

Riding on the **乘勢** Trend



2017 Annual Results

2018. 03. 22



中國移動有限公司
China Mobile Limited
www.chinamobileltd.com

Forward-looking Statement

Certain statements contained in this document may be viewed as “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of China Mobile Limited (the “Company”) to be materially different from those implied by such forward-looking statements. In addition, we do not intend to update these forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed and other filings with the U.S. Securities and Exchange Commission.

Management Present



Mr. SHANG Bing

Executive Director & Chairman



Mr. LI Yue

Executive Director & CEO



Mr. SHA Yuejia

Executive Director & Vice President



Mr. DONG Xin

Executive Director, Vice President & CFO

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Overall Results and Outlook

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Operating Performance

03

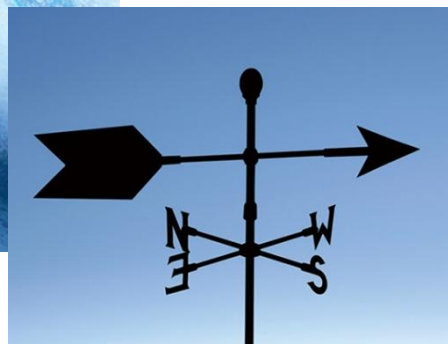
Financial Results

01

Overall Results and Outlook

Mr. SHANG Bing

Executive Director & Chairman



Highlights



Outstanding
operating results

Industry-leading revenue growth rate with stable-to-rising profitability



Effective
strategy implementation

Solidly implementing the “Big Connectivity” strategy with the “four growth engines” achieving remarkable results



Underpinned
development capabilities

Constantly enhancing development capabilities and sustainability with an ongoing boost to investment efficiency



Enhanced
shareholder returns

Continuously creating value for shareholders with 2017 full-year dividend payout ratio rising to 48%

Key Performance Indicators

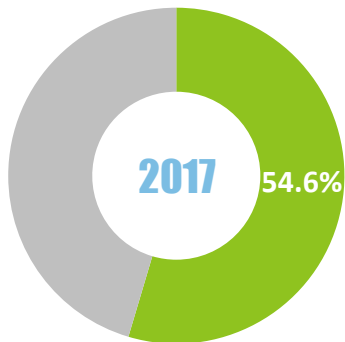
(RMB Mil)	2016	2017	Change YoY
Operating revenue	708,421	740,514	4.5%
of which: service revenue	623,422	668,351	7.2%
EBITDA	256,677	270,421	5.4%
EBITDA margin	36.2%	36.5%	0.3pp
EBITDA as % of service revenue	41.2%	40.5%	-0.7pp
Net profit	108,741	114,279	5.1%
Net profit margin	15.3%	15.4%	0.1pp
Basic earnings per share (RMB)	5.31	5.58	5.1%

Industry-leading Revenue Growth Rate with Stable-to-rising Profitability

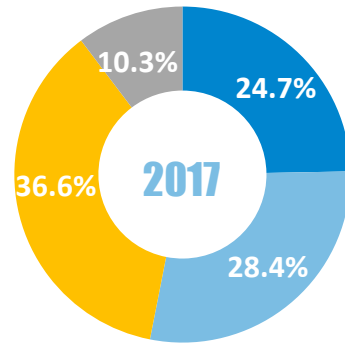
Service revenue

- Revenue growth **▲7.2%**, outperformed the industry average¹
- Revenue market share **53%**¹, enjoyed solid market position
- Fundamental changes to revenue structure, increased contribution from household and corporate markets

