q&A session at our annual general meetings ("AGMs").

Pursuant to the Articles of Association of the Company and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Hong Kong Companies Ordinance"), shareholders may also: (i) request to circulate a resolution for an AGM; (ii) request to call an extraordinary general meeting ("EGM") and (iii) propose a person other than a retiring director for election as a director at an AGM. Full text of the Articles of Association of the Company is available on the websites of the Company, the HKEX and the SSE.

I. Request to circulate a resolution for an AGM

- The Company holds a general meeting as its AGM every year. The AGM is usually held in May.

- A request to circulate a resolution for an AGM may be submitted by:

  (i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM; or

  (ii) at least 50 shareholders who have a right to vote on the resolution at the AGM.

- The request must identify the resolution of which notice is to be given, and must be authenticated by the person(s) making the request. The request should be sent to the Company at the Registered Office, for the attention of the Company Secretary, and must be received by the Company not later than six weeks before the AGM or, if later, the time at which notice is given of the AGM.

- The request will be verified with Computershare Hong Kong Investor Services Limited (the "Computershare"), the Company's share registrar, and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the AGM.

Corporate Governance Report

II. Request to call an EGM

- Shareholder(s) representing at least 5% of the total voting rights of all shareholders having a right to vote at general meetings of the Company can make a request to call an EGM.

- The request must state the general nature of the business to be dealt with at the meeting, and must be authenticated by the person(s) making the request. The request may include the text of a resolution that may properly be moved and is intended to be moved at the meeting, and may consist of several documents in like form. The request should be sent to the Company at the Registered Office, for the attention of the Company Secretary.

- The request will be verified with Computershare, the Company's share registrar, and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders.

III. Proposing a person other than a retiring director for election as a director at an AGM

If a shareholder wishes to propose a person other than a retiring director for election as a director at an AGM, he/she must lodge a written notice to that effect at our Registered Office for the attention of the Company Secretary. In order for the Company to inform shareholders of that proposal, the written notice must state the full name and biographical details of the person proposed for election as a director as required by Rule 13.51(2) of the Hong Kong Listing Rules, and be signed by such shareholder. A written notice signed by the person proposed for election as a director indicating his/her willingness to be elected must also be lodged with the Company. The period for lodgment of such written notices shall be of not less than seven days and shall commence no earlier than the dispatch of the notice of the AGM and end no later than seven days prior to the date of the AGM. If the notices are received less than 15 days prior to the AGM, the Company will need to consider the adjournment of the AGM in order to allow shareholders 14 days' notice of the proposal.

The above details and procedures on shareholders' rights are available on our website.

Shareholder Value and Communication

The Company's established principle is to strive to create value and generate greater returns for our shareholders. We believe that our industry-leading profitability and ability to generate healthy cash flow will provide sufficient support for our future development while continuing to create higher value for our shareholders.

Financial Year		Ordinary Dividend Per Share (HKD)	Total Dividend Per Share (HKD)
2024	final[1]	2.490[2]	5.090
	interim	2.600	
2023	final	2.400	4.830
	interim	2.430	
2022	final	2.210	4.410
	interim	2.200	
2021	final	2.430	4.060
	interim	1.630	
2020	final	1.760	3.290
	interim	1.530	

1 Pending approval at the AGM.

2 The final dividend will be denominated and declared in Hong Kong dollars, and paid to holders of A Shares in RMB at an exchange rate calculated on the basis of the average of the mid-prices of HKD to RMB as announced by the People's Bank of China during the one week prior to the date of the AGM for declaring the dividend.

To ensure effective communications between the Company and its shareholders, we have formulated shareholders communication policies. We regularly review the implementation of these policies and consider them to be effective. We have established a securities affairs department, dedicated to providing necessary information and services to shareholders and investors, to maintain an active dialogue with them as well as other participants in the capital markets, and to make sure they are fully informed of our operations and development.

We use a number of formal channels to report to shareholders on the performance and operations of the Company, particularly through our annual and interim reports. Generally, when announcing interim results, annual results or major transactions in accordance with the relevant regulatory requirements, the Company arranges investment analyst conferences, press conferences and investor conferences to explain the relevant results or major transactions to the shareholders, investors and the general public, listen to their opinions and address any questions they may have. In addition, the Company adheres to the practice of disclosing certain key, unaudited operational and financial data on a quarterly basis to further increase the Group's transparency and to provide shareholders, investors and the general public with additional and timely information so as to facilitate their understanding of the Group's operations.

The Company keeps in touch with investors through investment conferences, one-on-one meetings, teleconferences and other forms of exchange and interaction to timely deliver information on our operations to the capital markets. In 2024, we attended 46 investor conferences and convened an aggregate of 297 investor meetings covering a total of 1,292 investment institutions and over 2,266 investors. We will continue our efforts to enhance investor relations.

The Company also attaches great importance to general meetings, including AGMs and EGMs, and makes substantial efforts to enhance communications between the Board and the shareholders. At each general meeting, the Board always makes efforts to fully address questions raised by shareholders. In 2024, we held one AGM.

On 22 May 2024, we held our AGM in the Grand Ballroom, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong. The major items discussed and the percentage of votes cast in favour of the resolutions are set out as follows:

1. to consider and approve the 2023 Annual Reports (including the audited consolidated financial statements, the Report of the Directors and the Report of the Auditors for the year ended 31 December 2023) of the Company (99.9794%);

2. to consider and approve the profit distribution plan of the Company and declare a final dividend for the year ended 31 December 2023 (99.9791%);

3. to consider and approve the authorization to the Board to determine interim profit distribution of the Company for the year ending 31 December 2024 (99.9790%);

4. to re-elect Mr. YANG Jie and Mr. HE Biao as executive director of the Company (99.7408% and 99.9618%, respectively);

5. to re-elect Dr. YANG Qiang as independent non-executive director of the Company (99.3762%);

6. to re-appoint KPMG and KPMG Huazhen LLP as the auditors of the Group, and to authorize the Board to fix their remuneration (99.9779%);

7. to give a general mandate to the Board to buy back Hong Kong Shares not exceeding 10% of the number of issued Hong Kong Shares (99.9662%);

8. to give a general mandate to the Board to allot, issue and deal with additional Shares not exceeding 20% of the number of issued Shares (96.8214%);

9. to extend the general mandate granted to the Board to allot, issue and deal with Shares by the number of Hong Kong Shares bought back (96.9139%); and

10. to consider and approve the external guarantees plan for 2024 (98.2584%).

All resolutions were duly passed at the AGM. Hong Kong Registrars Limited, the Hong Kong share registrar of the Company then, acted as scrutineer for vote-taking at the AGM. Poll results were announced on the websites of the Company, the HKEX and the SSE on the day of the AGM.

Shareholders' Calendar

The following table sets out the tentative important dates for our shareholders for the financial year ending 31 December 2025. Such dates are subject to change. Shareholders should refer to our announcements issued from time to time.

2025 Important Shareholders' Dates

20 March	Announcement of final results and final dividend for the year ended 31 December 2024; Publication of 2024 A-Share annual report on the websites of the Company and the SSE
11 April	Publication of 2024 annual report on the websites of the Company and the HKEX
14 April	Dispatch of 2024 annual reports to Hong Kong shareholders
22 May	2025 AGM
Late June	Payment of final dividend for the year ended 31 December 2024
Mid-August	Announcement of interim results and interim dividend, if any, for the six months ending 30 June 2025
Late September	Payment of interim dividend for the six months ending 30 June 2025, if any

II. THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

The Board of Directors

The key responsibilities of the Board include formulating the Group's overall strategies and objectives, setting management targets, overseeing internal controls and financial management, and supervising the performance of our management, while day-to-day operations and management are delegated by the Board to the management of the Company.

In accordance with the Articles of Association and the Policy Governing the Procedures of Board Meetings of the Company, the main functions and powers of the Board include:

1. to convene general meetings and report its work at general meetings;

2. to execute resolutions passed at general meetings;

3. to formulate proposals for distribution of dividends of the Company;

4. to formulate proposals for increasing or reducing the number of issued shares of the Company;

5. to formulate proposals for the amalgamation, winding up or change of company status of the Company (including a change from a public company to a private company):

6. to the extent permitted under or authorized at applicable laws and regulations, the listing rules, general meetings and the Articles of Association, to consider and approve the material transactions, external investments, acquisitions or disposals of assets, pledges of assets, external guarantees, connected transactions, affiliated transactions and other matters of the Company;

7. to appoint or remove the chief executive officer, other members of senior management and the company secretary of the Company, and to determine their remuneration as well as awards and penalties;

8. to formulate proposals for amending the Articles of Association;

9. to propose to the general meeting the appointment or change of the auditors in charge of the audit of the Company;

10. to the extent permitted by applicable laws and regulations and the listing rules, to consider and approve the issue of bonds (other than convertible bonds that require consideration and approval at a general meeting) by the Company; and

11. other functions and powers as provided under applicable laws and regulations, the listing rules, the Articles of Association and so forth.

The Board currently comprises eight directors, namely Mr. YANG Jie (Chairman), Mr. HE Biao (CEO), Mr. WANG Limin and Mr. LI Ronghua (CFO) as executive directors, and Mr. YIU Kin Wah Stephen, Dr. YANG Qiang, Mr. LEE Ka Sze Carmelo and Mrs. LEUNG KO May Yee Margaret as INEDs. There is no financial, business, family or other material/relevant relationship(s) between the Board members. The list of directors and their roles and functions is available on the websites of our Company, the HKEX and the SSE. The biographies of our directors are presented on pages 7 to 13 of this annual report and on our website.

Mr. DONG Xin has resigned from his positions as an executive director and the Chief Executive Officer of the Company by reason of work reassignment with effect from 11 January 2024. Mr. LI Pizheng has resigned from his position as an Executive Director of the Company by reason of age with effect from 8 January 2025. Both Mr. Dong and Mr. Li have confirmed that there were no disagreement with the Board and there were no matter relating to each of their resignation that needed to be brought to the attention of the shareholders of the Company.

As proposed by the Nomination Committee of the Company and after review and approval by the Board, Mr. HE Biao was appointed as an Executive Director and Chief Executive Officer of the Company with effect from 26 April 2024, and Mr. WANG Limin was appointed as an Executive Director of the Company with effect from 8 January 2025. Mr. He and Mr. Wang obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules on 26 April 2024 and 6 January 2025, respectively, and each of them confirmed that he understood his obligations as a director of a listed issuer.

Remuneration, Appointment and Rotation of Directors

The Remuneration Committee is responsible for determining the remuneration packages of all executive directors and senior management. The remuneration package of our executive directors consists of a basic annual salary, a performance-linked annual bonus and a term incentive. The remuneration of INEDs is determined in part by reference to their experience, the prevailing market conditions and their workload as INEDs and members of the Board committees of the Company. Please refer to notes 11 and 12 to the consolidated financial statements on pages 124 to 126 of this annual report for directors' and senior management's remuneration in 2024.

The Board has adopted a Director Nomination Policy. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out below to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. Criteria in evaluating and selecting candidates for directorship include:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies, and diversity considerations under the Board Diversity Policy;
- Requirement for the Board to have independent directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Hong Kong Listing Rules;
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

All newly-appointed directors receive a comprehensive induction to make sure that they have a proper understanding of the operations and business of the Company, and that they are fully aware of their responsibilities as a director, the listing rules of the stock exchanges on which the Company is listed, applicable laws and regulations, and their duties under the business and governance policies of the Company. The service contracts of our INEDs do not provide for a specified length of service. All newly-appointed directors are subject to re-election by shareholders at the first AGM after their appointment. Every director is subject to retirement by rotation and needs to stand for re-election at least once every three years.

The nomination and appointment of Mr. HE Biao and Mr. WANG Limin in April 2024 and January 2025 were conducted in accordance with the above policy and procedures. The Company has not entered into any service contract with Mr. He and Mr. Wang which provides for a specified length of service. Mr. He has been re-elected as an executive director of the Company at our AGM held on 22 May 2024 and Mr. Wang shall hold office until the coming AGM and then be eligible for re-election. As proposed by the Board and approved by the shareholders of the Company, each of Mr. He and Mr. Wang will receive an annual director's fee of HK$180,000. Such fees are payable on a time pro-rata basis for any non-full year's service. The remuneration of Mr. He and Mr. Wang has been determined by the Board with reference to their respective duties, responsibilities and experience, prevailing market conditions and so forth. Both Mr. He and Mr. Wang have voluntarily waived their annual director's fee of HK$180,000.

Board Meetings

Board meetings of the Company are held at least once a quarter and as and when necessary. Our directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and abstain from voting as appropriate. In 2024, as all of our executive directors hold executive positions at CMCC, they have voluntarily abstained from voting on the Board resolutions approving continuing connected transactions and routine affiliated transactions. Our Chairman held one meeting with the INEDs without the presence of other directors in 2024.

During the financial year ended 31 December 2024, the Board met on ten occasions (including six occasions by way of written resolutions) and the directors' attendances at the meetings were as follows:

	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee	AGM
INEDs						
Mr. YIU Kin Wah Stephen	10	7	3	2	–	1
Dr. YANG Qiang	10	7	3	2	–	1
Mr. LEE Ka Sze Carmelo	10	7	3	2	1	1
Mrs. LEUNG KO May Yee Margaret	10	7	3	2	1	1
Executive Directors						
Mr. YANG Jie (Chairman)	9	–	–	–	–	1
Mr. DONG Xin[3]	1	–	–	–	–	–
Mr. HE Biao (CEO)[4]	5	–	–	–	–	1
Mr. LI Pizheng[5]	10	–	–	–	–	1
Mr. LI Ronghua (CFO)	10	–	–	–	1	1

3 Mr. DONG Xin resigned from his positions as an executive director and the CEO of the Company with effect from 11 January 2024.

4 Mr. HE Biao was appointed as an executive director and the CEO of the Company with effect from 26 April 2024.

5 Mr. LI Pizheng resigned from his position as an executive director of the Company with effect from 8 January 2025.

Our directors attend Board meetings and committee meetings in person or by video or telephone conferencing. In 2024, the Board met on ten occasions (including six occasions by way of written resolutions) and resolved on various matters, among others, relating to our continuing connected transactions and routine affiliated transactions, buy-back Hong Kong shares, the 2024 Hong Kong and A-shares interim reports, the 2024 interim dividend, the special report on deposit and actual utilization of proceeds from the RMB Share Issue, the 2023 Annual Reports (including the audited financial statements and the Report of the Auditors for the year ended 31 December 2023), the sustainability report, the 2023 annual and 2024 interim profit distribution plans, the annual material risks evaluation report, the annual internal controls evaluation report, re-appointment of auditors and determination of their remuneration, annual business, investment and financial plans, annual external guarantees plan, equity investment plan, annual internal audit project plan, the on-going strategic planning and implementation priorities, amendment of the terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee. In addition, the Board reviewed and approved our quarterly results and other matters by means of written resolutions.

Corporate Governance Report

Starting from 2024, our Sustainability Committee took over the responsibilities for performing **corporate governance** duties on its terms of reference, and reviewed the Company's corporate governance report, Sustainability Report and the report on compliance with relevant laws and regulations.

The Board has adopted a **Board Diversity Policy** since September 2013. In considering the composition of the Board, diversity will be considered from a number of perspectives in accordance with our business model and specific needs, including professional experience and qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge and reputation, knowledge of the laws and regulations applicable to the Group, gender, ethnicity, language skills and length of service etc. Such perspectives under the Board Diversity Policy shall be taken into account in recommending appointment and re-election of directors and be monitored on an on-going basis by the Nomination Committee of the Company. In 2024, our Nomination Committee reviewed and approved the appointment of our CEO Mr. HE Biao. The Board currently includes one female director and has met its target for gender diversity.

We have established a succession mechanism to maintain a balanced **composition of the Board**, and to ensure independent views and input are available to the Board.

The Board has adopted a **Dividend Policy** in 2019 to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment and distribution of dividends to the shareholders of the Company, which includes, among others, in recommending or declaring dividends, the Company shall allow its shareholders to participate in the Company's profits whilst retaining adequate cash reserves for meeting its working capital requirements and long-term sustainable development needs. The Company shall also take into account the Group's actual financial performance, business strategies and operations, future capital requirements and investment needs, as well as economic conditions and other internal or external factors that may have an impact on the business or financial performance and conditions of the Group, and other factors that the Board may consider relevant. After giving full consideration to the Company's profitability, cash flow generation and future development needs, in the three-year period from 2024, the profit to be distributed in cash for each year will gradually increase to above 75% of the profit attributable to equity shareholders of the Company for that year.

To ensure the timely disclosure of any change to directors' personal information, we have set up a specific communication channel with each of our directors. The directors have disclosed to the Company their positions in other public companies or organizations and other significant commitments at the time of their respective appointment, and the Company has made enquiries with all directors for any changes in the course of preparing our annual and interim reports and made appropriate disclosures in a timely manner. Information regarding their directorships in other listed public companies in the last three years is set out on pages 7 to 13 of this annual report and on the Company's website. The Company purchases a directors and officers' liabilities insurance on behalf of its directors and officers and reviews the terms of such insurance annually.

The Company has received a **confirmation of independence** from each of our INEDs, namely Mr. YIU Kin Wah Stephen, Dr. YANG Qiang, Mr. LEE Ka Sze Carmelo and Mrs. LEUNG KO May Yee Margaret and considers them to be independent.

All of our directors have complied with Code Provision C.1.4 of the Corporate Governance Code on participation in **continuous professional development**, and provided records of the trainings they received to the Company. In 2024, we provided our newly-appointed director with trainings on directors' duties and operational norm of listed companies under Hong Kong and Shanghai listing rules. In addition, we also provided each director with updates on relevant regulations, regulatory enforcement highlights and case studies, and other training materials on market value management.

The Company has adopted the **Model Code** set out in Appendix C3 to the Hong Kong Listing Rules to regulate the directors' securities transactions. Save and except for the interests disclosed on page 74 of this annual report, none of the directors had any other interest in the shares of the Company as of 31 December 2024. All directors have confirmed, following specific enquiry by the Company that they have complied with the Model Code during the period between 1 January 2024 and 31 December 2024.

The directors of the Company are responsible for the preparation of the accounts of the Company. Our management submits monthly reports to the members of the Board, setting out the Company's performance as well as industry reports and information, to enable them to make a more comprehensive assessment and to have a more throughout understanding of our performance and prospects. For the reporting responsibilities of the auditors with respect to our financial statements, please refer to the Independent Auditor's Report on pages 85 to 90 of this annual report.

The Board Committees

The Board currently has four principal Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee. Except for the Sustainability Committee, each committee consists solely of INEDs. With the appointment and authorization of the Board, each of the Board committees operates under its written terms of reference. In 2024, we amended the terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee.

The terms of reference of the Board committees of the Company are available on the websites of the Company, the HKEX and the SSE, and can be obtained from the Company Secretary upon written request.

Corporate Governance Report

Audit Committee

Membership

The current members are Mr. YIU Kin Wah Stephen (Chairman), Dr. YANG Qiang, Mr. LEE Ka Sze Carmelo and Mrs. LEUNG KO May Yee Margaret, who are all INEDs. The members of our Audit Committee possess professional qualifications and extensive experience in accounting, finance and risk management, artificial intelligence and sci-tech research, laws and regulations, economics and business and so forth.

Summary of Authorities and Duties

The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is also authorized to seek any information it requires from any employee and to seek outside legal or other independent professional advice at the Company's expense. The duties of the Audit Committee are, among others, to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of external auditors, to approve the remuneration and terms of engagement of external auditors, and to deal with any questions of resignation or dismissal of such auditors; to review and monitor external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to develop and implement policy on the engagement of external auditors to provide non-audit services; to monitor the truth, integrity and accuracy of the Company's financial statements, annual reports and accounts, interim reports and, where applicable, quarterly reports, and to review significant financial reporting judgments contained in them; and to oversee the Company's financial reporting system, risk management and internal controls.

Summary of Work Done in 2024

In 2024, the Audit Committee met on seven occasions (including three occasions by way of written resolutions) and the attendance of each member is disclosed on page 55 of this annual report. It met with our external auditors for three times in 2024 and one of such meetings was held without any executive directors being present.

Work done by the Audit Committee in 2024 mainly included the following:

- reviewed and approved the audited financial statements, annual results, report of the directors, financial review, etc. for the financial year ended 31 December 2023;
- reviewed and approved the 2023 profit distribution plan and the 2024 interim dividend;
- reviewed and approved the re-appointment, the budgets and remuneration of external auditors of the Company;
- reviewed and approved the quarterly results for the first quarter of 2024, the interim results for the six months ended 30 June 2024 and the quarterly results for the first three quarters of 2024;
- reviewed and approved the equity investment work in 2023 and the equity investment plan in 2024;
- reviewed and approved the 2023 internal control evaluation report;
- reviewed and approved the internal audit reports;
- reviewed and approved the amendment to the terms of reference of the Audit Committee;
- reviewed and approved the annual risk assessment report and annual external guarantees plan;
- reviewed and approved the 2023 assessment report on accounting and financial reporting system; and
- reviewed and approved connected (affiliated) transactions.

In 2024, our Audit Committee completed a review on our risk management and internal controls, and its own performance in the previous year as well.

Remuneration Committee

Membership

The current members are Mr. YIU Kin Wah Stephen (Chairman), Dr. YANG Qiang, Mr. LEE Ka Sze Carmelo and Mrs. LEUNG KO May Yee Margaret, who are all INEDs.

Summary of Duties

The duties of the Remuneration Committee are, among others, to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive directors; to review and approve the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time; to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment; to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; to ensure that no director or any of his associates is involved in deciding his own remuneration; to make recommendations to the Board on the Company's policy and structure for remuneration of all directors, senior management and employees including salaries, incentive schemes and other share option schemes, and on the establishment of formal and transparent procedures for developing remuneration policy; and to review and/or approve matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules.

Summary of Work Done in 2024

In 2024, the Remuneration Committee met on three occasions (including one occasion by way of written resolutions), during which the committee primarily resolved to approve the target and actual completion rate of senior management's annual KPI, the director's fee for the newly-appointed members of our Sustainability Committee, and amendment to the terms of reference of our Remuneration Committee.

Nomination Committee

Membership
The current members are Dr. YANG Qiang (Chairman), Mr. YIU Kin Wah Stephen, Mr. LEE Ka Sze Carmelo and Mrs. LEUNG KO May Yee Margaret, who are all INEDs.

Summary of Duties
The duties of the Nomination Committee are, among others, to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; to assess the independence of INEDs; and to make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive Officer.

Summary of Work Done in 2024
In 2024, the Nomination Committee met twice (including one occasion by way of written resolutions), during which the committee resolved to approve the appointment of director in accordance with our Director Nomination Policy described above and amendment to the terms of reference of our Nomination Committee.

Sustainability Committee (established on 1 January 2024)

Membership
The current members are Mrs. LEUNG KO May Yee Margaret (INED) (Chairman), Mr. HE Biao (ED), Mr. LI Ronghua (ED) and Mr. LEE Ka Sze Carmelo (INED).

Summary of Duties
The duties of the Sustainability Committee are, among others, to discuss issues related to environmental, social and governance matters, to propose and make recommendations to the Board on the Company's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives and goals, and to report to the Board on its decisions; to oversee, review and evaluate actions taken by the Company in furtherance of the corporate social responsibility and sustainability priorities and goals; to review and report to the Board on sustainability risks and opportunities; to develop and review policies and practices on corporate governance, and make recommendations to the Board; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to review and monitor the training and continuous professional development of directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and to review and make recommendations to the board of directors on the Company's public communication, disclosure and publications (including the Sustainability Report and the Corporate Governance Report) as regards to its performance in corporate social responsibility, sustainability and corporate governance.

Summary of Work Done in 2024
In 2024, the Sustainability Committee met once, and resolved to approve the 2023 Sustainability Report, Corporate Governance Report, and the report on compliance with relevant laws and regulations.

III. MANAGEMENT AND EMPLOYEES

The task of the management and employees is to implement the strategy and direction as determined by the Board, to take care of day-to-day operations and functions of the Company, and to maintain the values and corporate culture of China Mobile. The division of responsibilities among our principal executive officers and senior management is set out in the biographies of directors and senior management on pages 7 to 13 of this annual report and on the Company's website.

The Company provides clear guiding principles for our management and employees to do what is right and obey all laws and regulations. They are also subject to various trainings and continuous professional development, including a variety of online learning and information sources, formal executive development programs and attendance at executive briefings on relevant topics. These principles cover all aspects of our operations.

We embrace diversity and uphold non-discriminatory employment practices. Strictly abiding by the requirements under the laws and regulations of where we operate, we have upheld the principles of fairness, openness and impartiality in our recruitment process, and challenged and taken measures to prevent any form of workplace discrimination. We formulated and stipulated in the China Mobile Recruitment Management Measures that there shall be no discriminatory conditions such as race, ethnicity, gender, religion, body height, appearance or any other conditions that are irrelevant to the work duties. Adhere to the principle of equal employment, we keep improving our remuneration and benefits management, opening up communication channels for employees, and effectively protecting their basic rights and interests. By the end of 2024, the total number of our employees (including senior management) reached 455,405, among which 236,489 were female employees, and there is no child labor or forced labor occurred.

Code of Ethics and Anti-Corruption

For the purpose of promoting honest and ethical conducts and deterring wrongdoings, the Company, in 2004, adopted a code of ethics, which is applicable to our chief executive officer, chief financial officer, deputy chief financial officer, assistant chief financial officer and other designated senior officers of the Group. In the event of a breach of the code of ethics, the Company may take appropriate preventive or disciplinary actions after consultation with the Board.

On whistleblowing, the Company has set up a mailing address (Tower A, 29 Jin Rong Avenue, Xicheng District, Beijing 100033) and a CEO mailbox, as well as welcomes reports during on-site supervision and inspections, as channels for employees and the public to raise concerns about misconduct, malpractices or improprieties in any matter related to the Company. The Company upholds whistleblowers' lawful rights and interests and keeps reports, status of investigations and information of whistleblowers strictly confidential. More information for the number of corruption litigation cases and their results are published on the website of the Central Commission for Discipline Inspection and the National Supervisory Commission.

With respect to **anti-corruption**, we persisted in establishing anti-corruption systems that cover all aspects of anti-corruption and formulated an Integrity Commitment Trial System. We deepened the construction of embedded integrity risk prevention and control mechanisms, and furthered and optimized the construction and digital intelligence level of our embedded integrity risk prevention and control mechanisms. In 2024, we carried out targeted integrity education focusing on key areas such as marketing, government and enterprises, networks, international business and finance, and conducted 2-round routine inspections in a total of 14 subsidiaries, optimized the top-level system design for inspection rectification.

Indicator	2022	2023	2024
Anti-corruption education events held during the year	11,524	13,705	**14,736**
Anti-corruption education and trainings – participants during the year (person-times)	724,519	833,181	**1,165,838**

Management Mechanism

The Company has established collective **decision-making policies** for major issues. We keep refining our major issue catalogue and criteria to prevent risks in decision-making. We have continuously strengthened the inspection mechanisms, especially on key areas such as procurement biddings to look for loopholes in our management system and resolve them. Within the Group, we urge for honest operation, healthy development, good performance and shareholders' interest protection.

We continued to optimize our management systems and improve our business processes, refining and updating the internal control manual and matrix at least every six months to maintain the same frequency resonance with businesses procedures. By the end of 2024, our internal control manual and matrix have covered 14 business processes and 483 internal control points. With respect to **risk management**, we published several top-level internal control risk management methods such as *China Mobile Risk Management and Internal Control Management Measures, China Mobile Specific Risk Assessment Management Measures for Major Projects, China Mobile Major Operational Risk Event Reporting Management Measures*. Focusing on the overall operation objectives, we embedded the basic risk management processes and institutional systems in all aspects of the production and operations, striving to build an integrated, unified and coordinated risk management system. In 2024, we upgraded our digital risk control methods to improve the effectiveness of risk management. We improved the centralized financial and business systems, applied the digital technologies to strengthen our centralized risk supervision relying on centralized system foundations and mid-platform capabilities. By the end of 2024, our internal control IT solidification rate increased from 90% to 95%.

With respect to **compliance management**, we furthered our "Compliance Escort Plan" to build a solid compliance foundation for our high-quality development. In light of the internal and external changes, we urged our subsidiaries to improve their compliance management and organizations, strengthen their compliance operating mechanisms, to enhance the overall compliance risk control. In order to enhance the mechanism coordination, we further promoted the integration of our early warning mechanism and our internal control mechanism of domestic and overseas compliance risk identification and assessment. Moreover, we continued to strengthen compliance risk prevention and control in key areas, and compiled and updated relevant compliance guidelines. By accelerating AI empowerment, we applied new AI technologies to upgrade our smart legal capabilities and improve the quality and efficiency of the internal and external compliance management. Meanwhile, we continued to carry out multi-level and multi-dimensional compliance trainings and cultural activities to strengthen the compliance team and culture construction, and to promote the integration of compliance concepts into daily business operation.

IV. INTERNAL AUDIT

The Internal Audit Department (the "IA Dept.") conducts independent and objective confirmation and provides consulting services in respect of the appropriateness, compliance and effectiveness of the Company's business activities, internal controls and risk management by applying systematic and standardized auditing procedures and methods. The IA Dept. also assists the Company in improving the effectiveness of corporate governance, risk management and internal controls, with an aim to promoting its corporate value, operations, and sustainable and healthy development as well as contributing to the achievement of its strategic objectives.

The Company and its operating subsidiaries have set up internal audit departments, which independently audit the business units of the Company and its operating subsidiaries. The head of the IA Dept. directly reports, four times a year, to the Audit Committee which, in turn, reports to the Board regularly. The Board and the Audit Committee give instructions with respect to internal auditing. The IA Dept. regularly reports to the senior management. The senior management ensures that adequate resources and level of authorization are allocated and granted for internal audit, and deploys and supervises follow-up and rectification in connection with issues identified in audit. The IA Dept. has unrestricted access to the relevant businesses and assets records and personnel in the course of performing their duties.

The IA Dept. establishes an internal audit scope and framework and carries out risk investigations on an annual basis. According to the results of the risk investigations, the IA Dept. formulates an annual audit plan and, together with the Audit Committee and the Board, reviews and approves the annual audit plan and resources allocation. The annual audit plan of the IA Dept. covers various areas including financial audit, internal controls audit, information systems audit and risk assessment. For financial audit, the IA Dept. reviews and assesses the truthfulness, accuracy, compliance and efficiency of the Company's financial activities and financial information as well as the management and utilization of the Company's capital and assets. For internal controls audit, the IA Dept. audits and assesses the effectiveness in the design and implementation of the Company's internal control system. According to the requirements under the Corporate Governance Code under the Hong Kong Listing Rules, the General Provisions on Annual Internal Control Evaluation Report from the CSRC, the Guideline No. 1 for Self-Discipline of Listed Companies – Standardized Operation from the SSE, the Basic Norms for Enterprise Internal Controls, the Guidelines for Evaluation of Enterprise Internal Controls and other relevant regulatory requirements of the mainland of China, the IA Dept. organizes and performs audit assessment on the internal control over financial and non-financial reporting of the Group, covering all material areas such as financial, operational and compliance controls, on an annual basis, to provide assurance for the Company's management in its issuance of the internal control assessment report. The information systems audit focuses on reviewing and assessing the information systems, information technology applications, information security and the related internal controls and procedures. At the same time, the IA Dept. carries on special projects and investigations in response to requests from the Company's management or the Audit Committee or if otherwise required. In addition, without prejudice to its independence, if requested by the Company's management and as required by business needs, the IA Dept. provides management advice or consultancy services by making use of audit resources and audit information to facilitate the Company's decision-making and operational management.

The IA Dept. makes improvement recommendations in respect of its findings in the course of the audits and requests the management to undertake and to confirm the implementation plans, methods and timeline. It regularly monitors the status of the implementation of the recommendations to ensure their completion.

In 2024, clinging on major national policies and the Company's "1225" strategic implementation ideas, we carried out internal audit work and innovated seven types of full coverage audit model. We continuously supervised the compliance with national policies, laws and regulations and our company policies, and strengthened audit supervision in key areas such as sci-tech innovation, computing facilities, software security, costs and expenses, network construction. We built a classified inspection mechanism for audit rectification and improved accountability standards and methods, and the quality and effectiveness of supervision. We formulated an AI+Audit plan to build a large audit model based on our *Jiutian* artificial intelligence platform and other infrastructure, to increase the amount of digital audit workforce, and to create flagship products of China Mobile Intelligent Audit and Jian Shen Qian Xun such as XR visual audit and contract AI intelligent bodies, so as to inject intelligence and capability internally and output creativity externally.

We report regularly to the Board and the Audit Committee with respect to the building up of our internal audit organization, its human resources and qualifications, staff training, annual audit plan and budget, and the audit results. In 2024, we focused our audit on the main findings of each audit project and their rectification. We provide specific guidance on audit focus, rectification advice, AI+audit, team building and others to ensure the effectiveness of internal audit functions.

In 2025, we will focus on the going-through audit supervision, clinging on key tasks such as high-tech self-reliance, high-quality development, compliance management, maximizing input-output, people-centered development thinking, and cyber power. We will deepen the audit full coverage organizational model, comprehensively promote the innovative development of AI+audit, and deepen the application of audit results so as to convoy our high-quality sustainable development.

V. EXTERNAL AUDITORS

With the shareholders' approval at our 2024 AGM, KPMG and KPMG Huazhen LLP (collectively, "KPMG") are the external auditors of the Group for the year ended 31 December 2024 for financial reporting purposes. The principal services provided by KPMG in 2024 included:

- review of interim consolidated financial information of the Group;
- audit of annual consolidated financial statements of the Group and annual financial statements of its subsidiaries;
- audit of the effectiveness of the Group's internal control over financial reporting as of 31 December 2024; and
- other non-audit services, pre-approved by the Audit Committee.

The following table sets forth the types of, and fees for, the principal audit services and non-audit services provided by KPMG (please refer to note 7 to the consolidated financial statements for details):

	2023 RMB million	2024 RMB million
Audit services fees[6]	86	86
Non-audit services fees[7]	1	2

[6] The item (excluding VAT) includes RMB16 million (2023: RMB16 million) as the fees rendered for the audit of internal control over financial reporting as required by relevant regulatory requirements.

[7] Including the fees for tax compliance services, advisory services and other assurance services.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Our Audit Committee under the Board conducts annual review of the effectiveness of the Group's risk management and internal control systems to reasonably ensure that the Company is operating legally and the assets are safeguarded and to ensure the accuracy and reliability of the financial information that the Company employs in its business or releases to the public. The said systems are designed to manage rather than eliminate the risk of failure to meet business objectives, and can only provide reasonable but not absolute assurances against material misstatement or losses. Our Audit Committee evaluated the effectiveness of the Group's risk management and internal controls for the year ended 31 December 2024, covering all important aspects including financial, operational and compliance controls, to ensure we have adequate resources, staff qualifications and experience, staff training programmes and budget for accounting, internal audit, financial reporting, and ESG performance and reporting. Based on such review, the Board considered the Group's risk management and internal control systems to be effective and adequate.

Our management is responsible for establishing and maintaining internal control over financial reporting. The management of the Company reports to Audit Committee at least twice a year about the building-up and performance of its risk management and internal controls, including interim and annual evaluation reports, and receives guidance and supervision from the Audit Committee. In compliance with the provisions and requirements under the Hong Kong Listing Rules, and Basic Norms for Enterprise Internal Controls, the Guidelines for Evaluation of Enterprise Internal Controls and other relevant regulatory requirements of the mainland of China, we established a stringent internal control system over financial reporting.

We established a hierarchical top-down risk assessment mechanism, relying on the strategic level risk assessment (material risk assessment), the management level risk assessment (major projects risk assessment) and the operational level risk assessment (procedure risk assessment), to assist the management to acknowledge risk information in a timely manner in order to make a reasonable decision. Based on risk assessment, we established a three-tier internal controls of "the top level internal control system, the internal control professional system and the internal control practices guidelines", which brought the control requirements to the whole process of marketing, production and management. Based on our business operation, we focus on high risk and key management areas and perform risk assessment, so as to enforce our internal control requirement in our daily operations. Meanwhile, we assigned specific responsibilities to individuals and input the control requirements in our IT systems to strengthen the internal controls. And through multiple internal and external supervision and inspections, including self-assessment, management evaluation, external audit, etc., we effectively improved the execution efficiency and effectiveness of our internal controls.

Based on daily and specific supervision of internal controls, the management of the Company conducted evaluation on the effectiveness of the internal controls as of 31 December 2024 (the reference date of the internal control evaluation report)), and concluded that there were no significant deficiencies and material weaknesses in the internal controls over financial and non-financial reporting. The Board believes that the Company's internal control over financial reporting was effective in all material aspects, in accordance with the requirements of the norms for enterprise internal controls and relevant regulations.

INFORMATION DISCLOSURE AND INSIDER DEALINGS

Information disclosure by the Company is made under the unified leadership and management of the Board, and performed by the management. Since 2003, the Company has implemented the information disclosure internal controls and procedures, and established a Disclosure Committee, the members of which include our Chairman, chief executive officer, chief financial officer and heads of main functional departments. Empowered by the Board, the Disclosure Committee is responsible for organizing and coordinating routine reporting and disclosure to prompt timely, compliant, truthful and complete disclosure of information, ensure good corporate governance and transparency, properly get back to the investors, analysts and media inquiries, and prevent volatility of our share price caused by false market information.

To satisfy the relevant regulatory requirements in relation to our RMB Share Issue, the Board reviewed and approved the Administrative Measures for Information Disclosure and the Administrative Measures for Raised Funds, which had taken effect on 5 January 2022 and are available in Chinese on the websites of the Company, the HKEX and the SSE.

Under circumstances where any departments or officers are in breach of disclosure procedures and internal controls, resulting in reporting or disclosure errors, or in breach of disclosure related laws and regulations, the Company shall hold the relevant personnel accountable.

In compliance with the provisions of Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), the Securities Law of China, Administrative Measures for Information Disclosure of Listed Companies from the CSRC and other requirements, we formulated the Insider Information Registration Management Measures, setting up rules and black-out periods on directors, management and employees in dealing with the securities of the Company or exercising share options while they are in possession of inside information. Those who may come into possession of inside information in performing their duties are required to undertake their duty of confidentiality and prohibition against insider dealing. Unauthorized use of confidential or inside information for profits is strictly prohibited to prevent violation of laws and regulations and internal disciplines.

The Company attaches great importance to the management of inside information. In general, any authorized speaker from the Company only makes clarification and explanation on information already available in the market, and avoid revealing any unpublished inside information. Before any external interview, such speaker shall seek verification from the relevant department about any information to be disclosed.

CONTINUOUS EVOLVEMENT OF CORPORATE GOVERNANCE PRACTICES

We will closely study the development of governance practices among the world's leading corporations, future evolution of the relevant regulatory environment and the requirements of the investors on an ongoing basis. We will also review and enhance our corporate governance procedures and practices from time to time to keep improving our capabilities in fulfilling our governance responsibilities, so as to meet our shareholders' expectations and ensure the long-term sustainable development of the Company.

HUMAN RESOURCES DEVELOPMENT

In 2024, our human resources work fully adhered to the strategy of becoming a world-class enterprise by building a dynamic "Powerhouse" and fully implemented our "1-2-2-5" strategy. We focused on continuously strengthening our talent pool for sci-tech innovation, furthering our "Two Inputs and Two Outputs" systematic reforms, and optimizing the structure and enhancing the competency of our workforce, to guarantee solid organizational and talent support for our high-quality, sustainable development and our mission of sci-tech innovation.

We focused on building a team of high-quality talents to support sci-tech self-sufficiency. Firstly, we were actively involved in national strategic talent systems and furthered our implementation of national talent projects. We continued to cultivate our strategic leadership talent pool through participation in national talent plans, recruitment of group-level experts and offering dual employment to star talents. Secondly, we solidified our diverse and structured talent pool. We had over 5,500 provincial-level experts under our "10-102-103" program. We selected and recruited around 20,000 outstanding engineers to meet the needs of our key sci-tech projects and new business areas. We also invested heavily in attracting mature top talents specializing in high-end technologies as well as outstanding doctoral graduates in key specialties. Thirdly, we continued to advance reforms in our talent systems and mechanisms, and made innovations such as piloting a technical chief engineer system as well as building 20 talent demonstration zones.

We refined our strategies in allocating remuneration resources and advanced multi-facet reforms of our incentive systems. We focused on performance achievements, by furthering our performance-linked and contribution-tied labour cost "resources sharing model", and introducing a range of measures to drive stable growth. We focused on business development, by dedicating special incentive policies for key markets, key regions, key businesses and key products. Showcasing our ongoing commitment to innovation, we systematically implemented high-level, differentiated and long-term sci-tech innovation incentive mechanisms. We dedicated labour cost resources for teams tasked with strategic innovative missions, determined remuneration packages for high-end and high-potential personnel on an individual basis, doubled-down our support for sci-tech research "special zones" and enriched medium- to long-term incentive mechanisms, to unleash sci-tech workforce motivation and vitality.

We encouraged workforce transformation to support our transformation and development. Firstly, we accelerated workforce transformation and re-allocated resources to AI and other key areas. We built a team of technical personnel with over 180,000 members, including 59,000 research personnel. Secondly, we optimized our workforce structure. We set up teams dedicated to key matters such as business front-end sales and delivery of DICT integrated solutions, put the right person in the right job and fully leveraged the potential of our workforce. Thirdly, we innovated the form of our workforce and built a formation of over 60,000 digital employees. Fourthly, we advanced a high-quality, professional and systematic set of training for cadres. We organized the "Leadership Skills Empowerment" training series and provided topical training to all members of our senior management on an ongoing basis, to cultivate a mindset for transformation and taking ownership. Fifthly, we furthered practical training for our workforce in key areas and reshaping of our core skilled talents. For instance, surrounding key areas for sci-tech innovation, we launched the "BASIC6 Empowerment – Sci-tech Innovation First" training series, the "AI+" knowledge-for-all empowerment movement, as well as the "Product Empowerment – Practice Makes Perfect" product learning campaign.

REPORT OF DIRECTORS

The directors take pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group's principal activity is providing telecommunications and information services in 31 provinces, autonomous regions and directly-administered municipalities in the mainland of China and Hong Kong. The principal activity of the Company is investment holding.

The revenue of the Group during the financial year consisted primarily of revenue generated from the provision of telecommunications and information services.

RMB SHARE ISSUE

In order to grasp the window of opportunity to develop the information services market, promote the implementation of the strategy of becoming a world-class enterprise by building a dynamic "Powerhouse", advance digitalized and intelligent transformation, cultivate a digitalized and intelligent ecosystem with new vitality and build new momentum toward high-quality development, the Company conducted an initial public offering of RMB ordinary shares (the "RMB Shares", also known as "A Shares", and such initial public offering, the "RMB Share Issue"). On 5 January 2022, the RMB Shares were listed on the Main Board of the Shanghai Stock Exchange (the "SSE").

The total gross proceeds from the RMB Share Issue were RMB51,981,373,781.86. After deducting offering expenses, the net proceeds from the RMB Share Issue were RMB51,373,879,467.74. As set out in the Company's circular dated 24 May 2021 (the "Circular") and the prospectus dated 21 December 2021 (the "Prospectus") in relation to the RMB Share Issue, and as approved by the shareholders of the Company, after deducting offering expenses, all proceeds from the RMB Share Issue will be used towards projects related to the Company's principal business, which include the development of premium 5G networks, the development of new infrastructure for cloud resources, the development of gigabit broadband and smart home, the development of smart mid-end platform, the research and development of the next-generation information technology and digitalized and intelligent ecosystem. As at 31 December 2023, the total amount of proceeds utilized by the Company was approximately RMB49,571 million and the total amount of proceeds not yet utilized by the Company was approximately RMB1,803 million. During the year ended 31 December 2024, the total amount of proceeds utilized by the Company was approximately RMB1,341 million; the investment projects reached their intended usable state and were fully completed, and the surplus proceeds (including interest income) of RMB1,279 million were permanently used to replenish working capital. During the year ended 31 December 2024, the proceeds from the RMB Share Issue were used according to the intentions previously disclosed by the Company in the Circular and the Prospectus, and save as disclosed in the Company's Annual Report 2023, there was no material change or delay in the use of proceeds.

Details of the use of proceeds from the RMB Share Issue are as follows:

Project	Total proceeds committed	Amount utilized during the year ended 31 December 2024	Amount utilized as at 31 December 2024	Amount not yet utilized as at 31 December 2024	Expected timing for full utilization of proceeds
	RMB million	RMB million	RMB million	RMB million	
Development of premium 5G networks	27,313	–	27,313	–	2022
Development of new infrastructure for cloud resources	6,875	402	6,410	465	2024
Development of gigabit broadband and smart home	4,297	–	4,297	–	2023
Development of smart mid-end platform	4,297	96	4,299	–2	2024
Research and development of the next-generation information technology and digitalized and intelligent ecosystem	8,593	842	8,593	–	2024
Total	51,374	1,341	50,912	462	

Note: Discrepancies in this table between totals and sums of amounts listed are due to rounding.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's aggregate revenue with its five largest customers was RMB31.2 billion, accounting for 4% of the Group's total revenue in 2024. None of the five largest customers is an "affiliated party" within the meaning of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "SSE Listing Rules").

Purchases for the Group mainly included network equipment purchases, and payments in relation to network operation and support expenses and interconnection arrangements. Purchases from the largest supplier for the year represented 11% of the Group's total purchases. The Group's aggregate purchases with its five largest suppliers was RMB174.8 billion, accounting for 31% of the Group's total purchases in 2024. Out of the purchases with these five largest suppliers, purchases with affiliated parties within the meaning of the SSE Listing Rules were RMB40.4 billion, accounting for 7% of the Group's purchases in 2024.

Except as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" below, at no time during the year ended 31 December 2024 have the directors, their close associates or any shareholder of the Company (which to the knowledge of the Board owns more than 5% of the number of issued shares of the Company) had any interest in these five largest suppliers.

SUBSIDIARIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Particulars of the Company's subsidiaries and the Group's investments accounted for using the equity method as at 31 December 2024 are set out in notes 20 and 21, respectively, to the consolidated financial statements, and the list of directors of each of the Company's subsidiaries is available on the Company's website.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2024 and the financial conditions of the Company and the Group as at that date are set out in the consolidated financial statements on pages 91 to 173.

DIVIDENDS

The Board has adopted a dividend policy. In recommending or declaring dividends, the Company shall allow its shareholders to participate in the Company's profits whilst to retain adequate cash reserves for meeting its working capital requirements and long-term sustainable development. The Board has the discretion to propose, declare and distribute dividends to the shareholders of the Company, subject to the Company's Articles of Association (the "Articles of Association") and all applicable laws and regulations and taking into account the following factors of the Company and its subsidiaries:

- the actual financial performance of the Group;
- the Group's business strategies and operations, including future capital requirements and investment needs;
- economic conditions and other internal or external factors that may have an impact on the business or financial performance and situation of the Group; and
- any other factors that the Board may consider relevant.

The Board recommends a dividend payout ratio of 73% for the full year of 2024. It also recommends a final dividend payment of HK$2.49 per share for the year ended 31 December 2024. Together with the interim dividend already paid, total dividend for the full year of 2024 amounted to HK$5.09 per share, an increase of 5.4% year-on-year.

The Board believes that our industry-leading profitability and ability to generate healthy cash flow will provide sufficient support for the Company's future development and create favourable returns for our shareholders.

DONATIONS

Donations made by the Group during the year amounted to RMB69,936,425 (2023: RMB71,308,749).

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 38 to the consolidated financial statements.

RESERVES

Changes to the reserves of the Group during the year are set out in the consolidated statement of changes in equity. Changes to the reserves of the Company during the year are set out in note 38 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the financial year were:

Executive Directors:

YANG Jie *(Chairman)*
DONG Xin *(resigned on 11 January 2024)*
HE Biao *(appointed on 26 April 2024)*
LI Pizheng *(resigned on 8 January 2025)*
WANG Limin *(appointed on 8 January 2025)*
LI Ronghua

Independent Non-Executive Directors:

YIU Kin Wah Stephen
YANG Qiang
LEE Ka Sze Carmelo
LEUNG KO May Yee Margaret

Pursuant to Article 113 of the Articles of Association, Mr. WANG Limin will hold office until the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election. Besides, pursuant to Article 109 of the Articles of Association, Mr. LI Ronghua and Mr. YIU Kin Wah Stephen will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

The biographies of the directors proposed for re-election at the forthcoming annual general meeting (the "Directors for Re-election") are set out on pages 7 to 13 of this annual report. Except as disclosed in such biographies, the Directors for Re-election have not held any other directorships in any listed public companies in the last three years. Further, except as noted in the biographies, none of the Directors for Re-election is connected with any other directors, senior management or substantial or controlling shareholders of the Company. None of the Directors for Re-election has any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO").