Service revenue structure



Service revenue growth structure²

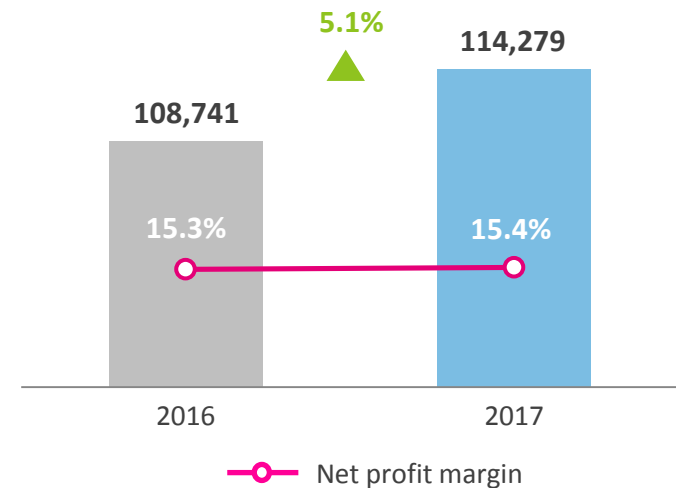


- Wireless data traffic
- Personal mobile market
- Household market
- Corporate market
- Emerging business

Net profit

- Effective cost control, realizing favorable net profit growth
- Net profit margin rallied, profitability continued to stay at a leading level amongst first-tier international operators

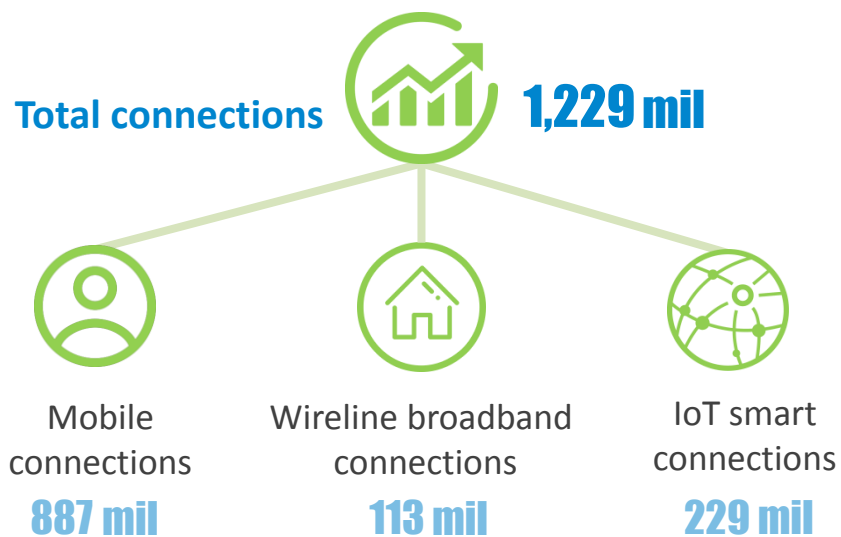
(RMB Mil)



Note¹: FY2017 industry revenue data was obtained from an MIIT announcement

Note²: Percentage of revenue growth of each business out of total service revenue growth. To demonstrate the Company's achievements of "four growth engines" development, an additional cross tabulation analysis by the "four growth engines" (personal mobile market, household market, corporate market, emerging business) on the Company's overall revenue has been performed. The corresponding revenue components of the financial statements are shown in Appendix I

Solidly Implementing the “Big Connectivity” Strategy with the “Four Growth Engines” Achieving Remarkable Results



Explore big market

- Integrated development of the “four growth engines”
- Ongoing refinements of business structure

Bolster big capability

- Perfecting plans for innovative business sectors
- Continuous boost to core competencies

Craft big network

- Continuous optimization of resource allocation
- Leading network capability

Establish big coordination

- Deepening reforms with remarkable results
- Enhancement to synergy management



Personal mobile market

- Customer market share **NO.1**, leading 4G customer satisfaction
- Data traffic growth remained buoyant



Household market

- Customer market share **NO.2**
- Proactively created a household ecosystem contributing to a rapid value uplift



Corporate market

- Corporate telecommunications and informatization service revenue market share exceeded **36%**
- Market shares of major products including IDC and dedicated lines continuously increased



Emerging business

- Video and reading businesses, etc. enjoyed robust growth
- Expeditionary development of industry applications for vertical markets

Constantly Enhancing Development Capabilities and Sustainability with an Ongoing Boost to Investment Efficiency