The service contracts of all the Directors for Re-election do not provide for a specified length of service, and each of the Directors for Re-election will be subject to retirement by rotation and re-election at annual general meetings of the Company every three years. Each of the Directors for Re-election is entitled to an annual director's fee of HK$180,000 as proposed by the Board and approved by the shareholders of the Company. Director's fees are payable on a time pro-rata basis for any non-full year's service. The remuneration of the Directors for Re-election has been determined with reference to the individual's duties, responsibilities and experience, and to prevailing market conditions. Mr. WANG Limin and Mr. LI Ronghua have voluntarily waived their annual director's fees. Details of the remuneration of the directors of the Company are set out in note 11 to the consolidated financial statements.

None of the Directors for Re-election has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

Save as disclosed herein, there are no other matters relating to the re-election of the Directors for Re-election that need to be brought to the attention of the shareholders of the Company nor is there any information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, any of its holding companies or subsidiaries, or any of its holding companies' subsidiaries has been a party and in which a director of the Company or an entity connected with a director of the Company is or was materially interested, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 175 of the Articles of Association, every director or other officer of the Company shall be indemnified out of the assets of the Company against all liabilities (to the extent permitted by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) sustained or incurred by such director or officer in or about the execution of his office or otherwise in relation thereto. In addition, the Company has purchased directors and officers' liabilities insurance on behalf of its directors and officers.

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

Details of the directors' holding of shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2024 are as follows:

Long Positions in the Shares of the Company

Director	Capacity	Number of ordinary shares held	Percentage of the total number of issued shares*
LEUNG KO May Yee Margaret	Beneficial owner	20,000	0.00%

* The calculation is based on the total number of issued ordinary shares of the Company (i.e. 21,517,317,437 ordinary shares) as at 31 December 2024, and rounded off to two decimal places.

Long Positions in the Shares of Associated Corporations

Associated corporation	Director	Capacity	Class of shares	Number of shares held	Percentage of the total number of issued shares*
China Tower Corporation Limited ("China Tower")#	LEE Ka Sze Carmelo	Beneficial owner	H shares	500,000^	0.00%

* The calculation is based on the total number of issued shares of China Tower (i.e. 176,008,471,024 shares) as at 31 December 2024, and rounded off to two decimal places.

\# China Tower was one of the Group's five largest suppliers in 2024.

^ Every ten existing shares in China Tower were consolidated into one share with effect from 20 February 2025. As a result, the 500,000 H shares in China Tower held by Mr. Lee as at 31 December 2024 were consolidated into 50,000 H shares with effect from 20 February 2025.

Apart from those disclosed herein, as at 31 December 2024, 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 that is recorded in the register required to be kept under section 352 of the SFO or any interests otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

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

Save as disclosed below, at no time during the year ended 31 December 2024 was the Company, any of its holding companies or subsidiaries, or any of its holding companies' subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Option Scheme of the Company

Pursuant to a resolution passed at the annual general meeting of the Company held on 20 May 2020, a share option scheme of the Company (the "Scheme") was adopted. For details of the Scheme, please refer to the following paragraphs and also the Company's circular dated 14 April 2020 in relation to "Proposed Adoption of Share Option Scheme".

Purposes

The Scheme aims at (1) further improving the governance structure of the Company, and establishing and improving the balance of interests mechanism between employees and shareholders, investors and the Company; (2) establishing a benefit sharing and risk sharing mechanism among shareholders, the Company and employees to enhance the Company's performance and long-term stable development; and (3) effectively attracting, motivating and retaining the core backbone employees of the Company to support the Company's strategic transformation and long-term development.

Scope of Scheme Participants

Scheme participants are in principle limited to directors (excluding independent non-executive directors) and senior management of the Company, and backbone management, technical and business personnel who have a direct impact on the Company's operating performance and sustainable development. The assessment results of the scheme participants shall meet or exceed the relevant standards for performance appraisal of the Company.

Effective Period

The Scheme will be effective for a term of 10 years commencing from 20 May 2020, unless terminated in advance under relevant requirements of the Scheme.

Report of Directors

Maximum Quantity of Grant

The maximum number of ordinary shares to be issued upon the exercise of the share options granted under the Scheme (and any other schemes) shall not in aggregate exceed 2,047,548,289 shares (the "Scheme Mandate Limit"), being 10% of the total share capital of the Company as at the date of approval of the Scheme or approximately 9.49% of the total share capital of the Company as at the date of this annual report (being 20 March 2025).

Unless approved at a general meeting, the ordinary shares issued and to be issued upon the exercise of the share options granted to any individual scheme participant (including exercised or outstanding share options) during the effective period of the Scheme shall not exceed 1% of the total share capital of the Company.

Exercise Price

The exercise price of the share options shall be determined in accordance with the fair market price principle, with the base day for pricing being the grant date. The exercise price shall not be lower than the higher of:

(i) the closing price of the ordinary shares of the Company on the grant date; and

(ii) the average closing price of the ordinary shares of the Company on the five trading days prior to the grant date.

Application or Acceptance Fee

No fee shall be payable by a scheme participant on the application for or acceptance of the grant of share options. As a formality, a scheme participant shall pay HK$1.00 as nominal consideration for acceptance of the grant of share options.

Lapse and Cancellation of Share Options

If any of certain events (including but not limited to a failure in performing his/her duties effectively or a serious breach or dereliction of his/her duties) occurs in relation to a scheme participant, his/her share options will automatically lapse, and the Board shall cease granting new share options, cancel share options which are not yet exercised by him/her, and recover any gains obtained by him/her from the exercise of the share options.

Movement of Share Options During the Year

During the year ended 31 December 2024, the Company did not grant any share options under the Scheme.

The movement of share options under the Scheme during the year ended 31 December 2024 is set forth as follows:

	Number of ordinary shares underlying share options						
Grantees	Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Lapsed and cancelled during the year	Outstanding as at 31 December 2024	Grant date	Exercise price
							HK$
Employees of the Company	235,018,547	–	90,708,691	11,901,776	132,408,080	12 June 2020	55.00
	605,039,786	–	38,833,434	23,117,777	543,088,575	19 September 2022	51.60
Total	840,058,333	–	129,542,125	35,019,553	675,496,655		

	As at 1 January 2024	As at 31 December 2024
Remaining Scheme Mandate Limit	1,179,436,408	1,214,455,961

Note: Subject to the satisfaction of the conditions for vesting as provided under the Scheme, the share options granted shall be vested in three batches as follows:

(i) the first batch (being 40% of the share options granted) will be vested on the first trading day after 24 months from the grant date;

(ii) the second batch (being 30% of the share options granted) will be vested on the first trading day after 36 months from the grant date; and

(iii) the third batch (being 30% of the share options granted) will be vested on the first trading day after 48 months from the grant date.

The exercise period begins upon vesting and ends on 10 years from the grant date.

Details of share options exercised during the year ended 31 December 2024 are set forth as follows:

Period during which share options were exercised	Exercise price	Weighted average closing price per share immediately before dates of exercise	Number of ordinary shares underlying share options exercised
	HK$	HK$	
2 January 2024 to 31 December 2024	55.00	72.56	90,708,691
20 September 2024 to 31 December 2024	51.60	73.53	38,833,434

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 31 December 2024 amounting to 5% or more of the ordinary shares in issue:

Long Positions in the Shares of the Company

	Number of ordinary shares held		Percentage of the total number of issued shares
	directly	indirectly	
(i) China Mobile Communications Group Co., Ltd. ("CMCC")	42,367,000	14,890,116,842	69.40%
(ii) China Mobile (Hong Kong) Group Limited ("CMHK (Group)")	–	14,890,116,842	69.20%
(iii) China Mobile Hong Kong (BVI) Limited ("CMHK (BVI)")	14,890,116,842	–	69.20%

Note: As at 31 December 2024, CMCC held 42,367,000 RMB Shares and CMHK (BVI) held 14,890,116,842 Hong Kong Shares. 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). "Percentage of the total number of issued shares" is calculated based on the total number of issued ordinary shares of the Company (i.e. 21,517,317,437 ordinary shares) as at 31 December 2024, and rounded off to two decimal places.

Apart from the foregoing, as at 31 December 2024, no other person (other than a director or the chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

CONNECTED OR AFFILIATED TRANSACTIONS

Continuing Connected Transactions

Details of related party transactions entered into by the Group for the year ended 31 December 2024 are set out in note 40 to the consolidated financial statements. The majority of these transactions also constitute continuing connected transactions as defined under Chapter 14A of the Hong Kong Listing Rules.

For the year ended 31 December 2024, the following continuing connected transactions (the "Continuing Connected Transactions") have not exceeded their respective annual caps:

(1) the services charges received by the Group for the provision of telecommunication facilities construction services to CMCC and its subsidiaries were RMB1,243 million, which did not exceed the annual cap of RMB2,500 million. The provision of telecommunication facilities construction services by the Group to CMCC and its subsidiaries in respect of individual projects was subject to public tender process, and the pricing for the telecommunication facilities construction services was primarily based on market rates as determined through the public tender process and the relevant standards laid down in applicable regulations. For individual projects not subject to the public tender process, selection criteria and pricing mechanism similar to those in a public tender process were applied;

(2) the total value of right-of-use assets recognized by the Group pursuant to the lease of properties from CMCC and its subsidiaries was RMB1,447 million, which did not exceed the annual cap of RMB1,500 million, and the property management service charges paid by the Group to CMCC and its subsidiaries and the rental and property management service charges received by the Group from CMCC and its subsidiaries were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. The rental charges payable in respect of individual properties owned by a party or its subsidiaries were determined with reference to one of the following benchmarks: (i) value as determined by independent intermediaries; (ii) applicable market rates or charges which are publicly available; or (iii) rates charged by that party or its subsidiaries to independent third parties. The rental charges payable in respect of individual properties which a party or its subsidiaries leased from third parties and sub-let to the other party or its subsidiaries were determined with reference to the actual rent payable by the lessor party or its subsidiaries to such third parties;

(3) the total value of right-of-use assets recognized by the Group pursuant to the lease of machinery rooms and transmission pipelines from CMCC and its subsidiaries was RMB6,930 million, which did not exceed the annual cap of RMB9,000 million, and the leasing fees received by the Group from CMCC and its subsidiaries were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. The leasing fees were determined with reference to prevailing market rates. In determining the market rates for the leasing fees, the Company took into account the levels of fees payable by the Company and CMCC to independent third parties (including other operators) as well as those receivable by the Company and CMCC from independent third parties (including other operators). The leasing fees paid by the Company to CMCC were no more than the leasing fees charged to independent third parties for the same kinds of network assets;

Report of Directors

(4) the leasing fees paid by the Group to CMCC and its subsidiaries for the lease of power support and other network assets and resources were RMB9,744 million, which did not exceed the annual cap of RMB11,500 million, and the leasing fees received by the Group from CMCC and its subsidiaries were below 0.1% of each of the applicable percentage ratios set out in Rule 14.07 of the Hong Kong Listing Rules. The leasing fees were determined with reference to prevailing market rates. In determining the market rates for the leasing fees, the Company took into account the levels of fees payable by the Company and CMCC to independent third parties (including other operators) as well as those receivable by the Company and CMCC from independent third parties (including other operators). The leasing fees paid by the Company to CMCC were no more than the leasing fees charged to independent third parties for the same kinds of network assets;

(5) the transaction amount for the sale of products and provision of services by the Group to CMCC and its subsidiaries was RMB1,658 million, which did not exceed the annual cap of RMB2,200 million, and the transaction amount for the sale of products and provision of services by CMCC and its subsidiaries to the Group was RMB414 million, which did not exceed the annual cap of RMB800 million. Pricing for these transactions was determined in accordance with prevailing market rates and did not deviate from fair market standards offered by independent third parties. In determining the market rates, consideration was given to levels of fees paid to and received from independent third parties by the parties in respect of the same kinds of products or services; and

(6) the transaction amount for the sale of products and provision of services by China Mobile Communication Co., Ltd. ("CMC") and its subsidiaries to Venustech Group Inc. ("Venustech") and its subsidiaries was RMB18 million, which did not exceed the annual cap of RMB200 million, and the transaction amount for the sale of products and provision of services by Venustech and its subsidiaries to CMC and its subsidiaries was RMB1,153 million, which did not exceed the annual cap of RMB1,800 million. Pricing for these transactions was determined in accordance with prevailing market rates and did not deviate from fair market standards offered by independent third parties. In determining the market rates, consideration was given to levels of fees paid to and received from independent third parties by the parties in respect of the same kinds of products or services.

The transactions referred to in paragraph (1) above were entered into pursuant to the 2020 telecommunication facilities construction services agreement dated 2 January 2020 between the Company and CMCC, as further renewed for a term of one year commencing on 1 January 2024 by the 2024 telecommunication facilities construction services extension letter dated 14 November 2023 between the Company and CMCC (the "2024 Telecommunication Facilities Construction Services Extension Letter"). The entering into of the 2024 Telecommunication Facilities Construction Services Extension Letter was announced by the Company on 14 November 2023.

The transactions referred to in paragraph (2) above were entered into pursuant to the 2023-2024 property leasing and management services agreement dated 6 January 2023 between the Company and CMCC (the "2023-2024 Property Leasing Agreement"). The entering into of the 2023-2024 Property Leasing Agreement was announced by the Company on 6 January 2023. The 2023-2024 Property Leasing Agreement had a term of two years commencing on 1 January 2023.

The transactions referred to in paragraph (3) above were entered into pursuant to the 2022-2024 machinery rooms and transmission pipelines leasing agreement dated 3 January 2022 between the Company and CMCC (the "2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement"). The entering into of the 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement was announced by the Company on 3 January 2022. The 2022-2024 Machinery Rooms and Transmission Pipelines Leasing Agreement had a term of three years commencing on 1 January 2022.

The transactions referred to in paragraph (4) above were entered into pursuant to the 2024 power support and other network assets and resources leasing agreement dated 5 January 2024 between the Company and CMCC (the "2024 Power Support and Other Network Assets and Resources Leasing Agreement"). The entering into of the 2024 Power Support and Other Network Assets and Resources Leasing Agreement was announced by the Company on 5 January 2024. The 2024 Power Support and Other Network Assets and Resources Leasing Agreement had a term of one year commencing on 1 January 2024.

The transactions referred to in paragraph (5) above were entered into pursuant to the 2024 telecommunications and information services agreement dated 14 November 2023 between the Company and CMCC (the "2024 Telecommunications and Information Services Agreement"). The entering into of the 2024 Telecommunications and Information Services Agreement was announced by the Company on 14 November 2023. The Company later announced revision of annual cap for continuing connected transactions under the 2024 Telecommunications and Information Services Agreement on 21 March 2024. The 2024 Telecommunications and Information Services Agreement had a term of one year commencing on 1 January 2024.

The transactions referred to in paragraph (6) above were entered into pursuant to the 2024 business collaboration framework agreement dated 14 November 2023 between CMC and Venustech (the "2024 Business Collaboration Framework Agreement"). The entering into of the 2024 Business Collaboration Framework Agreement was announced by the Company on 14 November 2023. The 2024 Business Collaboration Framework Agreement had a term of one year commencing on 1 January 2024.

CMCC is the ultimate controlling shareholder of the Company and Venustech is a subsidiary of CMCC. Therefore, CMCC and Venustech are connected persons of the Company. Accordingly, the transactions referred to in paragraphs (1) to (6) above constitute continuing connected transactions for the Company under the Hong Kong Listing Rules.

In the opinion of the independent non-executive directors of the Company, the Continuing Connected Transactions were entered into by the Group:

(i) in the ordinary and usual course of its business;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Report of Directors

The auditors of the Company were engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Hong Kong Listing Rules. The auditors' letter has confirmed that nothing has come to their attention that causes them to believe that the Continuing Connected Transactions:

(A) have not been approved by the Board;

(B) were not, in all material respects, in accordance with the pricing policies of the Group as stated in this annual report;

(C) were not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and

(D) have exceeded their respective annual caps for the year ended 31 December 2024 set out in the previous announcements of the Company.

In respect of the Continuing Connected Transactions, the Company has complied with the disclosure requirements under the Hong Kong Listing Rules in force from time to time, and has followed the policies and guidelines as laid down in the guidance letter HKEX-GL73-14 issued by the Hong Kong Stock Exchange when determining the price and terms of the transactions conducted during the year ended 31 December 2024.

Other Material Affiliated Transactions

Apart from the continuing connected transactions with CMCC set out above, there were other transactions between the Company on the one hand and CMCC and China Tower on the other hand that constituted material affiliated transactions under laws and regulations of the mainland of China. Details of such affiliated transactions are set out in the section headed "Material Affiliated Transactions" under "Other Important Matters" in the Company's annual report published on the SSE.

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

The Company bought back a total of 3,105,000 Hong Kong Shares on the Hong Kong Stock Exchange for an aggregate price of HK$205,124,466.15 (excluding expenses) during the year ended 31 December 2024 and such Hong Kong Shares bought back were cancelled, details of which are as follows:

Date of buy-back	Number of Hong Kong Shares bought back	Price paid per Hong Kong Share Highest	Price paid per Hong Kong Share Lowest	Aggregate price paid (excluding expenses)
		HK$	HK$	HK$
15 January 2024	738,000	65.90	64.95	48,356,416.80
16 January 2024	180,000	66.45	65.50	11,942,352.00
17 January 2024	379,500	65.45	64.50	24,624,730.35
18 January 2024	353,000	65.30	64.10	22,843,724.30
19 January 2024	303,000	65.70	64.90	19,783,263.90
22 January 2024	231,500	63.90	63.05	14,707,935.80
23 January 2024	155,000	64.50	63.30	9,922,697.00
24 January 2024	37,000	64.50	63.80	2,374,800.60
12 November 2024	290,000	69.40	68.55	19,992,542.00
13 November 2024	166,000	70.25	68.85	11,589,505.80
14 November 2024	272,000	70.20	69.30	18,986,497.60
	3,105,000			205,124,466.15

The Board believes that such buy-backs of Hong Kong Shares would benefit the Company and its shareholders, and would lead to an enhancement of the net value of the Company and its assets and/or its earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

FINANCIAL SUMMARY

A summary of the results and of the statements of the assets and liabilities of the Group for the last five financial years is set out on pages 174 to 176 of this annual report.

EMOLUMENT POLICY

In order to continue to maintain the sustainable development of the Group's competitiveness, the Group has always emphasized the importance of recruiting, incentivizing, developing and retaining its employees, paid close attention to the external competitiveness, internal fairness of its remuneration structure and the cost-effectiveness of remuneration and emphasized the importance of the correlation between remuneration management and performance management. For the year ended 31 December 2024, employees' remuneration comprised a basic salary and a performance-based bonus, as well as medium- to long-term incentives.

EMPLOYEE RETIREMENT BENEFITS

Particulars of the employee retirement benefits of the Group are set out in note 6 to the consolidated financial statements.

PUBLIC FLOAT

As at the date of this annual report and based on the information that is publicly available to the Company and to the knowledge of the directors of the Company, the Company has maintained the public float prescribed under the Hong Kong Listing Rules.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of KPMG and KPMG Huazhen LLP as the auditors of the Group.

LIST OF DIRECTORS OF SUBSIDIARIES

A list of directors of the Group's subsidiaries is set out on the Company's website.

Please also refer to the sections headed "Chairman's Statement", "Business Review", "Financial Review" and "Human Resources Development" in this annual report (which form part of this Report of Directors).

By order of the Board

Yang Jie
Chairman

Hong Kong, 20 March 2025

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report
to the members of China Mobile Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Mobile Limited ("the Company") and its subsidiaries ("the Group") set out on pages 91 to 173, which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to note 2(s) and note 4 of the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is primarily generated from the provision of various telecommunications services and sales of telecommunication related products. The accuracy of revenue from telecommunication services ("service revenue") recorded in the consolidated financial statements is an inherent industry risk because the billing systems of telecommunications companies are complex which process large volumes of data with a combination of different services provided. We identified service revenue recognition as a key audit matter because service revenue is one of the key performance indicators of the Group and involves complex IT systems which give rise to an inherent risk that service revenue transactions may be incorrectly recorded using manual journals outside the billing systems or recorded in the incorrect period.	Our audit procedures to assess the recognition of service revenue included the following: • assessing, with the assistance of our IT specialists, the design, implementation and operating effectiveness of management's key internal controls over: – the general IT controls for the billing systems, including access to program controls, program change controls, program development controls and computer operation controls; – the completeness and accuracy of bill generation and the end-to-end reconciliation controls from the billing systems to the accounting system; • assessing the appropriateness of the accounting policies adopted in service revenue recognition for different revenue streams by inspecting the main terms and conditions in selected contracts; • selecting service packages, on a sample basis, comparing services offering in the selected packages and the package prices with the relevant settings in the billing systems; • selecting bills issued to customers, on a sample basis, and comparing to services subscribed by the customers/relevant underlying documents on services rendered to the customers, and corresponding accounts receivable details and collection records, where appropriate, in the billing systems; • reconciling selected service revenue records in the Group's accounting system to external cash collection records; • recalculating the balances of accounts receivable and advances from customers at period end with the use of computer assisted audit techniques using data extracted from the billing systems and reconciling the results to the Group's financial records; and • inspecting journals entries relating to revenue which met specific risk-based criteria, and comparing details of these journals entries with relevant underlying documentation.

Impairment assessment on the interest in an associate

Refer to note 2(d), note 2(k) and note 21 of the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The fair value of the Group's investment in Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank") based on quoted market price has been persistently below the carrying amount for a period of time. This is considered as an indicator of impairment. In accordance with IAS/HKAS 36 "Impairment of Assets", where an indication of impairment of these assets exists, the Group will estimate the recoverable amounts of the relevant assets, based on the higher of its fair value less costs of disposal and its value in use. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. As at 31 December 2024, an impairment assessment for the investment in SPD Bank was performed by the Group, with the assistance of an independent external valuer appointed by the management, to determine the recoverable amount based on its value in use by discounted cash flow forecast, which involves management's significant judgements and estimates on certain key assumptions. Based on the result of the assessment, management determined that there was no impairment loss in this investment. We identified the impairment assessment of the Group's investment in SPD Bank as a key audit matter because there were significant judgements and estimates made by management in determining the discounted cash flow forecast.	Our audit procedures to assess the impairment assessment of the Group's investment in SPD Bank included the following: • assessing the design, implementation and operating effectiveness of key internal controls relating to the impairment assessment of the Group's investment in SPD Bank; • evaluating the competence, capabilities and objectivity of the external valuer appointed by the management; • evaluating the reasonableness of key assumptions adopted in the preparation of the discounted cash flow forecast with reference to our understanding of the industry, historical performance and available market data relating to SPD Bank. Our valuation specialists were also assisting to evaluate the appropriateness of the methodology and discount rate adopted by management in the discounted cash flow forecast; • comparing the key assumptions used in prior year's discounted cash flow forecast with the current year's actual performance to consider if there was any indication of management bias; • evaluating the sensitivity analyses prepared by management for the key assumptions adopted in the discounted cash flow forecast and considering if there is any indication of management bias; and • assessing the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment assessment of the Group's investment in SPD Bank with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Kim Tak.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024 (Expressed in RMB)

	Note	2024 Million	2023 Million
Operating revenue	4		
Revenue from telecommunications services		**889,468**	863,514
Revenue from sales of products and others		**151,291**	145,795
		1,040,759	1,009,309
Operating expenses			
Network operation and support expenses	5	**283,341**	268,895
Depreciation and amortisation		**191,101**	207,132
Employee benefit and related expenses	6	**151,944**	144,333
Selling expenses		**54,564**	52,477
Cost of products sold		**149,240**	142,807
Other operating expenses	7	**67,979**	59,319
		898,169	874,963
Profit from operations		**142,590**	134,346
Other gains	8	**4,970**	9,823
Interest and other income	9	**23,005**	21,134
Finance costs	10	**(3,273)**	(3,730)
Income from investments accounted for using the equity method		**11,097**	8,958
Profit before taxation		**178,389**	170,531
Taxation	13(a)	**(39,863)**	(38,596)
PROFIT FOR THE YEAR		**138,526**	131,935
Other comprehensive income for the year, net of tax:			
Items that will not be subsequently reclassified to profit or loss			
Changes in the fair value of financial assets measured at fair value through other comprehensive income		**45**	176
Remeasurement of defined benefit liabilities	6	**(889)**	(184)
Share of other comprehensive income/(loss) of investments accounted for using the equity method		**161**	(146)
Items that may be subsequently reclassified to profit or loss			
Changes in the fair value of financial assets measured at fair value through other comprehensive income		**506**	25
Currency translation differences		**892**	573
Share of other comprehensive income of investments accounted for using the equity method		**1,823**	1,068
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**141,064**	133,447

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2024 (Expressed in RMB)

	Note	2024 Million	2023 Million
Profit attributable to:			
Equity shareholders of the Company		**138,373**	131,766
Non-controlling interests		**153**	169
PROFIT FOR THE YEAR		**138,526**	131,935
Total comprehensive income attributable to:			
Equity shareholders of the Company		**140,866**	133,275
Non-controlling interests		**198**	172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**141,064**	133,447
Earnings per share – Basic	14(a)	**RMB6.45**	RMB6.16
Earnings per share – Diluted	14(b)	**RMB6.42**	RMB6.15

The notes on pages 99 to 173 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2024 (Expressed in RMB)

	Note	As at 31 December 2024 Million	As at 31 December 2023 Million
Assets			
Non-current assets			
Property, plant and equipment	15	**714,494**	714,663
Construction in progress	16	**74,271**	74,496
Right-of-use assets	17(a)	**80,625**	94,753
Land use rights	17(b)	**14,440**	14,877
Goodwill	18	**35,301**	35,301
Development expenditure		**2,157**	2,279
Other intangible assets	19	**36,364**	32,720
Investments accounted for using the equity method	21	**198,563**	181,715
Deferred tax assets	22	**50,755**	47,337
Financial assets measured at fair value through other comprehensive income	23	**13,928**	3,518
Financial assets measured at fair value through profit or loss	23	**209,422**	185,621
Other financial assets measured at amortised cost	24	**7,331**	5,628
Bank deposits	25	**54,413**	55,387
Other non-current assets	26	**47,504**	46,258
		1,539,568	1,494,553
Current assets			
Inventories	27	**11,229**	12,026
Contract assets	28	**20,665**	19,407
Accounts receivable	29	**75,741**	54,881
Other receivables		**16,511**	12,342
Bills receivable		**1,103**	1,205
Prepayments		**8,315**	7,516
Prepaid income tax		**259**	809
Other non-financial assets	30	**27,961**	23,108
Financial assets measured at fair value through profit or loss	23	**153,194**	156,018
Other financial assets measured at amortised cost	24	**11,306**	32,020
Bank deposits	25	**74,966**	37,213
Cash and cash equivalents	31	**167,309**	141,559
		568,559	498,104
Total assets		**2,108,127**	1,992,657
Equity and liabilities			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	32	**354,341**	297,456
Bills payable		**40,843**	26,520
Contract liabilities	33	**54,964**	66,193
Receipts in advance	34	**79,920**	79,035
Other payables	35	**53,397**	38,201
Income tax payable		**17,041**	15,985
Lease liabilities	17(c)	**32,512**	35,175
		633,018	558,565

Consolidated Balance Sheet

as at 31 December 2024 (Expressed in RMB)

	Note	As at 31 December 2024 Million	As at 31 December 2023 Million
Non-current liabilities			
Lease liabilities	17(c)	**55,930**	67,759
Deferred revenue	36	**9,274**	9,281
Defined benefit plan and other employee benefit liabilities		**7,006**	6,408
Deferred tax liabilities	22	**3,877**	3,077
Other non-current liabilities		**2,483**	1,582
		78,570	88,107
Total liabilities		**711,588**	646,672
Equity			
Share capital	38(a)	**461,838**	455,001
Reserves		**930,194**	886,731
Total equity attributable to equity shareholders of the Company		**1,392,032**	1,341,732
Non-controlling interests		**4,507**	4,253
Total equity		**1,396,539**	1,345,985
Total equity and liabilities		**2,108,127**	1,992,657

The consolidated financial statements on pages 91 to 173 were approved by the Board of Directors on 20 March 2025 and were signed on its behalf.

He Biao
Name of Director

Li Ronghua
Name of Director

The notes on pages 99 to 173 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024 (Expressed in RMB)

	Attributable to equity shareholders of the Company								
	Share capital Million	Capital reserve Million	Exchange reserve Million	PRC Statutory reserves Million	Other reserves Million	Retained profits Million	Total Million	Non-controlling interests Million	Total equity Million
As at 1 January 2023	453,504	(264,035)	1,495	355,463	2,366	748,555	1,297,348	4,075	1,301,423
Changes in equity for 2023:									
Profit for the year	–	–	–	–	–	131,766	131,766	169	131,935
Changes in the fair value of financial assets measured at fair value through other comprehensive income	–	–	–	–	198	–	198	3	201
Remeasurement of defined benefit liabilities (note 6)	–	–	–	–	(184)	–	(184)	–	(184)
Currency translation differences	–	–	573	–	–	–	573	–	573
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	922	–	922	–	922
Total comprehensive income for the year	–	–	573	–	936	131,766	133,275	172	133,447
Dividends approved in respect of previous year (note 38(b)(ii))	–	–	–	–	–	(43,414)	(43,414)	(25)	(43,439)
Dividends declared in respect of current year (note 38(b)(i))	–	–	–	–	–	(47,674)	(47,674)	–	(47,674)
Transfer to PRC statutory reserves (note 38(d)(ii))	–	–	–	12,072	–	(12,072)	–	–	–
Exercise of share options (note 38(a)(i))	1,497	(102)	–	–	–	–	1,395	–	1,395
Share option scheme – Value of share options (note 37)	–	717	–	–	–	–	717	–	717
Changes in the share of other reserves of investments accounted for using the equity method	–	(4)	–	–	–	–	(4)	–	(4)
Others	–	88	–	–	1	–	89	31	120
As at 31 December 2023	455,001	(263,336)	2,068	367,535	3,303	777,161	1,341,732	4,253	1,345,985
As at 1 January 2024	**455,001**	**(263,336)**	**2,068**	**367,535**	**3,303**	**777,161**	**1,341,732**	**4,253**	**1,345,985**
Changes in equity for 2024:									
Profit for the year	–	–	–	–	–	138,373	138,373	153	138,526
Changes in the fair value of financial assets measured at fair value through other comprehensive income	–	–	–	–	506	–	506	45	551
Remeasurement of defined benefit liabilities (note 6)	–	–	–	–	(889)	–	(889)	–	(889)
Currency translation differences	–	–	892	–	–	–	892	–	892
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	1,984	–	1,984	–	1,984
Total comprehensive income for the year	–	–	892	–	1,601	138,373	140,866	198	141,064
Dividends approved in respect of previous year (note 38(b)(ii))	–	–	–	–	–	(46,924)	(46,924)	(48)	(46,972)
Dividends declared in respect of current year (note 38(b)(i))	–	–	–	–	–	(50,534)	(50,534)	–	(50,534)
Purchase of own shares (note 38(a)(ii))	–	–	–	–	–	(188)	(188)	–	(188)
Transfer to PRC statutory reserves (note 38(d)(ii))	–	–	–	13,266	–	(13,266)	–	–	–
Exercise of share options (note 38(a)(i))	6,837	(445)	–	–	–	–	6,392	–	6,392
Share option scheme – Value of share options (note 37)	–	489	–	–	–	–	489	–	489
Changes in the share of other reserves of investments accounted for using the equity method	–	48	–	–	–	–	48	–	48
Others	–	145	–	–	(46)	52	151	104	255
As at 31 December 2024	**461,838**	**(263,099)**	**2,960**	**380,801**	**4,858**	**804,674**	**1,392,032**	**4,507**	**1,396,539**

The notes on pages 99 to 173 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024 (Expressed in RMB)

	Note	2024 Million	2023 Million
Operating activities			
Profit before taxation		**178,389**	170,531
Adjustments for:			
– Depreciation and amortisation		**191,101**	207,132
– Net loss on disposal and write-off of property, plant and equipment and other intangible assets	7	**419**	390
– Expected credit impairment losses	7	**14,509**	9,227
– Impairment losses of contract assets	7	**302**	216
– Write-down of inventories	7	**217**	246
– Interest and other income	9	**(23,005)**	(21,134)
– Finance costs	10	**3,273**	3,730
– Income from investments accounted for using the equity method		**(11,097)**	(8,958)
– Net exchange gain		**(204)**	(164)
– Share options expenses		**489**	717
Operating cash flows before changes in working capital		**354,393**	361,933
Operating cash flows before changes in working capital		**354,393**	361,933
Decrease/(increase) in inventories		**580**	(576)
Increase in contract assets		**(1,793)**	(6,437)
Decrease/(increase) in contract costs		**525**	(3,797)
Increase in accounts receivable		**(34,224)**	(21,378)
(Increase)/decrease in other receivables		**(4,867)**	459
Decrease/(increase) in bills receivable		**102**	(428)
Increase in prepayments		**(799)**	(476)
Increase in other non-financial assets		**(4,853)**	(4,668)
Increase in accounts payable and accrued expenses		**47,942**	28,414
Increase in bills payable		**11,282**	5,843
Decrease in contract liabilities		**(11,229)**	(9,062)
Increase/(decrease) in receipts in advance		**885**	(5,411)
(Decrease)/increase in deferred revenue		**(7)**	471
(Decrease)/increase in other payables		**(296)**	819
Others		**(791)**	(6,195)
Cash generated from operations		**356,850**	339,511
Tax paid			
– The mainland of China and other countries and regions' enterprise income tax paid		**(40,409)**	(35,219)
– Hong Kong profits tax paid		**(700)**	(512)
Net cash generated from operating activities		**315,741**	303,780

Consolidated Statement of Cash Flows

for the year ended 31 December 2024 (Expressed in RMB)

	2024 Million	2023 Million
Investing activities		
Payment for property, plant and equipment, other intangible assets and non-current assets	**(155,979)**	(181,263)
Proceeds from disposal and write-off of property, plant and equipment and non-current assets	**963**	753
Placement of term deposits	**(69,190)**	(38,885)
Proceeds from withdrawal of term deposits	**34,497**	49,586
Increase in the statutory deposit reserves by China Mobile Finance	**(916)**	(1,086)
Payment for the purchase of other financial assets measured at amortised cost	**(39,171)**	(48,690)
Proceeds from disposal of other financial assets measured at amortised cost	**58,389**	37,713
Interest and other finance income received	**7,501**	8,300
Proceeds from partial disposal of investments accounted for using the equity method	**49**	2,365
Payment for the purchase of investments accounted for using the equity method	**(8,836)**	(2,089)
Dividends received from investments accounted for using the equity method	**4,906**	3,699
Purchase of financial assets measured at fair value through profit or loss	**(69,500)**	(40,980)
Proceeds from disposal of financial assets measured at fair value through profit or loss	**61,741**	7,668
Payment for the purchase of financial assets at fair value through other comprehensive income	**(11,428)**	(2,976)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	**1,780**	186
Net cash used in investing activities	**(185,194)**	(205,699)

Consolidated Statement of Cash Flows

for the year ended 31 December 2024 (Expressed in RMB)

	Note	2024 Million	2023 Million
Financing activities			
Proceeds received from exercise of share options		5,975	1,395
Dividends paid to the Company's equity shareholders		(97,458)	(91,088)
Dividends paid to non-controlling shareholders of subsidiaries		(33)	(25)
Net receipts/(repayment) of short-term deposits placed by CMCC Group	40(a)	15,472	(9,111)
Interest paid in relation to short-term deposits placed by CMCC Group		(80)	(43)
Repayment of principal and interest of lease liabilities		(29,037)	(25,006)
Payment for purchase of own shares	38(a)	(188)	–
Others		182	35
Net cash used in financing activities		(105,167)	(123,843)
Net increase/(decrease) in cash and cash equivalents		25,380	(25,762)
Cash and cash equivalents at beginning of year		141,559	167,106
Effect of changes in foreign exchange rate		370	215
Cash and cash equivalents at end of year	31	167,309	141,559

Changes in liabilities arising from financing activities

There are no changes in liabilities arising from financing activities other than the receipts and repayment of short-term deposits placed by CMCC Group (note 40(a)), the initial recognition of lease liabilities at the commencement date, and repayment of the related principal and interest associated with lease liabilities.

The notes on pages 99 to 173 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

China Mobile Limited (the "Company") was incorporated in the Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC") on 3 September 1997. The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the provision of telecommunications and information related services in the mainland of China and in Hong Kong (for the purpose of preparing the consolidated financial statements, the mainland of China refers to the PRC excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan). The Company's immediate holding company is China Mobile Hong Kong (BVI) Limited (incorporated in the British Virgin Islands), and the Company's ultimate holding company is China Mobile Communications Group Co., Ltd. ("CMCC", incorporated in the mainland of China). The address of the Company's registered office is 60th Floor, The Center, 99 Queen's Road Central, Hong Kong.

The ordinary shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "HKEX") since 23 October 1997 and listed on the Shanghai Stock Exchange (the "SHEX") since 5 January 2022, respectively.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB. Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), are consistent with IFRSs that relates to the Group's financial statements. These financial statements also comply with HKFRSs, the requirements of Hong Kong Companies Ordinance Cap. 622 ("HKCO"), and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEX (the "Listing Rules"). A summary of the material accounting policies adopted by the Group is set out below.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis, as modified by the revaluation of certain financial instruments measured at fair value.

All of the new or amended standards that effective for the year beginning on 1 January 2024 have been applied for the first time by the Group. The details of adopting these amended standards are disclosed in note 3.

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs and HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in note 44.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries would be changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling shareholders' interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries and non-controlling interests (Continued)

(ii) Separate financial statements

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iii) Business combination other than under common control

The Group applies the acquisition method to account for combination of entities and businesses which are not under common control. The consideration transferred for the acquisition of a subsidiary includes the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group and the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

(iv) Business combination under common control

Under IFRSs and HKFRSs, the Group uses merger accounting to account for the combination of entities and businesses under common control in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the consideration at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which they were incurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investments in associates and joint arrangements

An associate is an entity, not being a subsidiary, in which the Group exercises significant influence, but not control or joint control, over its management. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The Group has applied IFRS/HKFRS 11 to all joint arrangements. Under IFRS/HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint operation is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its assets, liabilities, revenue and expenses, and its share thereof, in relation to its interests in the joint operation. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

Investments accounted for using the equity method

The Group accounted for its investment in associates and joint ventures using the equity method.

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's net identifiable assets over the cost of the investment after reassessment (if applicable). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(k)). The Group's share of the post-acquisition post-tax results of the investee for the year is recognised as income from investments accounted for using the equity method in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised as its share of other comprehensive income in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associates or joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest in the investee is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates or joint ventures.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. Accounting policies of associates and joint ventures would be changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

Gain or loss on dilution of equity interest in associates and joint ventures are recognised in profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising in a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)). Each unit or groups of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose. Goodwill is monitored at the operating segment level.

On disposal of a cash-generating unit, any attributable amount of purchased goodwill is included in the calculation of the gain or loss on disposal.

(f) Research and development expenditure

Research and development expenditure is classified into expenditure during the research phase and expenditure during the development phase. Expenditure during research activities is recognised in profit or loss as incurred. Expenditure during development activities is capitalised when capitalisation criteria are fulfilled and recorded as "development expenditure", otherwise it is recognised in profit or loss as incurred.

(g) Other intangible assets

Other intangible assets include assets such as software, operating license and copyrights that are acquired or transferred upon completion of development or installation (see notes 2(f) and 2(i)). They are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)). Amortisation of intangible assets with finite useful lives is recorded in depreciation and amortisation on a straight-line basis over the shorter of the assets' estimated useful lives or their contractual period, from the date they are available for use. Both the useful lives and method of amortisation of other intangible assets are reviewed at least annually by the Group.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(k)).

The cost of property, plant and equipment comprises the purchase price and any directly attributable costs of bringing the asset to its working location and condition for its intended use. Subsequent costs are recognised in the carrying amount of an item of property, plant and equipment, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the related assets and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

	Estimated useful lives	Estimated residual value rate
Buildings	8–30 years	3%
Telecommunications transceivers, switching centers, transmission and other network equipment	5–10 years	0-3%
Office equipment, furniture, fixtures and others	3–10 years	3%

Both the assets' useful lives and residual values are reviewed at least annually by the Group.

During the year, the Group adjusted the depreciable life of the 5G wireless assets and related transmission equipment from 7 years to 10 years with effect from 1 January 2024. The effect of such change in accounting estimate is disclosed in note 15.

(i) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(k)). Cost comprises direct costs of construction as well as interest expense and exchange differences capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment and other intangible assets when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether the contract is, or contains, a lease. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As lessee

Other than land use right, the Group primarily leases telecommunications towers, buildings and premises and other network equipment. Lease contracts are typically made for fixed periods with no extension options.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. Unless the Group applies the practical expedient permitted under IFRS/ HKFRS 16 "Leases".

Recognition and measurement of lease liabilities

Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date. Lease payments include fixed payments, variable lease payments that are based on an index or a rate, residual value guarantees payments, lease payments to be made under reasonably certain extension options and payments of penalties for exercising an option to terminate the lease.

As the interest rate implicit in the lease of the Group cannot be readily determined, the Group uses incremental borrowing rate as the discounted rate for calculating the present value of lease payments. When determine the incremental borrowing rate, the Group makes adjustments on risk-free interest rate based on lease term and credit risk for leases, as the Group does not have recent third party loan financing. Lease payments are allocated between principal and finance cost. The Group calculates interest on the lease liability based on a constant periodic rate, which is charged to profit or loss as finance cost over the lease period.

Recognition and measurement of right-of-use assets

Right-of-use assets of the Group are measured at cost, comprising the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, initial direct costs and restoration costs, etc. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

(i) As lessee (Continued)

Lease modification

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group redetermine the period of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease and recognising in profit or loss any gain or loss relating to the partial or full termination of the lease. For all other lease modifications, the Group makes a corresponding adjustment to the carrying amount of the right-of-use asset.

Other lease expenses

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Leases of low-value asset are leases for which the underlying asset is of low value, when new. Variable lease payments not based on an index or a rate are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Classification of lease related cash flow

Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities of the Group are included in the cash used in operating activities. Repayment of principal and interest of lease liabilities of the Group is included in the cash used in financing activities.

(ii) As lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the lease asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets

(i) Impairment of investments accounted for using the equity method

Investments accounted for using the equity method are reviewed at each balance sheet date to determine whether there is objective indication of impairment. Objective indication of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the entity;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the entity will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the entity; and

– decline in the fair value of an investment in an equity instrument below its carrying amount.

If any such indication exists, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased, except in the case of goodwill:

– property, plant and equipment;

– construction in progress;

– right-of-use assets;

– land use rights;

– investments in subsidiaries;

– development expenditure; and

– other intangible assets with definite life

If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets (Continued)

(ii) Impairment of other assets (Continued)

– **Calculation of recoverable amount**

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use ("VIU"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– **Recognition of impairment losses**

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or VIU, if determinable.

– **Reversals of impairment losses**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost represents purchase cost of goods calculated using the weighted average cost method. Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business or to management's estimates based on prevailing market conditions.

When inventories are sold, the carrying amount of those inventories is recognised as cost of products sold. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Classification

The Group classifies its financial assets, depending on the Group's business model for managing the financial assets and the contractual terms of the related cash flows, under the following measurement categories:

- those to be measured at amortised cost, and
- those to be measured at fair value (either through other comprehensive income, or through profit or loss).

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at FVPL are expensed in profit or loss.

(i) The Group's financial assets measured at amortised cost represent those financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are presented in other operating expenses.

(ii) Debt investments are classified as fair value through other comprehensive income ("FVOCI"), if the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale and the contractual cash flows of the investment comprise solely payments of principal and interest. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

For equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for these equity investments at FVOCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

(iii) Assets that do not meet the criteria for amortised cost or are not elected/classified as FVOCI are classified as FVPL. A gain or loss on a financial instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within interest and other income in the period in which it arises.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Investments and other financial assets (Continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The Group has adopted the simplified expected credit loss model for its accounts receivable and contract assets, which requires expected lifetime losses to be recognised from their initial recognition.

For other financial instruments carried at amortised cost, which have low credit risk at both the beginning and end of the reporting period, the Group recognises a loss allowance equal to 12-month expected credit loss unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit loss.

Financial assets are written off when the Group is satisfied that recovery is remote. When loans or receivables have been written off, the Group continues to attempt to recover the receivables due. When recoveries are made, the recovered amount is recognised in profit or loss.

(n) Accounts receivable and other receivables

Accounts receivable are initially recognised at the amount of consideration that is unconditional and other receivables are initially recognised at fair value. Both of them are thereafter measured at amortised cost, using the effective interest rate method and including a loss allowance for impairment (see note 2(m)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits with original maturity within three months, cash at banks and in hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into cash of known amounts and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Accounts payable, accrued expenses and other payables

Accounts payable, accrued expenses and other payables are initially recognised at fair value. After initial recognition, both of them are stated at amortised cost or invoiced amount if the effect of discounting would be immaterial.

(q) Deferred revenue

A government grant related to an asset is recognised as deferred revenue and amortised over the useful life of the related asset on a reasonable and systematic manner in other gains. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred revenue, and included in other gains in the periods in which the expenses or losses are recognised. It shall be recognised in profit or loss immediately when as compensation for expenses or losses already incurred.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(s) Revenue recognition from contracts with customers

The Group mainly provides voice, data and other telecommunications services to its customers through entering into contracts that are either cancellable on a monthly basis or for a fixed contract period generally with prepayment term and/or penalty for early termination. The Group also sells telecommunications related products to its customers.

For the telecommunications services and telecommunication related products and/or other services/ products provided by the Group, if the customer can benefit from the services or products and the Group's promise to transfer the services or products is separately identifiable, the Group identifies them as separate performance obligations.

Revenue is measured at the transaction price which is the amount of consideration to which the Group is entitled in exchange for transferring promised performance obligations to the customer excluding amounts collected on behalf of third parties. The amount of consideration is generally explicitly stated in the contract and does not include significant financing component.

When control of a service or product is transferred to a customer, revenue is generally recognised in profit or loss as follows:

(i) Revenue for each performance obligation is recognised when the Group satisfies the performance obligation by transferring the promised services or products to the customer. Generally, revenue is recognised when the customer obtains the control of the telecommunications services over the time of provision of the services. Revenue is recognised when a customer obtains the control of the product at a point of time.

(ii) For contracts which include the provision of multiple performance obligations including services and products, the Group allocates the transaction price to each performance obligation based on the relative stand-alone selling price. The stand-alone selling price of services and products are mainly based on its observable selling price. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available and maximise the use of observable inputs to estimate the stand-alone selling price. Revenue for each performance obligation is then recognised when the control of the promised services or products is transferred to the customer.

(iii) The Group usually controls the services and the products it provided before they are transferred to the customer. In certain situations, the Group would consider the primary responsibilities in the arrangement, the establishment of selling price, and the inventory risks, etc. to determine if the Group is acting as a principal or agent. If the Group has assessed and concluded that it does not obtain the control of a specified product before transferring to the customer, the Group is acting as agent in satisfying a performance obligation, and the revenue is recognised in the net amount of any fee or commission to which it expects to be entitled from another party.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition from contracts with customers (Continued)

Contract assets primarily relate to the Group's rights to consideration for services or products provided to the customers but for which the Group does not have an unconditional right at the balance sheet date. The contract asset is reclassified to accounts receivable as services are provided and billed.

Contract liabilities arise when the Group receives consideration in advance of providing the services or products promised in the contract. Contract liabilities mainly comprise non-refundable prepaid service fees received from customers, unredeemed point rewards under customer point reward program ("Reward Program") and unused data traffic carried over. The refundable prepaid service fees received from customers is recorded as receipts in advance.

Contract costs include costs incurred to obtain a contract and cost incurred to fulfil a contract. Costs incurred to obtain a contract represents incremental costs incurred to obtain a contract, which mainly comprise sales commissions payable to third party agents and are amortised on a systemic basis that is consistent with the transfer to the customer of the services or products to which such costs relates over the expected duration of the contract and recorded in selling expense, if it is expected to be recovered. When the expected amortisation period is one year or less, the Group utilises the practical expedient and expenses the costs as incurred. Capitalised incremental costs incurred to obtain a contract is recorded as other non-current assets.

Cost incurred to fulfil a contract represents the cost directly related to the Group's telecommunications service contracts which are not within the scope of another accounting standard. The amount is amortised on a systemic basis that is consistent with the transfer to the customer of the services or products to which the costs incurred to fulfil a customer contract relates over the expected duration of the contract and recorded as network operation and support expenses, if it is expected to be recovered. Capitalised cost incurred to fulfil a contract is recorded as inventory or other non-current assets based on its amortisation period.

(t) Interest income

Interest income is recognised as it accrues using the effective interest method.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets may also arise from unused tax losses and unused tax credits.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries and associates to the extent that, in the case of taxable temporary differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, and it is not probable that they will reverse in the future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

The amount of deferred tax recognised is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exits when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(w) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Company and subsidiaries incorporated in Hong Kong are required to make contributions to Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Such contributions are recognised as an expense in profit or loss as incurred.

The employees of the subsidiaries in the mainland of China participate in the defined contribution retirement plans managed by the local government authorities whereby the subsidiaries are required to contribute to the schemes at fixed rates of the employees' salary costs. In addition to the local governmental defined contribution retirement plans, the subsidiaries also participate in a pension scheme launched by the Group managed by an independent insurance company whereby the subsidiaries are required to make contributions to the retirement plans at fixed rates of the employees' salary costs or in accordance with the terms of the plans. The Group's contributions to these plans are charged to profit or loss when incurred. During the reporting period, no forfeited contributions were used by the Group to reduce the existing level of contributions.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Employee benefits (Continued)

(ii) Supplementary retirement benefits

In addition to participating in local governmental defined contribution social insurance, the Group also provides other post retirement supplementary retirement benefits to those retired employees qualified for certain criteria in accordance with the governmental requirement. Under such plan, the Group provides or reimburses certain medical benefits to retired employees annually based on certain criteria. The Group's payment obligation in the future under such plan are discounted and recognised as liabilities, the costs of which are recognised in profit or loss. Changes arising from remeasurement of the liability due to changes in the actuarial assumptions are recognised in other comprehensive income when incurred.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed at each balance sheet date. Any resulting adjustment to the cumulative fair value recognised in prior years is recognised in profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve). The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share capital account) or the option expires (when it is released directly to retained profits). In the Company's balance sheet, share-based payment transactions in which the Company grants share options to subsidiaries' employees are accounted for as an increase in value of investments in subsidiaries, which is eliminated in consolidated financial statements.

(iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment which is without realistic possibility of withdrawal or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(y) Translation of foreign currencies

The functional currency of majority of the entities within the Group is RMB, which is the currency of the primary economic environment in which most of the Group's entities operate. The Group adopted RMB as its presentation currency in the preparation of the consolidated financial statements, which is also the functional currency of the Company.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of overseas entities are translated into RMB at the exchange rates approximating the foreign exchange rate ruling at the dates of transactions. Assets and liabilities are translated into RMB at the exchange rates ruling at the balance sheet date. The resulting currency translation differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. On disposal of an overseas entity, the cumulative amount of the currency translation differences relating to that particular foreign operation is reclassified from equity to profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas entities within the Group are translated into RMB by using the exchange rates approximating the foreign exchange rate ruling at the dates of the cash flows.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in note 2(z)(a); or

(vii) A person identified in note 2(z)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) 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 ("CODM") in order to allocate resources and assess performance of the segment. The CODM has been identified as the Executive Directors of the Company. For the years presented, the Group as a whole is an operating segment since the Group is only engaged in telecommunications and information related businesses. No geographical information has been disclosed as the majority of the Group's operating activities are carried out in the mainland of China. The Group's assets located and operating revenue derived from activities outside the mainland of China are less than 5% of the Group's assets and operating revenue, respectively.

(ab) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 CHANGES IN ACCOUNTING POLICIES

The following new or amended IFRSs/HKFRSs are mandatory for the first time for the Group's financial year beginning on 1 January 2024 and are applicable for the Group:

- Amendments to IAS/HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current (2020 amendments)
- Amendments to IAS/HKAS 1, Presentation of financial statements: Non-current liabilities with covenants (2022 amendments)
- Amendments to IFRS/HKFRS 16, Leases: Lease liability in a sale and leaseback
- Amendments to IAS/HKAS 7, Statement of cash flows and IFRS/HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

The adoption of the above new or amended IFRSs/HKFRSs effective for the financial year beginning on 1 January 2024 does not have a material impact on the Group.

In addition, the IASB and HKICPA also published a number of new standards and amendments to standards which are effective for the Group's financial year beginning on or after 1 January 2025 and have not been early adopted by the Group (see note 45). Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 OPERATING REVENUE

	2024 Million	2023 Million
Revenue from telecommunications services		
Voice services	**70,090**	72,258
SMS & MMS services	**30,822**	31,106
Wireless data traffic services	**385,936**	394,797
Wireline broadband services	**130,192**	118,768
Applications and information services	**243,774**	221,642
Others	**28,654**	24,943
	889,468	863,514
Revenue from sales of products and others	**151,291**	145,795
	1,040,759	1,009,309

The majority of the Group's operating revenue is from contracts with customers, and the remaining is not material. The revenue recognition policy has been disclosed in note 2(s), while majority of the Group's revenue from contracts with customers was recognised over time.

Operating revenue is subject to value-added tax ("VAT"). The VAT rate for basic telecommunications services is 9%. The VAT rate for value-added telecommunications services, information technology services and technical consulting services is 6% and the VAT rate for sales of telecommunications terminals is 13%. VAT is excluded from the revenue.

The unsatisfied performance obligation of the Group is mainly related to telecommunications services. The Group generally enters into service contracts with customers monthly or for a fixed term, and bills the customers monthly based on the contract terms for the Group's unconditional right to consideration. Majority of the transaction considerations that were allocated to unsatisfied performance obligations as at the end of the reporting period are expected to be recognised within one year when services are provided. For the contracts that have an original expected duration of one year or less and the performance obligations which are regarded as satisfied as billed, the Group has applied the practical expedient permitted under IFRS/HKFRS 15 "Revenue from Contracts with Customers", therefore, the information about the remaining performance obligations were not disclosed.

(Expressed in RMB unless otherwise indicated)

5 NETWORK OPERATION AND SUPPORT EXPENSES

	Note	2024 Million	2023 Million
Maintenance, operation support and related expenses		**191,045**	175,551
Power and utilities expenses		**42,654**	41,799
Charges for use of tower assets	(i)(iii)	**23,989**	24,866
Charges for use of lines, network and other assets	(ii)(iii)	**18,497**	18,415
Others		**7,156**	8,264
		283,341	268,895

Note:

(i) Charges for use of tower assets include the non-lease components charges (maintenance, certain ancillary facilities usage and related support services) for use of telecommunications towers and variable lease payments not based on an index or a rate, which are recorded in profit or loss as incurred.

(ii) Charges for use of lines, network and other assets mainly include the non-lease components charges and the lease components charges for lease contracts that are exempted from recognition of right-of-use assets and lease liabilities, such as short-term lease payments, lease payments of low-value assets and variable lease payments not based on an index or a rate, which are recorded in profit or loss as incurred.

(iii) For the year ended 31 December 2024, short-term lease payments and lease payments of low-value assets amounted to RMB11,170 million (2023: RMB9,950 million), and variable lease payments not based on an index or a rate (mainly about the lease of tower assets), which are recorded in profit or loss as incurred, amounted to RMB5,612 million (2023: RMB6,058 million).

6 EMPLOYEE BENEFIT AND RELATED EXPENSES

	2024 Million	2023 Million
Salaries, wages, labour service expenses and other benefits	**131,840**	125,411
Retirement costs: contributions to defined contribution retirement plans	**19,615**	18,205
Share-based compensation expenses	**489**	717
	151,944	144,333

The Group has implemented the transfer of the socialised management of existing retirees to external organisations in accordance with the governmental requirement. The Group is also obliged to pay for certain of such retirees' post-retirement benefits (mainly including supplementary medical benefits, etc.) in the future with the principle that the level of such benefits would not be decreased. This benefit plan is accounted for as a long-term defined benefits obligation and does not have any plan assets. As at the end of the reporting period, the Group engaged an independent qualified actuary to calculate the Group's obligation for this benefit plan using the projected unit credit method, and such obligation was recognised as liability. Actuarial assumptions mainly included discount rate and life expectancy. For the year ended 31 December 2024, the discount rate was 1.75% per annum (2023: 2.75%). Life expectancy was determined in accordance with relevant information on the "China Life Insurance Mortality Table (2010-2013) – CL5/CL6". Reasonable changes in actuarial assumptions would not have a significant impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 EMPLOYEE BENEFIT AND RELATED EXPENSES (CONTINUED)

The movement of defined benefit plan liabilities is as follows:

	2024 Million	2023 Million
As at 1 January	**6,781**	6,282
Defined benefit costs included in profit or loss		
– service cost	**(38)**	508
– interest cost	**181**	164
Actuarial losses included in other comprehensive income	**889**	184
Payments during the year	**(388)**	(357)
As at 31 December	**7,425**	6,781

7 OTHER OPERATING EXPENSES

	Note	2024 Million	2023 Million
Interconnection		**28,445**	24,867
Expected credit impairment losses		**14,509**	9,227
Write-down of inventories		**217**	246
Impairment losses of contract assets		**302**	216
Net loss on disposal and write-off of property, plant and equipment and other intangible assets		**419**	390
Co-research and development expenses	(i)	**5,031**	6,815
Auditors' remuneration			
– audit services fees	(ii)	**86**	86
– non-audit services fees		**2**	1
Taxes and surcharges		**3,759**	3,071
Others	(iii)	**15,209**	14,400
		67,979	59,319

Note:

(i) For the year ended 31 December 2024, research and development expenses amounted to RMB28,163 million in total (for the year ended 31 December 2023: RMB28,711 million) included the co-research and development expenses as disclosed above and other expenditures relating to employee benefit and related expenses, depreciation and amortisation and other expenses, which amount is also included in the respective account captions.

(ii) The item includes service fees for audit of the Group's internal controls over financial reporting pursuant to regulatory requirements amounted to RMB16 million (2023: RMB16 million).

(iii) Others consist of administrative expenses and other miscellaneous expenses.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 OTHER GAINS

	2024 Million	2023 Million
Compensation income	1,324	1,233
Additional deduction of input VAT	7	4,431
Others	3,639	4,159
	4,970	9,823

9 INTEREST AND OTHER INCOME

	2024 Million	2023 Million
Interest income	6,275	7,332
Net gains on hold/disposal of financial assets	16,730	13,802
	23,005	21,134

10 FINANCE COSTS

	2024 Million	2023 Million
Interest for lease liabilities	2,993	3,512
Interest for short-term deposits received (note 40(a))	84	40
Others	196	178
	3,273	3,730

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(Expressed in RMB unless otherwise indicated)

11 DIRECTORS' REMUNERATION

Directors' remuneration during 2024 is as follows:

	Directors' fees '000	Salaries, allowances and bonuses '000	Contributions relating to social insurance, housing fund and retirement scheme '000	2024 Total '000
Executive directors (Expressed in RMB)				
YANG Jie	–	612	245	857
HE Biao*	–	459	190	649
DONG Xin**	–	51	21	72
WANG Limin***	–	45	21	66
LI Pizheng****	–	552	236	788
LI Ronghua	–	545	242	787
	–	2,264	955	3,219
Independent non-executive directors (Expressed in Hong Kong dollar)				
YIU Kin Wah Stephen	490	–	–	490
YANG Qiang	–	–	–	–
LEE Ka Sze Carmelo	500	–	–	500
LEUNG KO May Yee Margaret	520	–	–	520
	1,510	–	–	1,510

* On 26 April 2024, Mr. He Biao was appointed as an Executive Director and the Chief Executive Officer of the Company

** On 11 January 2024, Mr. Dong Xin resigned from his positions as an Executive Director and the Chief Executive Officer of the Company

*** On 8 January 2025, Mr. Wang Limin was appointed as an Executive Director of the Company

**** On 8 January 2025, Mr. Li Pizheng resigned from his positions as an Executive Director of the Company

***** In 2024, the Company's executive directors and Dr. Yang Qiang, an independent non-executive director, voluntarily waived their directors' fees

****** Directors' remuneration paid during 2024 included remuneration for the year, performance related bonuses for previous years determined and paid during the year. The unpaid portion of performance related bonuses for 2024 will be determined, accrued and paid in 2025 based on their performance, and the additional bonuses related to their term of service will be determined, accrued and paid based on their performance upon the completion of three-year evaluation period from 2022 to 2024. During 2024, in addition to remuneration for the year, the Company also settled the performance related bonus for 2023, including RMB360 thousand for Yang Jie, RMB360 thousand for Dong Xin, RMB357 thousand for Li Pizheng and RMB346 thousand for Li Ronghua, respectively

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

11 DIRECTORS' REMUNERATION (CONTINUED)

Directors' remuneration during 2023 is as follows:

	Directors' fees '000	Salaries, allowances and bonuses '000	Contributions relating to social insurance, housing fund and retirement scheme '000	2023 Total '000
Executive directors (Expressed in RMB)				
YANG Jie	–	601	244	845
DONG Xin	–	601	244	845
LI Pizheng	–	541	235	776
LI Ronghua	–	535	234	769
	–	2,278	957	3,235
Independent non-executive directors (Expressed in Hong Kong dollar)				
YIU Kin Wah Stephen	490	–	–	490
YANG Qiang	–	–	–	–
LEE Ka Sze Carmelo	440	–	–	440
LEUNG KO May Yee Margaret	440	–	–	440
	1,370	–	–	1,370

* In 2023, the Company's executive directors and Dr. Yang Qiang, an independent non-executive director, voluntarily waived their directors' fees

** During 2023, in addition to remuneration for the year, the Company also settled the performance related bonus for 2022, including RMB360 thousand for Yang Jie, RMB360 thousand for Dong Xin, RMB349 thousand for Li Pizheng and RMB334 thousand for Li Ronghua, respectively

12 OTHER SENIOR MANAGEMENT'S REMUNERATION AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Other senior management's remuneration

Other senior management's remuneration paid during 2024 included remuneration for the year, performance related bonuses for previous years determined and paid during the year. The unpaid portion of performance related bonuses for 2024 will be determined, accrued and paid in 2025 based on their performance, and the additional bonuses related to their term of service will be determined, accrued and paid based on their performance upon the completion of three-year evaluation period from 2022 to 2024.

In 2024, the Company's other senior management's remuneration paid was within the range between RMB450,000 to RMB1,150,000 (2023: RMB650,000 to RMB1,150,000).

(b) Individuals with highest emoluments

For the year ended 31 December 2024 and 2023, none of the five individuals with the highest emoluments in the Group are directors or other senior management. The emoluments payable to the five individuals with highest emoluments are as follows:

	2024 **'000**	2023 '000
Salaries, allowances and benefits in kind	**6,095**	6,390
Performance related bonuses	**5,773**	5,302
Retirement scheme contributions	**469**	431
	12,337	12,123

The emoluments fell within the following bands:

	2024 **Number of individuals**	2023 Number of individuals
Emolument bands		
1,500,001–2,000,000	**1**	–
2,000,001–2,500,000	**3**	4
3,000,001–3,500,000	**–**	1
3,500,001–4,000,000	**1**	–

(Expressed in RMB unless otherwise indicated)

13 TAXATION

(a) Taxation in the consolidated statement of comprehensive income represents:

	Note	2024 Million	2023 Million
Current tax			
Provision for enterprise income tax in the mainland of China and other countries and regions on the estimated assessable profits for the year	(i)	**42,058**	41,221
Provision for Hong Kong profits tax on the estimated assessable profits for the year	(ii)	**657**	585
		42,715	41,806
Deferred tax			
Origination and reversal of temporary differences, net (note 22)		**(2,852)**	(3,210)
		39,863	38,596

Note:

(i) The provision for enterprise income tax in the mainland of China and other countries and regions has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the regions in which the Group operates. The Company's subsidiaries operate mainly in the mainland of China. The provision for the PRC enterprise income tax is based on the statutory tax rate of 25% (2023: 25%) on the estimated assessable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the year ended 31 December 2024. Certain subsidiaries of the Company entitle to the preferential tax rate of 15% (2023: 15%). Also certain research and development costs of the Company's PRC subsidiaries are qualified for 100% additional deduction.

(ii) The provision for Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year ended 31 December 2024.

(iii) Pursuant to the "Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" issued by SAT in 2009 ("2009 Notice"), the Company is qualified as a PRC offshore-registered resident enterprise. Accordingly, the dividend income of the Company from its subsidiaries in the PRC is exempted from PRC enterprise income tax.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

13 TAXATION (CONTINUED)

(b) Reconciliations between income tax expense and accounting profit at applicable tax rates:

	2024 Million	2023 Million
Profit before taxation	**178,389**	170,531
Notional tax on profit before tax, calculated at the PRC's statutory tax rate of 25% (Note)	**44,597**	42,633
Tax effect of non-taxable items		
– Income from investments accounted for using the equity method	**(2,747)**	(2,087)
– Other non-taxable income	**(283)**	(246)
Tax effect of non-deductible expenses	**1,670**	1,392
Tax rate differential (note 13(a)(i)(ii))	**(3,046)**	(2,646)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised, net of utilisation (note 22)	**937**	1,332
Additional deduction for qualified research and development costs (note 13(a)(i))	**(1,265)**	(1,782)
Taxation	**39,863**	38,596

Note: The PRC's statutory tax rate is adopted as the majority of the Group's operations are subject to this rate.

(c) The tax charged relating to components of other comprehensive income is as follows:

	2024			2023		
	Before tax Million	Tax charged Million	After tax Million	Before tax Million	Tax charged Million	After tax Million
Changes in value of financial assets measured at FVOCI	**762**	**(211)**	**551**	205	(4)	201
Remeasurement of defined benefit liabilities	**(889)**	**–**	**(889)**	(184)	–	(184)
Currency translation differences	**892**	**–**	**892**	573	–	573
Share of other comprehensive income of investments accounted for using the equity method	**1,984**	**–**	**1,984**	922	–	922
Other comprehensive income	**2,749**	**(211)**	**2,538**	1,516	(4)	1,512
Current tax		**–**			–	
Deferred tax		**(211)**			(4)	
		(211)			(4)	

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

14 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2024 is based on the profit attributable to equity shareholders of the Company of RMB138,373 million (2023: RMB131,766 million) and the weighted average number of 21,438,442,570 shares (2023: 21,376,288,436 shares) in issue during the year.

(b) Diluted earnings per share

For calculating the diluted earnings per share amounts for the years presented, the Group has considered the following arrangements that may entitle to their holders to ordinary shares:

(i) Convertible bonds issued by an associate of the Group ("CB") (note 23);

(ii) Share options issued by the Company (note 37);

Both arrangements had dilutive effects on the earnings per share amounts for both of the years presented. In particular, (i) the assumed conversion of the CB would have decreased the profit attributable to the equity shareholders of the Company (for the year ended 31 December 2023: decreased), and (ii) the weighted number of shares used would have increased (for the year ended 31 December 2023: increased) if the exercise price of the relevant share options were below the average market price of the Company's ordinary shares on the HKEX during the relevant periods, and to the extent that the Company can determine that the performance conditions would have been satisfied if the end of the year were the end of the performance period.

For the year ended 31 December 2024, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB138,356 million (2023: RMB131,699 million) and the weighted average number of 21,542,759,453 shares (2023: 21,408,818,755 shares) in issue after adjusting for the effect of all dilutive potential ordinary shares during the year.

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2024 Million	2023 Million
Profit attributable to equity shareholders of the Company used in calculating basic earnings per share	138,373	131,766
Add: changes in share of profit of the associate	281	254
Less: fair value gain and interest income relating to the CB held by the Group, net of tax	(298)	(321)
Profit attributable to equity shareholders of the Company used in calculating diluted earnings per share	138,356	131,699

(ii) Weighted average number of ordinary shares (diluted)

	2024 Number of shares	2023 Number of shares
Weighted average number of shares in issue during the year	21,438,442,570	21,376,288,436
Dilutive equivalent shares arising from share options	104,316,883	32,530,319
Weighted average number of shares (diluted) during the year	21,542,759,453	21,408,818,755

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings Million	Telecommunications transceivers, switching centers, transmission and other network equipment Million	Office equipment, furniture, fixtures and others Million	Total Million
Cost:				
As at 1 January 2023	172,038	1,910,837	16,964	2,099,839
Transferred from construction in progress	5,215	154,243	1,170	160,628
Other additions	65	328	498	891
Disposals and write-off	(1,020)	(51,155)	(1,348)	(53,523)
Exchange differences	111	257	3	371
As at 31 December 2023	176,409	2,014,510	17,287	2,208,206
Accumulated depreciation and impairment:				
As at 1 January 2023	69,592	1,300,677	12,449	1,382,718
Charge for the year	6,225	154,827	1,525	162,577
Disposals and write-off	(379)	(50,223)	(1,277)	(51,879)
Exchange differences	21	104	2	127
As at 31 December 2023	75,459	1,405,385	12,699	1,493,543
Net book value:				
As at 31 December 2023	100,950	609,125	4,588	714,663

	Buildings Million	**Telecommunications transceivers, switching centers, transmission and other network equipment Million**	**Office equipment, furniture, fixtures and others Million**	**Total Million**
Cost:				
As at 1 January 2024	**176,409**	**2,014,510**	**17,287**	**2,208,206**
Transferred from construction in progress	**3,809**	**138,321**	**2,283**	**144,413**
Other additions	**94**	**266**	**177**	**537**
Disposals and write-off	**(434)**	**(57,581)**	**(1,070)**	**(59,085)**
Exchange differences	**121**	**379**	**5**	**505**
As at 31 December 2024	**179,999**	**2,095,895**	**18,682**	**2,294,576**
Accumulated depreciation and impairment:				
As at 1 January 2024	**75,459**	**1,405,385**	**12,699**	**1,493,543**
Charge for the year	**6,526**	**136,383**	**1,446**	**144,355**
Disposals and write-off	**(373)**	**(56,635)**	**(1,033)**	**(58,041)**
Exchange differences	**39**	**181**	**5**	**225**
As at 31 December 2024	**81,651**	**1,485,314**	**13,117**	**1,580,082**
Net book value:				
As at 31 December 2024	**98,348**	**610,581**	**5,565**	**714,494**

(Expressed in RMB unless otherwise indicated)

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

On 21 March 2024, the Board of Directors of the Company approved to change the depreciable life of 5G wireless assets and related transmission equipment. At the end of 2023, the IMT-2030 (6G) Promotion Group formally proposed that the 6G standard shall be established in 2025 with commercialisation expected in 2030. It was also clearly stated that 5G network investments shall be reused in 6G network infrastructure to the maximum extent, and therefore it is expected that 5G and 6G networks will co-exist after commercialisation of 6G and 5G equipment will have a relatively long life cycle. After full consideration of technology, business and other factors and detailed assessment of the state of use of relevant assets, and also with reference to the practices of other telecommunications operators, the Board of Directors of the Company resolved and approved an adjustment of the depreciable life of the 5G wireless assets and related transmission equipment from 7 years to 10 years with effect from 1 January 2024, which the Company considers to be a more objective and fair reflection of the expected useful life of such type of assets and their actual state of use. The aforesaid change in accounting estimates have been made using the prospective application method. The depreciation and amortisation for the year ended 31 December 2024 decreased by approximately RMB19,069 million as a result of the aforesaid change in accounting estimates (2023: NA).

As disclosed in note 21(c), in accordance with the collaboration agreements with China Broadcasting Network Corporation Ltd. ("CBN"), without consent from the other party, any party may not dispose of (including transfer, mortgage or pledge) its ownership in all or any 700MHz wireless network assets (including but not limited to base stations, antennas and essential wireless ancillary equipment) within the scope of collaboration. As at 31 December 2024, the aforesaid assets amounted to RMB57,622 million and RMB2,782 million were included in property, plant and equipment and construction in progress, respectively (As at 31 December 2023: RMB53,237 million and RMB3,202 million, respectively).

16 CONSTRUCTION IN PROGRESS

	2024 **Million**	2023 Million
As at 1 January	**74,496**	73,087
Additions	**153,594**	173,476
Transferred to property, plant and equipment and other intangible assets	**(153,819)**	(172,067)
As at 31 December	**74,271**	74,496

Construction in progress primarily comprises expenditure incurred on the network expansion projects but not yet completed.

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17 LEASES

This note provides lease information about the Group as a lessee.

(a) Right-of-use assets

	Telecommunications Towers and related assets Million	Buildings and premises Million	Others Million	Total Million
Cost:				
As at 1 January 2023	150,353	49,682	11,292	211,327
Additions	8,526	9,684	3,500	21,710
Decreases	(7,833)	(8,563)	(2,089)	(18,485)
Exchange differences	–	36	–	36
As at 31 December 2023	151,046	50,839	12,703	214,588
Accumulated amortisation and impairment:				
As at 1 January 2023	72,293	26,427	3,858	102,578
Additions	16,657	9,056	3,951	29,664
Decreases	(3,378)	(7,704)	(1,337)	(12,419)
Exchange differences	–	12	–	12
As at 31 December 2023	85,572	27,791	6,472	119,835
Net book value:				
As at 31 December 2023	65,474	23,048	6,231	94,753

	Telecommunications Towers and related assets Million	Buildings and premises Million	Others Million	Total Million
Cost:				
As at 1 January 2024	151,046	50,839	12,703	214,588
Additions	8,491	10,529	3,457	22,477
Decreases	(7,926)	(7,175)	(1,678)	(16,779)
Exchange differences	–	60	–	60
As at 31 December 2024	151,611	54,253	14,482	220,346
Accumulated amortisation and impairment:				
As at 1 January 2024	85,572	27,791	6,472	119,835
Additions	16,878	9,252	4,605	30,735
Decreases	(3,660)	(6,050)	(1,170)	(10,880)
Exchange differences	–	31	–	31
As at 31 December 2024	98,790	31,024	9,907	139,721
Net book value:				
As at 31 December 2024	52,821	23,229	4,575	80,625

(Expressed in RMB unless otherwise indicated)

17 LEASES (CONTINUED)

(a) Right-of-use assets (Continued)

On 13 December 2022, the board of the Company approved the entering into by China Mobile Communication Co., Ltd. ("CMC") with China Tower Corporation Limited ("China Tower") of the Commercial Pricing Agreement and the Service Agreement, each for a term of five years from 1 January 2023 to 31 December 2027, which was accounted for as lease modification. As at 31 December 2022, the Group has recognised the related lease liabilities and the corresponding additions of right-of-use assets amounting to RMB59,112 million based on the new lease terms. Subsequently, CMC entered into those agreements with China Tower after the resolution were approved during the extraordinary general meeting of the Company on 11 January 2023.

Pursuant to the Commercial Pricing Agreement and the Service Agreement, China Tower will continue to lease telecommunications towers and provide other related services to CMC's subsidiaries. Based on these agreements, negotiation was done at the provincial level about the specific assets to be leased and related services to be provided, and provincial service agreements have been entered into.

(b) Land use rights

For the year ended 31 December 2024, the amortisation of land use rights expensed in the profit or loss amounted to RMB473 million (2023: RMB483 million).

(c) Lease liabilities

For the year ended 31 December 2024, lease liabilities of RMB16,401 million (2023: RMB15,375 million) was incurred relating to additions of right-of-use assets.

As at 31 December 2024 and 2023, the maturity analysis of lease liabilities was set out in note 41(b).

18 GOODWILL

	2024 Million	2023 Million
As at 1 January and 31 December	35,301	35,301

Impairment tests for goodwill

As at 31 December 2024, the goodwill is mainly attributable to the cash-generating units in relation to the operation in the mainland of China which management currently monitors. The recoverable amount of the cash-generating unit is determined based on the VIU calculations by using the discounted cash flow method. This method considers the pre-tax cash flows of the subsidiaries (cash-generating unit) for the five years ending 31 December 2029 and the projected perpetual cash flows after the fifth year. For the five years ending 31 December 2029, the average growth rate is assumed to be 1.5%, while for the years beyond 31 December 2029, the assumed continual growth rate to perpetuity is 1%. The present value of cash flows is calculated by discounting the cash flow using pre-tax discount rate of approximately 10%. The management performed impairment test for the goodwill in relation to the operation in the mainland of China and determined such goodwill was not impaired. Reasonably possible changes in key assumptions would not lead to the goodwill impairment losses.

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(Expressed in RMB unless otherwise indicated)

19 OTHER INTANGIBLE ASSETS

	Software Million	Others Million	Total Million
Cost:			
As at 1 January 2023	94,782	18,354	113,136
Additions	12,081	4,273	16,354
Disposals	(7,817)	(3,091)	(10,908)
Exchange differences	6	85	91
As at 31 December 2023	99,052	19,621	118,673
Accumulated amortisation and impairment:			
As at 1 January 2023	70,874	10,997	81,871
Charge for the year	9,539	5,202	14,741
Written back on disposals	(7,679)	(3,014)	(10,693)
Exchange differences	3	31	34
As at 31 December 2023	72,737	13,216	85,953
Net book value:			
As at 31 December 2023	26,315	6,405	32,720

	Software Million	**Others Million**	**Total Million**
Cost:			
As at 1 January 2024	**99,052**	**19,621**	**118,673**
Additions	**14,131**	**5,665**	**19,796**
Disposals	**(5,450)**	**(3,844)**	**(9,294)**
Exchange differences	**18**	**126**	**144**
As at 31 December 2024	**107,751**	**21,568**	**129,319**
Accumulated amortisation and impairment:			
As at 1 January 2024	**72,737**	**13,216**	**85,953**
Charge for the year	**10,646**	**5,391**	**16,037**
Written back on disposals	**(5,325)**	**(3,781)**	**(9,106)**
Exchange differences	**10**	**61**	**71**
As at 31 December 2024	**78,068**	**14,887**	**92,955**
Net book value:			
As at 31 December 2024	**29,683**	**6,681**	**36,364**

(Expressed in RMB unless otherwise indicated)

20 SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
1	China Mobile Communication (BVI) Limited	the British Virgin Islands ("BVI")	HK$2	100%	–	Investment holding company
2	China Mobile Communication Co., Ltd.**	the mainland of China	RMB53,218,848,326	–	100%	Network and business coordination center
3	China Mobile Group Guangdong Co., Ltd. ("Guangdong Mobile")	the mainland of China	RMB5,594,840,700	–	100%	Telecommunications operator
4	China Mobile Group Zhejiang Co., Ltd.	the mainland of China	RMB2,117,790,000	–	100%	Telecommunications operator
5	China Mobile Group Jiangsu Co., Ltd.	the mainland of China	RMB2,800,000,000	–	100%	Telecommunications operator
6	China Mobile Group Fujian Co., Ltd.	the mainland of China	RMB5,247,480,000	–	100%	Telecommunications operator
7	China Mobile Group Henan Co., Ltd.	the mainland of China	RMB4,367,733,641	–	100%	Telecommunications operator
8	China Mobile Group Hainan Co., Ltd.	the mainland of China	RMB643,000,000	–	100%	Telecommunications operator
9	China Mobile Group Beijing Co., Ltd.	the mainland of China	RMB6,124,696,053	–	100%	Telecommunications operator
10	China Mobile Group Shanghai Co., Ltd.	the mainland of China	RMB6,038,667,706	–	100%	Telecommunications operator
11	China Mobile Group Tianjin Co., Ltd.	the mainland of China	RMB2,151,035,483	–	100%	Telecommunications operator
12	China Mobile Group Hebei Co., Ltd.	the mainland of China	RMB4,314,668,531	–	100%	Telecommunications operator
13	China Mobile Group Liaoning Co., Ltd.	the mainland of China	RMB5,140,126,680	–	100%	Telecommunications operator
14	China Mobile Group Shandong Co., Ltd.	the mainland of China	RMB6,341,851,146	–	100%	Telecommunications operator
15	China Mobile Group Guangxi Co., Ltd.	the mainland of China	RMB2,340,750,100	–	100%	Telecommunications operator

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(Expressed in RMB unless otherwise indicated)

20 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
16	China Mobile Group Anhui Co., Ltd.	the mainland of China	RMB4,099,495,494	–	100%	Telecommunications operator
17	China Mobile Group Jiangxi Co., Ltd.	the mainland of China	RMB2,932,824,234	–	100%	Telecommunications operator
18	China Mobile Group Chongqing Co., Ltd.	the mainland of China	RMB3,029,645,401	–	100%	Telecommunications operator
19	China Mobile Group Sichuan Co., Ltd.	the mainland of China	RMB7,483,625,572	–	100%	Telecommunications operator
20	China Mobile Group Hubei Co., Ltd.	the mainland of China	RMB3,961,279,556	–	100%	Telecommunications operator
21	China Mobile Group Hunan Co., Ltd.	the mainland of China	RMB4,015,668,593	–	100%	Telecommunications operator
22	China Mobile Group Shaanxi Co., Ltd.	the mainland of China	RMB3,171,267,431	–	100%	Telecommunications operator
23	China Mobile Group Shanxi Co., Ltd.	the mainland of China	RMB2,773,448,313	–	100%	Telecommunications operator
24	China Mobile Group Neimenggu Co., Ltd.	the mainland of China	RMB2,862,621,870	–	100%	Telecommunications operator
25	China Mobile Group Jilin Co., Ltd.	the mainland of China	RMB5,327,579,314	–	100%	Telecommunications operator
26	China Mobile Group Heilongjiang Co., Ltd.	the mainland of China	RMB4,500,508,035	–	100%	Telecommunications operator
27	China Mobile Group Guizhou Co., Ltd.	the mainland of China	RMB2,541,981,749	–	100%	Telecommunications operator
28	China Mobile Group Yunnan Co., Ltd.	the mainland of China	RMB4,137,130,733	–	100%	Telecommunications operator
29	China Mobile Group Xizang Co., Ltd.	the mainland of China	RMB8,098,643,686	–	100%	Telecommunications operator
30	China Mobile Group Gansu Co., Ltd.	the mainland of China	RMB1,702,599,589	–	100%	Telecommunications operator
31	China Mobile Group Qinghai Co., Ltd.	the mainland of China	RMB3,772,564,911	–	100%	Telecommunications operator

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20 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
32	China Mobile Group Ningxia Co., Ltd.	the mainland of China	RMB2,890,447,232	–	100%	Telecommunications operator
33	China Mobile Group Xinjiang Co., Ltd.	the mainland of China	RMB12,431,599,639	–	100%	Telecommunications operator
34	China Mobile Group Design Institute Co., Ltd.	the mainland of China	RMB160,232,547	–	100%	Provision of telecommunications network planning design and consulting services
35	China Mobile Holding Company Limited**	the mainland of China	US$30,000,000	100%	–	Investment holding company
36	China Mobile Information Technology Co., Ltd.**	the mainland of China	US$7,633,000	–	100%	Provision of roaming clearance, IT system operation technology support services
37	Aspire Holdings Limited	Cayman Islands	HK$93,964,583	66.41%	–	Investment holding company
38	Aspire (BVI) Limited#	BVI	US$1,000	–	100%	Investment holding company
39	Aspire Technologies (Shenzhen) Limited**#	the mainland of China	US$10,000,000	–	100%	Development, services and maintenance of industry value-added platform
40	Aspire Information Network (Shenzhen) Limited**#	the mainland of China	US$5,000,000	–	100%	Provision of mobile data solutions, system integration and development
41	Aspire Information Technologies (Beijing) Limited**#	the mainland of China	US$5,000,000	–	100%	Operation support and capability service of digital content
42	Fujian FUNO Mobile Communication Technology Company Limited***	the mainland of China	RMB60,000,000	–	51%	Network construction and maintenance, network planning and optimizing training and information services
43	Advanced Roaming & Clearing House Limited	BVI	US$2	100%	–	Provision of roaming clearance services
44	Fit Best Limited	BVI	US$1	100%	–	Investment holding company
45	China Mobile Hong Kong Company Limited	Hong Kong	HK$951,046,930	–	100%	Provision of telecommunications and related services
46	China Mobile International Holdings Limited	Hong Kong	HK$20,719,810,000	100%	–	Investment holding company

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20 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
47	China Mobile International Limited	Hong Kong	HK$6,376,425,499	–	100%	Provision of voice and roaming clearance services, internet services and value-added services
48	China Mobile Group Device Co., Ltd.	the mainland of China	RMB6,200,000,000	–	99.97%	Provision of electronic communication products design services and sale of related products
49	China Mobile Group Finance Co., Ltd. ("China Mobile Finance")	the mainland of China	RMB11,627,783,669	–	92%	Provision of non-banking financial services
50	China Mobile IoT Company Limited	the mainland of China	RMB3,500,000,000	–	100%	Provision of network services
51	China Mobile (Suzhou) Software Technology Co., Ltd.	the mainland of China	RMB3,172,000,000	–	100%	Provision of Mobile Cloud research and development and operation support services
52	China Mobile E-Commerce Co., Ltd. ("China Mobile E-Commerce")	the mainland of China	RMB700,000,000	–	100%	Provision of e-payment, e-commerce and internet finance services
53	China Mobile (Hangzhou) Information Technology Co., Ltd.	the mainland of China	RMB1,750,000,000	–	100%	Provision of family information products, technology research and development services
54	China Mobile Online Services Co., Ltd.	the mainland of China	RMB3,500,000,000	–	100%	Provision of call center and internet information services
55	MIGU Company Limited	the mainland of China	RMB10,400,000,000	–	100%	Provision of mobile internet digital content services
56	China Mobile TieTong Company Limited	the mainland of China	RMB31,880,000,000	–	100%	Provision of engineering, maintenance, sales and telecommunications services
57	China Mobile Internet Company Limited	the mainland of China	RMB3,000,000,000	–	100%	Provision of internet related services
58	China Mobile Investment Holdings Company Limited	the mainland of China	RMB3,532,920,000	–	100%	Investment holding company
59	China Mobile System Integration Co., Ltd.	the mainland of China	RMB1,500,000,000	–	100%	Provision of computer system integration, construction, maintenance and related technology development services

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20 SUBSIDIARIES (CONTINUED)

No.	Name of company*	Place of incorporation/ establishment and operation	Particulars of issued and paid-up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
60	China Mobile (Chengdu) ICT Co., Ltd.	the mainland of China	RMB2,000,000,000	–	100%	Provision of information technology products and technology research and development services
61	China Mobile (Shanghai) ICT Co., Ltd.	the mainland of China	RMB2,000,000,000	–	100%	Provision of information technology products and technology research and development services
62	China Mobile Financial Technology Co., Ltd.	the mainland of China	RMB655,410,800	–	100%	Provision of e-payment, e-commerce and internet finance services
63	China Mobile Xiong'an ICT Co., Ltd.	the mainland of China	RMB670,000,000	–	100%	Provision of information technology products and technology research and development services
64	Zhongyidong Information Technology Co., Ltd.	the mainland of China	RMB1,000,000,000	–	100%	Provision of IT solution including digital technology
65	China Mobile Information System Integration Co., Ltd.	the mainland of China	RMB500,000,000	–	100%	Provision of computer system integration, construction, maintenance and related technology development services
66	China Mobile Park Construction and Development Co., Ltd.	the mainland of China	RMB300,000,000	–	100%	Provision of infrastructure agent construction, centralised park operations, IDC operation and maintenance services
67	China Mobile (Hong Kong) Innovation Research Institute Co., Limited	Hong Kong	HK$50,000,000	40%	60%	International product development and sales
68	China Mobile Hong Kong Treasury Company Limited	Hong Kong	HK$10,000,000	100%	–	Corporate treasury activities

* The nature of all the legal entities established in the mainland of China is limited liability company.

** Companies registered as wholly owned foreign enterprises in the mainland of China.

*** Company registered as a sino-foreign equity joint venture in the mainland of China.

\# Effective interest held by the Group is 66.41%.

No subsidiaries in which the Group have non-controlling interests are material to the Group.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

The amounts of investments accounted for using the equity method recognised in the consolidated balance sheet are as follows:

	As at 31 December 2024 Million	As at 31 December 2023 Million
Associates	**197,954**	181,080
Joint ventures	**609**	635
	198,563	181,715

(a) Major associates

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

Name of associate	**Place of incorporation/ establishment and operation**	**Proportion of ownership interest held by the Company or its subsidiary**	**Principal activity**
Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank")	The PRC	18%	Provision of banking services
China Tower	The PRC	28%	Provision of construction, maintenance and operation of telecommunications towers

Management has assessed and determined that the Group has significant influence over these associates, including those investments where the ownership interest held by the Group is less than 20%, taking into factors including but not limited to the Group's representation on the boards of the directors of these entities. The consistency of the accounting policies between the Group and its associates has been considered when the Group recognised its interests in these associates.

(Expressed in RMB unless otherwise indicated)

21 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

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

	As at 31 December 2024		As at 31 December 2023	
	Carrying amount Million	**Fair value Million**	Carrying amount Million	Fair value Million
SPD Bank	**125,465**	**54,896**	117,936	35,317
China Tower	**55,461**	**50,978**	54,365	36,524

(ii) The Group assesses whether there is objective evidence that interests in associates are impaired at each balance sheet date.

As at 31 December 2024, the fair value of investment in SPD Bank was RMB54,896 million (as at 31 December 2023: RMB35,317 million) based on its quoted market price, which was below its carrying amount by 56.3% (as at 31 December 2023: 70.1%). The management of the Group performed an impairment assessment with the assistance of an independent external valuer and determined the recoverable amount of the investment based on its VIU. The calculation has considered pre-tax cash flow projections of SPD Bank for the five years ending 31 December 2029 with an extrapolation made to perpetuity. As at 31 December 2024, the pre-tax discount rate used to discount the cash flows to their respective net present values was 10.6%, and was based on cost of capital used to evaluate investments of similar nature in the mainland of China. Management judgement is required in estimating the future cash flows of SPD Bank. The key assumptions are determined with reference to external sources of information. Based on the management's assessment result, there was no impairment of the investment as at 31 December 2024.

As at 31 December 2024, the fair value of investment in China Tower was RMB50,978 million (as at 31 December 2023: RMB36,524 million) based on its quoted market price, which was below its carrying amount by 8.1% (as at 31 December 2023: 32.8%). Based on the management's assessment result, there was no impairment of the investment as at 31 December 2024.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

(iii) Summarised financial information on major associates:

	SPD Bank As at 31 December	
	2024 Million	2023 Million
Total assets	**9,461,880**	9,007,247
Total liabilities	**8,717,099**	8,274,363
Total equity	**744,781**	732,884
Total equity attributable to ordinary equity shareholders	**656,410**	614,840
Percentage of ownership of the Group	**18%**	18%
Total equity attributable to the Group	**119,381**	111,852
The impact of fair value adjustments at the time of acquisition, goodwill and others	**6,084**	6,084
Interest in associates	**125,465**	117,936

	China Tower As at 31 December	
	2024 Million	2023 Million
Total current assets	**91,360**	78,083
Total non-current assets	**241,474**	247,924
Total current liabilities	**75,799**	63,934
Total non-current liabilities	**57,056**	64,379
Total equity	**199,979**	197,694
Total equity attributable to equity shareholders	**199,978**	197,694
Percentage of ownership of the Group	**28%**	28%
Total equity attributable to the Group	**55,857**	55,216
Elimination of unrealised profits resulting from the transfer of Tower Assets	**(396)**	(851)
Interest in associates	**55,461**	54,365

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(a) Major associates (Continued)

(iii) Summarised financial information on major associates (Continued):

	SPD Bank	
	2024	2023
	Million	Million
Revenue	**170,748**	173,434
Profit before taxation	**48,366**	40,692
Profit attributable to the equity shareholders of the company	**45,257**	36,702
Other comprehensive income attributable to the equity shareholders of the company	**–**	4,921
Total comprehensive income attributable to the equity shareholders of the company	**–**	41,623
Dividends received from associates	**1,713**	1,707

	China Tower	
	2024	2023
	Million	Million
Revenue	**97,772**	94,009
Profit before taxation	**14,119**	12,832
Profit attributable to the equity shareholders of the company	**10,729**	9,750
Other comprehensive (loss)/income attributable to the equity shareholders of the company	**(3)**	6
Total comprehensive income attributable to the equity shareholders of the company	**10,726**	9,756
Dividends received from associates	**2,374**	1,589

Note: Up to the approval date of these financial statements, SPD Bank has not yet disclosed their annual financial statements for the year ended 31 December 2024. The numbers presented in the table above are extracted from financial information which was released and publicly disclosed by SPD Bank, with some information such as other comprehensive income attributable to the equity shareholders of the company and total comprehensive income attributable to the equity shareholders of the company not being disclosed.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

(b) Immaterial associates and joint ventures

The aggregate carrying amount of investments in other associates and joint ventures and related financial information are not material to the Group.

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the investments in associates and joint ventures may be impaired. If any such indication exists, the investment's recoverable amount is estimated, and the carrying amounts of the investment was reduced to its recoverable amount with an impairment loss recognised in profit or loss.

(c) Investments in a joint operation

To efficiently enhance its 5G network coverage, the Group entered into a series of collaboration agreements with CBN to co-construct and share 700MHz 5G wireless network (the "Co-construction and Sharing Agreement"). In accordance with the Co-construction and Sharing Agreement, the parties shall co-construct and share 700MHz wireless network (including but not limited to base stations and antennas) based on all 700MHz frequency bands of the radio spectrum in respect of which CBN had been permitted to use by relevant national departments. The parties shall jointly determine network construction plans. Without consent from the other party, any party may not dispose of (including transfer, mortgage or pledge, etc) all or any of the 700MHz wireless network assets within the scope of collaboration. The Group initially bear the construction costs of the 700MHz 5G wireless network within the agreed scope under the Co-construction and Sharing Agreement and shall initially own the assets underlying the said wireless network. CBN shall pay the Group network usage fees based on fair and reasonable negotiations. Therefore, both parties have the right to use the 700MHz wireless network. Subject to compliance with applicable laws, regulations and regulatory requirements, CBN may purchase 50% of the 700MHz 5G wireless network assets from the Group by stages, at the then assessed fair value.

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(Expressed in RMB unless otherwise indicated)

22 DEFERRED TAX ASSETS AND LIABILITIES

The components of deferred tax assets and liabilities recognised and the movements during the year ended 31 December 2024 are as follows:

	As at 1 January 2024 Million	(Charged)/ credited to profit or loss Million	Charged to other comprehensive income Million	Exchange differences Million	As at 31 December 2024 Million
Deferred tax assets before offsetting:					
Write-down of obsolete inventories	74	(5)	–	–	69
Depreciation, amortisation, write-off and impairment of property, plant and equipment and other intangible assets	9,338	390	–	–	9,728
Accrued expenses	24,649	3,516	–	–	28,165
Unredeemed Reward Program	6,511	(2,712)	–	–	3,799
Expected credit impairment losses	4,248	2,511	–	–	6,759
Lease liabilities	22,229	(3,349)	–	–	18,880
Others	9,381	213	–	3	9,597
	76,430	564	–	3	76,997
Deferred tax liabilities before offsetting:					
Change in value of financial assets measured at FVPL	(4,425)	(1,815)	–	–	(6,240)
Accelerated depreciation of property, plant and equipment	(5,420)	294	–	(25)	(5,151)
Right-of-use assets	(21,589)	3,722	–	–	(17,867)
Others	(736)	87	(211)	(1)	(861)
	(32,170)	2,288	(211)	(26)	(30,119)
Total	44,260	2,852	(211)	(23)	46,878

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22 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The components of deferred tax assets and liabilities recognised and the movements during the year ended 31 December 2023 are as follows:

	As at 1 January 2023 Million	Credited/ (charged) to profit or loss Million	Charged to other comprehensive income Million	Exchange differences Million	As at 31 December 2023 Million
Deferred tax assets before offsetting:					
Write-down of obsolete inventories	74	–	–	–	74
Depreciation, amortisation, write-off and impairment of property, plant and equipment and other intangible assets	9,185	153	–	–	9,338
Accrued expenses	22,056	2,593	–	–	24,649
Unredeemed Reward Program	7,499	(988)	–	–	6,511
Expected credit impairment losses	2,781	1,467	–	–	4,248
Lease liabilities	25,211	(2,982)	–	–	22,229
Others	6,187	3,192	–	2	9,381
	72,993	3,435	–	2	76,430
Deferred tax liabilities before offsetting:					
Change in value of financial assets measured at FVPL	(1,474)	(2,951)	–	–	(4,425)
Accelerated depreciation of property, plant and equipment	(4,747)	(663)	–	(10)	(5,420)
Right-of-use assets	(24,745)	3,156	–	–	(21,589)
Others	(960)	233	(4)	(5)	(736)
	(31,926)	(225)	(4)	(15)	(32,170)
Total	41,067	3,210	(4)	(13)	44,260

The net amounts of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	As at 31 December 2024		As at 31 December 2023	
	Offsetting amount	**Amount after offsetting**	Offsetting amount	Amount after offsetting
Deferred tax assets	**(26,242)**	**50,755**	(29,093)	47,337
Deferred tax liabilities	**26,242**	**(3,877)**	29,093	(3,077)

Deferred tax assets are recognised for deductible temporary differences and tax losses carry-forwards only to the extent that the realisation of the related tax benefit through future taxable profits is probable. Certain subsidiaries of the Group did not recognise deferred tax assets of RMB14,460 million (2023: RMB15,062 million) in respect of deductible temporary differences and tax losses amounting to RMB74,613 million (2023: RMB79,044 million) that can be carried forward against future taxable income as at 31 December 2024. The deductible tax losses of entities in mainland of China are allowed to be carried forward within next five years against future taxable profits, while those of high-tech enterprises are allowed to be within next ten years, and entities operating in Hong Kong can carry forward tax losses for unlimited period.

Notes to the Consolidated Financial Statements

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Methods of determining fair value of financial instruments

The following table presents the fair value and fair value hierarchy of the Group's financial instruments measured at the end of the reporting period on a recurring basis. The level into which a fair value measurement is classified is determined with reference to the lowest level input that is significant to the entire measurement. The different levels have been defined as follows:

- Level 1 valuations: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: observable inputs which fail to meet Level 1, and not using significant unobservable inputs.
- Level 3 valuations: fair value measured using significant unobservable inputs.

(b) Assets measured at fair value on a recurring basis

The following table presents the Group's assets that are measured at fair value at 31 December 2024:

	Level 1 Million	Level 2 Million	Level 3 Million	Total Million
Financial assets measured at FVPL				
Wealth management products ("WMPs")	–	–	240,130	240,130
Asset management plans	–	–	53,164	53,164
Bond funds	57,784	–	–	57,784
CB	9,903	–	–	9,903
Equity investments and others	98	–	1,537	1,635
	67,785	–	294,831	362,616
Financial assets measured at FVOCI	13,719	–	209	13,928
Total	81,504	–	295,040	376,544

The following table presents the Group's assets that are measured at fair value at 31 December 2023:

	Level 1 Million	Level 2 Million	Level 3 Million	Total Million
Financial assets measured at FVPL				
WMPs	–	–	226,963	226,963
Asset management plans	–	–	50,573	50,573
Bond funds and monetary funds	52,725	–	–	52,725
CB	9,780	–	–	9,780
Equity investments and others	517	–	1,081	1,598
	63,022	–	278,617	341,639
Financial assets measured at FVOCI	3,345	–	173	3,518
Total	66,367	–	278,790	345,157

Note: The Group's asset management plans are issued by domestic public offering funds, securities companies and other financial institutions investing in low or medium risk underlying assets, which mainly consist of money market instruments, PRC treasury bonds, central bank bills, local government debts, corporate bonds or debts with high credit ratings, debt assets and some stock investments.

For the year ended 31 December 2024, the Group didn't convert any CB into SPD Bank's common stock (2023: Nil).

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Valuation techniques used and the qualitative information of key parameters for fair value measurements categorised as Level 3

The financial assets categorised into Level 3 mainly represented wealth management products, asset management plans and unlisted equity investments. The fair value of wealth management products and asset management plans is determined based on their net asset value provided by the counterparty financial institutions as at the end of the reporting period, where the significant unobservable inputs are the net assets. The relationship of unobservable inputs to fair value is positive correlation. The fair value of unlisted equity investments is measured using the market approach, where the significant unobservable inputs are the liquidity discount of similar financial instruments. The relationship of unobservable inputs to fair value is negative correlation.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	As at 31 December 2023 Million	Purchase/ transfer Million	Disposal/ transfer Million	Recognised in profit or loss Million	Recognised in other comprehensive income Million	As at 31 December 2024 Million
Financial assets measured at FVPL	278,617	96,412	(92,953)	12,755	–	294,831
Financial assets measured at FVOCI	173	–	–	–	36	209
	278,790	96,412	(92,953)	12,755	36	295,040

(d) Transfers between Levels

There were no transfers between the levels of fair value hierarchy for the year ended 31 December 2024.

For the year ended 31 December 2023, as an equity investment held by the Group is listed on the Main Board of the SHEX in 2023 and its fair value is determined based on unadjusted quoted prices in an active market, the Group upgraded certain financial instruments from Level 3 to Level 1 of the fair value hierarchy.

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24 OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at 31 December 2024			As at 31 December 2023		
	Non-current assets Million	Current assets Million	Total Million	Non-current assets Million	Current assets Million	Total Million
Other financial assets measured at amortised cost						
– PRC treasury bonds	5,239	–	5,239	5,243	–	5,243
– Other debt instrument investments	2,092	11,306	13,398	385	32,020	32,405
	7,331	11,306	18,637	5,628	32,020	37,648

PRC treasury bonds will mature in 2052 and bear a fixed coupon rate of 3.32% and effective interest rates of 3.08% to 3.11% per annum, with the aggregated principal amounted to RMB5,000 million as at 31 December 2024 (31 December 2023: RMB5,000 million).

Other debt instrument investments mainly include various debt instrument investments to banks, other financial institutions and third parties.

25 BANK DEPOSITS

		As at 31 December 2024			As at 31 December 2023		
	Note	Non-current assets Million	Current assets Million	Total Million	Non-current assets Million	Current assets Million	Total Million
Term deposits	(i)	45,764	72,265	118,029	47,680	34,326	82,006
Restricted bank deposits	(ii)	8,649	2,701	11,350	7,707	2,887	10,594
		54,413	74,966	129,379	55,387	37,213	92,600

Note:

(i) The item represents deposits with banks with original maturity exceeding three months. The applicable interest rate is determined in accordance with the benchmark interest rate published by the People's Bank of China ("PBOC") or with reference to the market interest rate. As at 31 December 2024, interest receivable amounting to RMB3,740 million (as at 31 December 2023: RMB2,410 million) was included in the item.

(ii) As at 31 December 2024 and 2023, restricted bank deposits included in non-current assets were mainly about the statutory deposit reserves by China Mobile Finance in accordance with relevant requirements of PBOC, which are not available for use in the Group's daily operations.

As at 31 December 2024 and 2023, restricted bank deposits included in current assets were mainly about the deposited customer reserves, performance bonds and others.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 OTHER NON-CURRENT ASSETS

	As at 31 December 2024 Million	As at 31 December 2023 Million
Contract assets (note 28)	**4,460**	4,227
Contract costs (Note)	**24,522**	25,047
Long-term prepaid expenses	**5,435**	5,107
Others	**13,087**	11,877
	47,504	46,258

Note: Contract costs capitalised mainly related to the relevant costs incurred for the customers accessing to the Group's telecommunications network (such as wireline broadband access). As at 31 December 2024, capitalised contract costs that are expected to be amortised exceeding one year amounted to RMB8,790 million (as at 31 December 2023: RMB9,385 million). For the year ended 31 December 2024, the amortisation of capitalised contract costs amounted to RMB25,943 million (2023: RMB23,405 million).

27 INVENTORIES

	As at 31 December 2024 Million	As at 31 December 2023 Million
Handsets and other terminals	**8,724**	8,845
Others	**2,505**	3,181
	11,229	12,026

28 CONTRACT ASSETS

	As at 31 December 2024 Million	As at 31 December 2023 Million
Contract assets	**26,249**	24,456
Loss allowance	**(1,124)**	(822)
	25,125	23,634
Less: non-current portion included in other non-current assets	**(4,460)**	(4,227)
	20,665	19,407

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29 ACCOUNTS RECEIVABLE

(a) Aging analysis

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

	As at 31 December 2024 Million	As at 31 December 2023 Million
Base on invoice date:		
Within 30 days	**23,330**	16,350
31–60 days	**8,036**	6,283
61–90 days	**6,220**	5,209
91 days–1 year	**28,818**	20,342
Over 1 year	**9,337**	6,697
	75,741	54,881

The accounts receivable of the Group are primarily comprised of receivables due from customers and other telecommunications operators.

(b) Expected credit impairment loss allowance of accounts receivable

The following table summarises the changes in expected credit impairment loss allowance of accounts receivable:

	2024 Million	2023 Million
As at 1 January	**23,639**	15,587
Recognised	**13,364**	9,254
Written-off	**(1,540)**	(1,202)
As at 31 December	**35,463**	23,639

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(Expressed in RMB unless otherwise indicated)

30 OTHER NON-FINANCIAL ASSETS

	As at 31 December 2024 Million	As at 31 December 2023 Million
Prepaid VAT and input VAT to be deducted, etc.	**18,844**	17,012
Others	**9,117**	6,096
	27,961	23,108

31 CASH AND CASH EQUIVALENTS

	As at 31 December 2024 Million	As at 31 December 2023 Million
Bank deposits with original maturity within three months	**78,896**	2,908
Cash at banks and on hand	**88,413**	138,651
	167,309	141,559

32 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	As at 31 December 2024 Million	As at 31 December 2023 Million
Accounts payable	**205,855**	173,309
Accrued expenses	**148,486**	124,147
	354,341	297,456

This item primarily includes payables and accrued items for purchases of network expansion, maintenance and support expenses and interconnection expenses, etc.

The aging analysis of accounts payable is as follows:

	As at 31 December 2024 Million	As at 31 December 2023 Million
Base on invoice date:		
Within 180 days	**128,970**	105,895
181 days–1 year	**33,867**	28,732
Over 1 year	**43,018**	38,682
	205,855	173,309

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

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(Expressed in RMB unless otherwise indicated)

33 CONTRACT LIABILITIES

	As at 31 December 2024 Million	As at 31 December 2023 Million
Non-refundable prepaid service fees	**22,437**	18,892
Unredeemed Reward Program	**17,737**	29,945
Unused data traffic carried over	**12,845**	14,276
Others	**2,847**	3,955
	55,866	67,068
Less: non-current portion	**(902)**	(875)
	54,964	66,193

Contract liabilities would be recognised as operating revenue upon the rendering of services. Almost all of the contract liability balance as at 31 December 2023 was recognised as operating revenue in the consolidated statement of comprehensive income within one year.

34 RECEIPTS IN ADVANCE

This item mainly includes refundable prepaid service fees received from customers in advance of providing the services or products promised in the contract.

35 OTHER PAYABLES

	As at 31 December 2024 Million	As at 31 December 2023 Million
Short-term deposits in China Mobile Finance	**18,884**	3,408
Deposits and retentions	**11,853**	13,348
Accrued salaries, wages and other benefits	**5,779**	5,922
Others	**16,881**	15,523
	53,397	38,201

Short-term deposits in China Mobile Finance primarily comprises the short-term deposits placed by CMCC and its subsidiaries excluding the Group ("CMCC Group") in China Mobile Finance and the corresponding interest payable. The deposits are unsecured and carry interest at prevailing market rate.

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(Expressed in RMB unless otherwise indicated)

36 DEFERRED REVENUE

	2024 Million	2023 Million
As at 1 January	**9,281**	8,810
Additions during the year	**3,137**	3,099
Recognised in the consolidated statement of comprehensive income	**(3,144)**	(2,628)
As at 31 December	**9,274**	9,281

37 SHARE-BASED PAYMENT

At the Company's Annual General Meeting ("AGM") held on 20 May 2020, the shareholders of the Company approved the adoption of the Share Option Scheme (the "Scheme"), for the grant of share options ("Share Options") to qualified participants.

The maximum number of shares to be issued upon the exercise of the Share Options granted under the Scheme shall not in aggregate exceed 10% of the total share capital of the Company as at the date of approval of the Scheme at a general meeting of shareholders.

The exercise price of options shall be determined in accordance with the fair market price principle, with the base day for pricing being the Grant Date. The exercise price shall not be lower than the higher of the following prices: (i) the closing price of the Shares on the Grant Date; and (ii) the average closing price of the Shares on the HKEX for the five trading days prior to the Grant Date. Subject to the satisfaction of the conditions for vesting as provided under the Scheme, the Share Options granted shall be vested in three batches as follows: (i) the first batch (being 40% of the Share Options granted) will be vested on the first trading day after 24 months from the Grant Date; (ii) the second batch (being 30% of the Share Options granted) will be vested on the first trading day after 36 months from the Grant Date; and (iii) the third batch (being 30% of the Share Options granted) will be vested on the first trading day after 48 months from the Grant Date. Vesting period ends ten years from the Grant Date.

Participants are backbone management, technical and business personnel who have a direct impact on the Company's operating performance and sustainable development. No Share Options had been granted to the directors, chief executive or substantial shareholders of the Company or any of their related parties.

On 12 June 2020 (the "First Grant"), the Board of Directors of the Company approved the grant of Share Options representing an aggregate of 305,601,702 shares to 9,914 participants of the Scheme pursuant to the aforementioned authorisation, which represented 1.5% of the Company's issued share capital at then. The exercise price was HK$55.00 per share.

On 19 September 2022 (the "Second Grant"), the Board of Directors of the Company approved the grant of Share Options representing an aggregate of 607,649,999 shares to 10,988 participants of the Scheme pursuant to the aforementioned authorisation, which represented 2.8% of the Company's issued share capital at then. The exercise price was HK$51.60 per share.

(Expressed in RMB unless otherwise indicated)

37 SHARE-BASED PAYMENT (CONTINUED)

For the year ended 31 December 2024, share options compensation expenses recorded in profit or loss amounted to RMB489 million (2023: RMB717 million).

(a) Movements in share options

Movements in the numbers of share options outstanding and their related weighted average exercise prices are as follows:

	Share option scheme	
	Average exercise prices	Numbers of options
As at 1 January 2023	HK$52.67	887,599,718
Exercised	HK$55.00	(28,053,548)
Forfeited	HK$54.57	(19,487,837)
As at 31 December 2023	HK$52.55	840,058,333
Vested and exercisable as at 31 December 2023	HK$55.00	150,089,484
As at 1 January 2024	**HK$52.55**	**840,058,333**
Exercised	**HK$53.98**	**(129,542,125)**
Forfeited	**HK$52.76**	**(35,019,553)**
As at 31 December 2024	**HK$52.27**	**675,496,655**
Vested and exercisable as at 31 December 2024	**HK$53.01**	**318,861,002**

298,580,275 options were vested and exercisable after the satisfaction of the conditions for vesting during the year (2023: 75,569,164).

The weighted average share price at the date of exercise for share options exercised during the year was HK$73.41 (2023: HK$65.36).

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37 SHARE-BASED PAYMENT (CONTINUED)

(b) Share options outstanding

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2024 and 2023 are as follows:

Grant Date	Normal exercise period	Exercise price	No. of shares involved in the options outstanding as at 31 December 2024	No. of shares involved in the options outstanding as at 31 December 2023
12 June 2020	12 June 2022 – 12 June 2030	HK$55.00	**35,828,473**	81,867,774
12 June 2020	12 June 2023 – 12 June 2030	HK$55.00	**40,595,184**	68,221,710
12 June 2020	12 June 2024 – 12 June 2030	HK$55.00	**55,984,423**	84,929,063
19 September 2022	19 September 2024 – 19 September 2032	HK$51.60	**186,452,922**	242,015,914
19 September 2022	19 September 2025 – 19 September 2032	HK$51.60	**178,317,818**	181,511,936
19 September 2022	19 September 2026 – 19 September 2032	HK$51.60	**178,317,835**	181,511,936

The options outstanding as at 31 December 2024 had a weighted average remaining contractual life of 7.3 years (as at 31 December 2023: 8.0 years).

(c) Fair value of share options

The Company used the Binomial Model to determine the fair value of the Share Options as at the Grant Date, which is to be recorded in profit or loss over the vesting period.

The weighted average fair value of the Share Options granted by the Company was HK$4.00 per share (the First Grant) and HK$3.28 per share (the Second Grant). The model inputs to determine the fair value of Share Options granted included:

	Granted on 12 June 2020 the First Grant	Granted on 19 September 2022 the Second Grant
Exercise prices	HK$55.00	HK$51.60
The closing price at the Grant Date	HK$54.25	HK$51.45
Risk-free interest rate	0.65%	3.34%
Expected dividend yield	5.90%	9.04%
Expected volatility (Note)	21.34%	22.23%

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

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38 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Note	Number of shares	RMB Million
Ordinary shares, issued and fully paid:			
As at 1 January 2023		21,362,826,764	453,504
Exercise of share options	(i)	28,053,548	1,497
As at 31 December 2023		21,390,880,312	455,001
As at 1 January 2024		**21,390,880,312**	**455,001**
Exercise of share options	(i)	**129,542,125**	**6,837**
Purchase of own shares	(ii)	**(3,105,000)**	**—**
As at 31 December 2024		**21,517,317,437**	**461,838**
Of which: Shares listed on the HKEX		**20,614,549,570**	
Shares listed on the SHEX		**902,767,867**	

Note:

(i) In 2024, share options were exercised to subscribe for 129,542,125 shares (2023: 28,053,548 shares) listed on the HKEX at a consideration of HK$6,993 million (equivalent to RMB6,392 million) (2023: HK$1,543 million (equivalent to RMB1,395 million)) which was credited to share capital. RMB445 million (2023: RMB102 million) has been transferred from the capital reserve account to the share capital account in accordance with policy set out in note 2(w)(iii).

(ii) In 2024, the Company repurchased and cancelled its own 3,105,000 shares listed on the HKEX, with the price paid between HK$63.05 and HK$70.25 per share. The aggregate amount paid was HK$206 million (equivalent to RMB188 million). Such buy-backs were financed out of the Company's distributable profits, as a result, the aforesaid buy-backs were reduced from the Company's retained profits, in accordance with the requirements of HKCO.

(iii) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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(Expressed in RMB unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

(i) Dividends attributable to the year:

	2024 Million	2023 Million
Ordinary interim dividend declared and paid of HK$2.600 (equivalent to approximately RMB2.373) (2023: HK$2.430 (equivalent to approximately RMB2.240)) per share	**50,534**	47,674
Ordinary final dividend proposed after the balance sheet date of HK$2.490 (equivalent to approximately RMB2.306) (2023: HK$2.400 (equivalent to approximately RMB2.175)) per share	**49,615**	46,524
	100,149	94,198

The proposed/approved ordinary final dividend/ordinary interim dividend per share, which is declared in Hong Kong dollar, is translated into RMB with reference to the exchange rate, being the respective rate announced by the State Administration of Foreign Exchange in the PRC on 31 December 2024 and 28 June 2024 (2023: 29 December 2023 and 30 June 2023).

As the ordinary final dividend was declared after the balance sheet date, such dividend is not recognised as liability as at 31 December 2024. In case of any change in the total number of issued shares of the Company between the date of approval for these financial statements and the record date for the implementation of the 2024 final dividend, the Company intends to keep the amount of dividend per share unchanged and adjust the total amount of profit distribution accordingly.

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 for shares listed on the HKEX, as at the record date for such dividend, and who were not individuals.

(ii) Dividends attributable to the previous financial year, approved and paid during the year:

	2024 Million	2023 Million
Ordinary final dividend in respect of the previous financial year, approved and paid during the year, of HK$2.400 (equivalent to approximately RMB2.175) (2023: HK$2.210 (equivalent to approximately RMB1.974)) per share	**46,924**	43,414

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(Expressed in RMB unless otherwise indicated)

38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital Million	Capital reserve Million	Retained profits Million	Total equity Million
As at 1 January 2023	453,504	1,128	91,139	545,771
Changes in equity for 2023:				
Profit for the year	–	–	90,304	90,304
Total comprehensive income for the year	–	–	90,304	90,304
Dividends approved in respect of previous year (note 38(b)(ii))	–	–	(43,414)	(43,414)
Dividends declared in respect of current year (note 38(b)(i))	–	–	(47,674)	(47,674)
Exercise of share options (note 38(a)(i))	1,497	(102)	–	1,395
Share option scheme – Value of share options (note 37)	–	717	–	717
As at 31 December 2023	455,001	1,743	90,355	547,099
As at 1 January 2024	**455,001**	**1,743**	**90,355**	**547,099**
Changes in equity for 2024:				
Profit for the year	**–**	**–**	**97,618**	**97,618**
Total comprehensive income for the year	**–**	**–**	**97,618**	**97,618**
Dividends approved in respect of previous year (note 38(b)(ii))	**–**	**–**	**(46,924)**	**(46,924)**
Dividends declared in respect of current year (note 38(b)(i))	**–**	**–**	**(50,534)**	**(50,534)**
Purchase of own shares (note 38(a)(ii))	**–**	**–**	**(188)**	**(188)**
Exercise of share options (note 38(a)(i))	**6,837**	**(445)**	**–**	**6,392**
Share option scheme – Value of share options (note 37)	**–**	**489**	**–**	**489**
As at 31 December 2024	**461,838**	**1,787**	**90,327**	**553,952**

Notes to the Consolidated Financial Statements

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38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of different reserves

(i) Capital reserve

The capital reserve mainly comprises the following:

- RMB295,665 million debit balance brought forward as a result of the elimination of goodwill arising on the acquisition of subsidiaries before 1 January 2001 against the capital reserve;

- The difference between the consideration and the carrying amounts of net assets of acquired business under business combinations under common control; and

- The fair value of share options granted to employees of the Group that are recognised in accordance with the accounting policy in note 2 (w)(iii).

(ii) PRC statutory reserves

PRC statutory reserves mainly include statutory surplus reserve and discretionary surplus reserve.

In accordance with the Company Law of the PRC, domestic enterprises in the mainland of China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC ("PRC GAAP"), to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of relevant mainland subsidiaries. Moreover, upon a resolution made by the shareholders, a certain percentage of domestic enterprises' profit after taxation, as determined under PRC GAAP, is transferred to the discretionary surplus reserve. During the year, appropriations were made by such subsidiaries to the statutory surplus reserves and discretionary surplus reserves (if applicable) accordingly.

The statutory and discretionary surplus reserves can be used to reduce previous years' losses, if any, and may be converted into paid-up capital, provided that the statutory reserve after such conversion is not less than 25% of the registered capital of relevant subsidiaries.

(iii) Other reserves

Other reserves mainly comprises the following:

- in accordance with relevant regulations issued by the Ministry of Finance of the PRC, a subsidiary of the Company, China Mobile Finance, is required to set aside a reserve through appropriations of profit after tax according to a certain ratio of the ending balance of its gross risk-bearing assets to cover potential losses against such assets;

- share of other comprehensive income/(loss) of investments accounted for using the equity method; and

- the changes in fair value of financial assets measured at FVOCI, net of tax, until the financial assets are derecognised;

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38 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of different reserves (Continued)

(iv) Exchange reserve

The exchange reserve comprises all foreign currency translation differences arising from the translation of foreign currency denominated financial statements of overseas enterprises. The reserve is dealt with in accordance with the accounting policies set out in note 2(y).

(e) Capital management

The Group's primary objectives of capital management are to maintain a reasonable capital structure and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders. The Group actively and regularly reviews and manages its capital structure to stabilise the capital position and prevent operation risk. Meanwhile, the Group will maximise the shareholders' return and will make adjustment on the capital structure in accordance with the changes in economic conditions.

The Group monitors capital on the basis of liabilities-to-assets ratio. This ratio is calculated as total liabilities divided by total assets. At the end of reporting period, the Group's liabilities-to-assets ratio is as follows:

	As at 31 December 2024 Million	As at 31 December 2023 Million
Total assets	**2,108,127**	1,992,657
Total liabilities	**711,588**	646,672
Liabilities-to-assets ratio	**33.8%**	32.5%

Except for China Mobile Finance that is subject to certain capital requirements imposed by China Banking and Insurance Regulatory Commission, the Company and its other subsidiaries are not subject to externally imposed capital requirements.

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39 BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2024 Million	As at 31 December 2023 Million
Assets			
Non-current assets			
Property, plant and equipment		1	1
Investments accounted for using the equity method		19	–
Investments in subsidiaries		547,848	547,350
		547,868	547,351
Current assets			
Other receivables		10,166	1,426
Prepayments		3	2
Prepaid income tax		–	36
Bank deposits		1,067	3,376
Cash and cash equivalents		3,293	3,363
		14,529	8,203
Total assets		562,397	555,554
Equity and liabilities			
Liabilities			
Current liabilities			
Other payables		8,379	8,455
Income tax payable		66	–
		8,445	8,455
Total liabilities		8,445	8,455
Equity			
Share capital	38(a)	461,838	455,001
Reserves	38(c)	92,114	92,098
Total equity		553,952	547,099
Total equity and liabilities		562,397	555,554

The balance sheet of the Company was approved by the Board of Directors on 20 March 2025 and was signed on its behalf.

He Biao
Name of Director

Li Ronghua
Name of Director

Notes to the Consolidated Financial Statements

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40 RELATED PARTY TRANSACTIONS

(a) Transactions with CMCC Group

The following is a summary of principal related party transactions entered into by the Group with CMCC and its subsidiaries excluding the Group ("CMCC Group") for the years ended 31 December 2024 and 2023. The majority of these transactions also constitute continuing connected transactions as defined under Chapter 14A of Listing Rules. Further details of these continuing connected transactions are disclosed under the paragraph "Continuing Connected Transactions" in the Report of Directors.

	Note	2024 Million	2023 Million
Revenue from telecommunications facilities construction services	(i)	**1,243**	1,530
Revenue from comprehensive support services	(ii)	**2,113**	773
Technical support services charges	(iii)	**1,567**	335
Additions of right-of-use assets	(iv)	**2,676**	3,600
Related costs for lease of network assets and property	(iv)	**14,570**	12,584
Interest expenses	(v)	**84**	40
Net receipts/(repayment) of short-term deposits	(v)	**15,472**	(9,111)

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

	As at 31 December 2024 Million	As at 31 December 2023 Million
Accounts receivable	**1,623**	2,341
Other receivables	**54**	89
Prepayments	**82**	9
Right-of-use assets	**3,825**	5,701
Lease liabilities	**6,831**	7,351
Accounts payable and accrued expenses	**20,912**	14,363
Receipts in advance	**24**	4
Other payables	**19,226**	3,810

These amounts arise in the ordinary course of business and with terms determined through mutual negotiation which are fair and reasonable.

Note:

(i) The Group provides telecommunications facilities construction services to CMCC Group for the telecommunications project planning, design, construction, maintenance and other services.

(ii) The Group provides comprehensive management, support and other services to CMCC Group.

(iii) The Group purchases technical support and other services from CMCC Group.

(iv) The amounts primarily represent the additions of right-of-use assets/the charges to CMCC Group for the lease of machinery rooms and transmission pipelines, power support and other network assets and resources, offices and retail outlets.

For the year ended 31 December 2024, the Group recognised the right-of-use assets for the lease of machinery rooms and transmission pipelines amounting to RMB2,570 million, and recognised the right-of-use assets for the lease of offices and retail outlets amounting to RMB106 million. Related costs for lease of machinery rooms and transmission pipelines include the depreciation of right-of-use assets, finance costs associated with the lease liabilities and other charges amounting to RMB3,232 million. Related costs for lease of power support and other network assets and resources amounting to RMB9,744 million. Related costs for lease of offices and retail outlets include the depreciation of right-of-use assets, finance costs associated with the lease liabilities and other charges amounting to RMB1,594 million.

(v) The amounts represent the bank deposits received from or repaid to CMCC Group and related interest expenses. The interest rate of short-term bank deposits is negotiated based on the benchmark interest rate published by the PBOC.

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40 RELATED PARTY TRANSACTIONS (CONTINUED)

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

The following is a summary of principal related party transactions entered into by the Group with the associates and joint ventures of the Group for the year ended 31 December 2024 and 2023, the terms of which are fair and reasonable.

	Note	2024 Million	2023 Million
Revenue from telecommunications services	(i)	**1,586**	1,526
Telecommunications services charges	(i)	**226**	135
Technical support services charges	(ii)	**4,480**	5,040
Property leasing and management services revenue	(iii)	**31**	39
Dividend received		**4,906**	3,572
Related costs for use of tower assets	(iv)	**40,376**	41,020
Additions of right-of-use assets	(iv)	**5,256**	3,277
(Decrease)/increase in cash, cash equivalents and bank deposits	(v)	**(5,147)**	16,027
Purchase of financial assets measured at FVPL	(vi)	**2,100**	3,000
Disposal of financial assets measured at FVPL	(vi)	**7,600**	3,248
Interest and other income	(vii)	**2,787**	2,681

The outstanding balances related to transactions with the associates and joint ventures of the Group are included in the following accounts captions summarised as follows:

	As at 31 December 2024 Million	As at 31 December 2023 Million
Accounts receivable	**413**	345
Right-of-use assets	**42,230**	54,441
Other receivables	**62**	111
Cash, cash equivalents and bank deposits	**66,705**	71,197
Other financial assets measured at amortised cost	**–**	201
Financial assets measured at FVPL	**28,156**	33,086
Prepayments	**166**	31
Lease liabilities	**46,468**	60,178
Accounts payable and accrued expenses	**16,175**	16,365
Bills payable	**21,922**	13,326
Receipts in advance	**14**	12
Other payables	**40**	32

Note:

(i) The Group provides/purchases telecommunications services to/from Group's associates and joint ventures for the telecommunications project planning, design and construction services and telecommunications services.

(ii) The Group purchases technical support and other services from the Group's associates and joint ventures.

(iii) The Group provides property leasing and management service to China Tower and other associates and joint ventures.

(iv) The amounts primarily represent the related costs for tower assets leasing and other service charges/the additions of right-of-use assets. For the year ended 31 December 2024, related costs for use of tower assets include the depreciation of right-of-use assets amounting to RMB13,897 million (2023: RMB13,796 million), charges for use of tower assets and finance costs associated with the lease liabilities amounting to RMB25,236 million (2023: RMB26,629 million), other service charges amounting to RMB1,243 million (2023: RMB595 million).

(v) The amounts represent the deposits placed with SPD Bank, the interest rate of which is negotiated based on the benchmark interest rate published by PBOC.

(vi) The amounts represent the WMPs purchased from/disposal of SPD Bank. The return rates of WMPs are determined with reference to market conditions.

(vii) The amounts primarily represent interest income from the deposits placed with SPD Bank and debt instrument investments placed with SPD Bank, and the income derived from WMPs purchased from SPD Bank and the CB publicly issued by SPD Bank.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

40 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with a major associate of CMCC Group

The following is a summary of principal related party transactions entered into by the Group with the major associate of the CMCC Group for year ended 31 December 2024 and 2023, the terms of which are fair and reasonable.

	Note	2024 Million	2023 Million
Increase in cash, cash equivalents and bank deposits	(i)	**238**	938
Purchase of financial assets measured at FVPL	(ii)	**23,900**	–
Disposal of financial assets measured at FVPL	(ii)	**6,500**	–
Interest and other income	(iii)	**2,029**	1,845

The outstanding balances related to transactions with the major associates of the CMCC Group are included in the following accounts captions summarised as follows:

	As at 31 December 2024 Million	As at 31 December 2023 Million
Cash, cash equivalents and bank deposits	**3,881**	3,645
Financial assets measured at FVPL	**56,172**	38,691

Note:

(i) The amounts represent the deposits placed with Postal Savings Bank of China ("PSBC"), the interest rate of which is negotiated based on the benchmark interest rate published by PBOC.

(ii) The amounts represent the WMPs purchased from/disposal of PSBC. The return rates of WMPs are determined with reference to market conditions.

(iii) The amounts primarily represent income from the deposits placed with PSBC, and the income derived from WMPs purchased from PSBC.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

40 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 40(a)), associates and joint ventures (note 40(b)) and an associate of CMCC Group (note 40(c)) with other government-related entities which include but not limited to the following:

– rendering and receiving telecommunications services, including interconnection revenue/charges

– sharing certain telecommunications network infrastructures and frequency bands of the radio spectrum

– purchasing of goods, including use of public utilities

– placing of bank deposits and purchasing of investment products

These transactions are conducted during the ordinary course of the Group's business based on terms comparable to the terms of transactions enacted with other entities that are not government-related. The Group prices all its telecommunications services and products based on commercial negotiations with reference to rules and regulations stipulated by related authorities of the PRC Government, where applicable. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

(e) For key management personnel remuneration please refer to note 11 and note 12.

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk and concentration risk

The Group's credit risk is primarily attributable to the financial assets in the balance sheet, which mainly include deposits with banks, WMPs, asset management plans, CB, bills receivable, accounts receivable, other receivables and other financial assets measured at amortised cost. The maximum exposure to credit risk is represented by the carrying amount of the financial assets.

(i) Risk management

Substantially all the Group's cash at banks, and bank deposits are deposited in financial institutions in the mainland of China and Hong Kong. The credit risk on liquid funds is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies and large state-controlled financial institutions. The Group's WMPs and asset management plans are issued by major domestic banks and other financial institutions investing in low or medium risk underlying assets, which mainly consist of money market instruments, PRC treasury bonds, central bank bills, local government debts, corporate bonds or debts with high credit ratings, and some stock investments. CB are bonds with AAA credit rating bonds issued by SPD Bank. Other financial assets measured at amortised cost primarily include PRC treasury bonds, various debt instrument investments to banks and other financial institutions and third parties with high credit, as such, the related credit risk is considered as immaterial.

The accounts receivable of the Group are primarily comprised of receivables due from customers and other telecommunications operators. Accounts receivable from individual customers are spread among an extensive number of customers and the majority of the receivables from individual customers are due for payment within one month from the date of billing. For corporate customers, the credit period granted by the Group is based on the service contract terms, normally not exceeding 1 year. Other receivables primarily comprise receivables due from deposits and retentions. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis, taking into account the counter parties' financial position, the Group's past experience and other factors. Meanwhile, concentrations of credit risk with respect to accounts receivables are limited due to the Group's customer base being large and unrelated. As such, management considers the aggregate risks arising from the possibility of credit losses is limited and acceptable.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(ii) Impairment of financial assets

The Group has the following types of assets that are subject to expected credit loss model:

- Accounts receivable and contract assets

- Other financial assets measured at amortised cost

Accounts receivable and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable and contract assets.

To measure the expected credit losses, accounts receivable have been grouped by amounts due from individual customers, corporate customers, and other miscellaneous customer groups based on similar credit risk characteristics and ages.

The expected loss rates are based on the payment profiles of sales over a period before 31 December 2024 or 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. The Group's expected loss rates are mainly determined based on the corresponding historical credit losses. The Group also has considered the expected changes in macroeconomic factors, such as Consumer Price Index ("CPI"), Producer Price Index ("PPI") and Gross Domestic Product ("GDP"), and adjusted the historical loss rates based on expected changes in these factors accordingly to reflect current and forward-looking information affecting the ability of the customers to settle the receivables.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(ii) Impairment of financial assets (Continued)

Accounts receivable and contract assets (Continued)

The expected credit loss as at 31 December 2024 and 2023 was determined as follows for each customers group of accounts receivables due from individual customers and corporate customers, respectively:

	Within 30 days Million	31 days to 90 days Million	91 days to 1 year Million	Over 1 year Million
As at 31 December 2024				
Individual customers				
Expected loss rate	**2%**	**20%**	**80%**	**100%**
Gross carrying amount	**2,468**	**807**	**2,078**	**2,415**
Loss allowance	**(49)**	**(161)**	**(1,662)**	**(2,415)**

	Within 180 days Million	181 days to 1 year Million	1 year to 2 years Million	2 years to 3 years Million	Over 3 years Million
As at 31 December 2024					
Corporate customers					
Expected loss rate	**3%**	**25%**	**65%**	**85%**	**100%**
Gross carrying amount	**33,405**	**18,683**	**15,222**	**7,227**	**7,295**
Loss allowance	**(1,002)**	**(4,671)**	**(9,894)**	**(6,143)**	**(7,295)**

	Within 30 days Million	31 days to 90 days Million	91 days to 1 year Million	Over 1 year Million
As at 31 December 2023				
Individual customers				
Expected loss rate	2%	20%	80%	100%
Gross carrying amount	2,748	846	1,893	1,845
Loss allowance	(55)	(169)	(1,514)	(1,845)

	Within 180 days Million	181 days to 1 year Million	1 year to 2 years Million	2 years to 3 years Million	Over 3 years Million
As at 31 December 2023					
Corporate customers					
Expected loss rate	3%	25%	65%	85%	100%
Gross carrying amount	23,075	11,662	10,143	3,604	4,586
Loss allowance	(692)	(2,916)	(6,593)	(3,063)	(4,586)

As at 31 December 2024 and 2023, the expected loss rates for contract assets are from 3% to 5%.

The expected credit loss of the receivables due from customers other than the above customers groups is insignificant.

Expected credit impairment losses on accounts receivable are presented within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk and concentration risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost include cash and cash equivalents, bank deposits, bills receivables, other receivables, PRC treasury bonds and other debt instrument investments, etc. They are considered to be of low credit risk and the relevant expected credit loss is insignificant.

(b) Liquidity risk

Liquidity risk refers to the risk that funds will not be available to meet liabilities as they fall due, and results from timing and amount mismatches of cash inflow and outflow. The Group maintains sufficient cash balances and bank deposits (which are readily convertible to known amounts of cash) to meet its funding needs, including working capital, capital expenditures, dividend payments, and payments for short-term deposits of CMCC Group received by China Mobile Finance, etc.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates at the balance sheet date) and the earliest date the Group would be required to repay:

	Carrying amount Million	Total contractual undiscounted cash flow Million	Within 1 year or on demand Million	More than 1 year but less than 3 years Million	More than 3 years but less than 5 years Million	More than 5 years Million
As at 31 December 2024						
Accounts payable and accrued expenses	354,341	354,341	354,341	–	–	–
Bills payable	40,843	40,843	40,843	–	–	–
Receipts in advance	79,920	79,920	79,920	–	–	–
Other payables	41,329	41,331	41,331	–	–	–
Lease liabilities	88,442	94,636	33,691	46,101	8,032	6,812
Other non-current liabilities	1,202	1,295	–	680	206	409
	606,077	612,366	550,126	46,781	8,238	7,221

	Carrying amount Million	Total contractual undiscounted cash flow Million	Within 1 year or on demand Million	More than 1 year but less than 3 years Million	More than 3 years but less than 5 years Million	More than 5 years Million
As at 31 December 2023						
Accounts payable and accrued expenses	297,456	297,456	297,456	–	–	–
Bills payable	26,520	26,520	26,520	–	–	–
Receipts in advance	79,035	79,035	79,035	–	–	–
Other payables	26,673	26,673	26,673	–	–	–
Lease liabilities	102,934	110,821	36,099	45,349	22,168	7,205
Other non-current liabilities	359	405	–	77	81	247
	532,977	540,910	465,783	45,426	22,249	7,452

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

41 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate and fair value risk

The Group consistently monitors the current and potential fluctuation of interest rates in managing the interest rate risk on a reasonable level. As at 31 December 2024, the Group did not have any interest-bearing borrowings at variable rates, but had RMB18,884 million (as at 31 December 2023: RMB3,408 million) of short-term bank deposits placed by CMCC, and the Group was exposed to fair value interest rate risk. The Group determines the amount of its fixed rate borrowings depending on the prevailing market condition. Management does not expect fair value interest rate risk to be high as the interest involved will not be significant.

As at 31 December 2024, total cash and bank deposits balances of the Group amounted to RMB296,688 million (as at 31 December 2023: RMB234,159 million), interest-bearing other financial assets measured at amortised cost and other debt investments amounted to RMB29,494 million (as at 31 December 2023: RMB40,643 million), and WMPs, monetary funds and other investment products amounted to RMB351,076 million (as at 31 December 2023: RMB330,258 million). The interest and other income generated by the assets mentioned above for 2024 was RMB22,422 million (2023: RMB19,970 million) and the average interest rate was 3.50% (2023: 3.37%). Assuming the total cash and bank balances, interest-bearing receivables and WMPs are stable in the coming year and interest rate increases/decreases by 100 basis points, the profit for the year and total equity would approximately increase/decrease by RMB5,079 million (2023: RMB4,538 million).

The carrying amount of the financial instruments carried at amortised cost are not materially different from their respective fair values at the balance sheet dates as they are readily convertible into cash or repayable on demand.

(d) Foreign currency risk

The Group has foreign currency risk as certain cash and deposits with banks are denominated in foreign currencies, principally Hong Kong dollars and US dollars that is different from the functional currency of the respective group entities. As the amount of the Group's foreign currency cash and deposits with banks represented 5.85% (2023: 5.20%) of the total cash and deposits with banks, the Group considered the related foreign currency risk was immaterial.

42 CAPITAL COMMITMENTS

The Group's capital expenditure contracted for as at 31 December but not provided for in the consolidated financial statements are as follows:

	2024 **Million**	2023 Million
Land and buildings	**2,674**	2,829
Telecommunications equipment and others	**22,995**	20,066
	25,669	22,895

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

43 EVENTS AFTER THE REPORTING PERIOD

Proposed dividend

After the balance sheet date, the Board of Directors proposed a final dividend for the year ended 31 December 2024. Further details are disclosed in note 38(b)(i).

44 ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical estimations and judgements are as follows:

Impairment losses of accounts receivable

The impairment loss allowance of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group assesses these assumptions and selects the inputs to the impairment calculation, based on the Group's historical credit losses, macroeconomic factors as well as expected changes in these factors at each balance sheet date.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are determined based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Taxation

The Group is subject to income taxes mainly in the mainland of China and Hong Kong. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred tax assets could be recovered. Deferred tax assets are recognised based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(Expressed in RMB unless otherwise indicated)

44 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Impairment of property, plant and equipment, goodwill, right-of-use assets, other intangible assets and investments accounted for using the equity method

The Group's property, plant and equipment, goodwill, right-of-use assets, other intangible assets and investments accounted for using the equity method comprise a significant portion of the Group's total assets. Changes in technology or industry conditions may cause the value of these assets to change. Property, plant and equipment, right-of-use assets, other intangible assets subject to amortisation and investments accounted for using the equity method, are reviewed at least annually to determine whether there is any indication of impairment. The recoverable amount is estimated whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The calculation of the estimated future cash flow requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable estimation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in further impairment charge or reversal of impairment in future periods. Additional information for the impairment assessment of goodwill and investments accounted for using the equity method is disclosed in notes 18 and 21, respectively.

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, INTERPRETATIONS AND DISCLOSURES ISSUED BUT NOT YET EFFECTIVE OR MANDATORY FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the IASB/HKICPA has issued a number of amendments and new standards which are not yet effective or mandatory for the year ended 31 December 2024 and which have not been adopted in these financial statements. Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to IFRS/HKFRS 9, Financial instruments and IFRS/HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS/HKFRS Accounting Standards – Volume 11	1 January 2026
IFRS/HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
IFRS/HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

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.

FINANCIAL SUMMARY

(Expressed in RMB)

RESULTS

	2024 Million	2023 Million	2022 Million	2021 Million	2020 Million
Operating revenue					
Revenue from telecommunications services	**889,468**	863,514	812,058	751,409	695,692
Revenue from sales of products and others	**151,291**	145,795	125,201	96,849	72,378
	1,040,759	1,009,309	937,259	848,258	768,070
Operating expenses					
Network operation and support expenses	**283,341**	268,895	254,182	225,010	206,424
Depreciation and amortization	**191,101**	207,132	200,077	193,045	172,401
Employee benefit and related expenses	**151,944**	144,333	130,157	118,680	106,429
Selling expenses	**54,564**	52,477	49,592	48,243	49,943
Cost of products sold	**149,240**	142,807	122,743	96,083	73,100
Other operating expenses	**67,979**	59,319	51,409	49,234	47,039
	898,169	874,963	808,160	730,295	655,336
Profit from operations	**142,590**	134,346	129,099	117,963	112,734
Other gains	**4,970**	9,823	9,388	8,257	5,602
Interest and other income	**23,005**	21,134	15,729	16,729	14,341
Finance costs	**(3,273)**	(3,730)	(2,330)	(2,679)	(2,996)
Income from investments accounted for using the equity method	**11,097**	8,958	10,986	11,914	12,678
Profit before taxation	**178,389**	170,531	162,872	152,184	142,359
Taxation	**(39,863)**	(38,596)	(37,278)	(35,878)	(34,219)
PROFIT FOR THE YEAR	**138,526**	131,935	125,594	116,306	108,140

Financial Summary

(Expressed in RMB)

	2024 Million	2023 Million	2022 Million	2021 Million	2020 Million
Other comprehensive income for the year, net of tax:					
Items that will not be subsequently reclassified to profit or loss					
Changes in the fair value of financial assets measured at fair value through other comprehensive income	**45**	176	(226)	(406)	957
Remeasurement of defined benefit liabilities	**(889)**	(184)	15	(143)	–
Share of other comprehensive income/(loss) of investments accounted for using the equity method	**161**	(146)	(12)	7	(32)
Items that may be subsequently reclassified to profit or loss					
Changes in the fair value of financial assets measured at fair value through other comprehensive income	**506**	25	–	–	–
Currency translation differences	**892**	573	2,575	(882)	(1,915)
Share of other comprehensive income/(loss) of investments accounted for using the equity method	**1,823**	1,068	(1,093)	(219)	(585)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**141,064**	133,447	126,853	114,663	106,565
Profit attributable to:					
Equity shareholders of the Company	**138,373**	131,766	125,459	116,148	107,843
Non-controlling interests	**153**	169	135	158	297
PROFIT FOR THE YEAR	**138,526**	131,935	125,594	116,306	108,140
Total comprehensive income attributable to:					
Equity shareholders of the Company	**140,866**	133,275	126,718	114,505	106,268
Non-controlling interests	**198**	172	135	158	297
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**141,064**	133,447	126,853	114,663	106,565

Financial Summary

(Expressed in RMB)

ASSETS AND LIABILITIES

	As at 31 December 2024 Million	As at 31 December 2023 Million	As at 31 December 2022 Million	As at 31 December 2021 Million	As at 31 December 2020 Million
Property, plant and equipment	**714,494**	714,663	717,121	701,977	686,609
Construction in progress	**74,271**	74,496	73,087	71,742	71,651
Right-of-use assets	**80,625**	94,753	108,749	55,350	65,091
Land use rights	**14,440**	14,877	15,244	15,739	16,192
Goodwill	**35,301**	35,301	35,301	35,344	35,344
Development expenditure	**2,157**	2,279	1,334	919	574
Other intangible assets	**36,364**	32,720	31,265	28,580	25,577
Investments accounted for using the equity method	**198,563**	181,715	175,649	169,556	161,811
Deferred tax assets	**50,755**	47,337	43,638	43,216	38,998
Financial assets measured at fair value through other comprehensive income	**13,928**	3,518	490	689	1,111
Financial assets measured at fair value through profit or loss	**209,422**	185,621	187,130	78,600	–
Other financial assets measured at amortized cost	**7,331**	5,628	9,716	283	–
Bank deposits	**54,413**	55,387	45,887	17,056	23,836
Other non-current assets	**47,504**	46,258	34,556	26,905	21,345
Current assets	**568,559**	498,104	456,371	595,371	579,743
Total assets	**2,108,127**	1,992,657	1,935,538	1,841,327	1,727,882
Current liabilities	**633,018**	558,565	533,337	582,148	517,274
Lease liabilities	**55,930**	67,759	81,741	30,922	42,460
Deferred revenue	**9,274**	9,281	8,810	8,487	8,601
Defined benefit plan and other employee benefit liabilities	**7,006**	6,408	5,951	5,522	4,355
Deferred tax liabilities	**3,877**	3,077	2,571	2,369	1,668
Other non-current liabilities	**2,483**	1,582	1,705	1,587	752
Total liabilities	**711,588**	646,672	634,115	631,035	575,110
Total equity	**1,396,539**	1,345,985	1,301,423	1,210,292	1,152,772

中国移动
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