2017

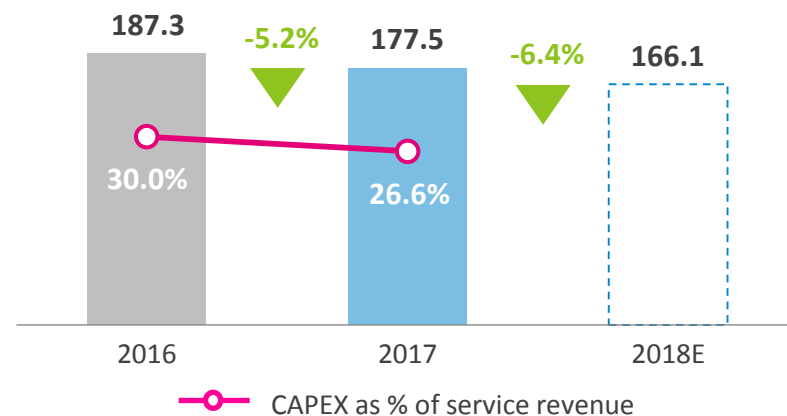
- 1.87 mil 4G base stations, industry-leading network quality satisfaction
- Leap in transmission capacity, proportion of customers with fibre access exceeded 98%, CDN covered 340 cities in China
- NB-IoT launched in 346 cities, achieving end-to-end scale commercial use
- Rising proportion of cloud-based IT system with enhanced supporting capability

2018E

- Continuously enhance 4G network quality and VoLTE customer experience
- Construct a full-fibre broadband network as a move to further popularize 100Mbps products and aim for the 1,000Mbps target
- Extend continuous NB-IoT network coverage to all cities at county-level and above in China
- Propel NFV/SDN network transformation and upgrade, perform 5G scale tests and application demonstrations

CAPEX

(RMB Bil)



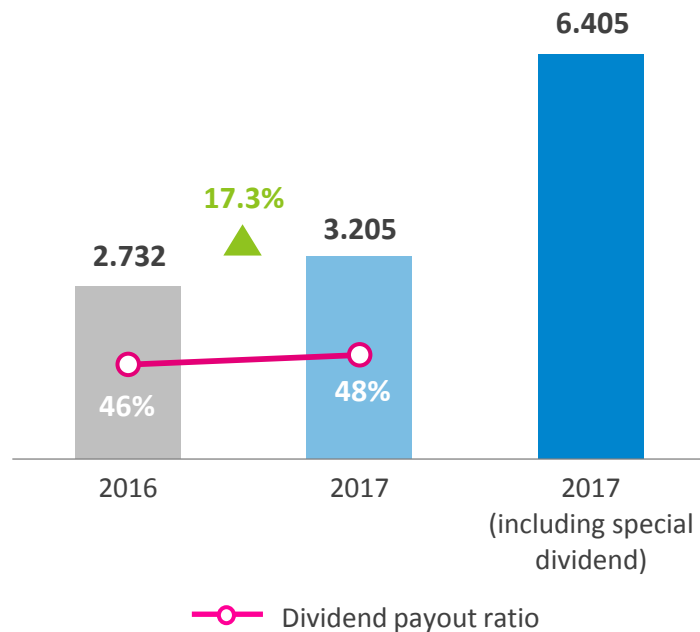
Major components

(RMB Bil)

	2017	2018E
4G	65.7	58.5
Household broadband access	18.4	7.4
Transmission (excluding access part)	49.7	44.5

Dividend per share

(HKD)



2018 Dividend policy

Taking into account the Company's financial position, its ability to generate cash flow and its capital demands for future development, the Company will maintain a stable dividend payout ratio for 2018 and strive to attain a stable-to-rising dividend payout ratio, while also securing the Company's development and maintaining shareholder value in the longer-term

Pondering Marco Trends Holistically and Comprehensively

New opportunities

New impetus:

Cross-industry cooperation

- Deep convergence of digital and real economies, coupled with innovative and vibrant ICT development, sparks fresh growth impetus

New dimension:

Smart IoE connections

- H2H communications extended to HMC and M2M, technologies including AI form a new world driven by connections

New model:

5G-driven digital transformation

- Faster and smarter networks facilitate formation of new customers' usage patterns

New challenges

Competition amongst industry segments:

Seizing advance planning opportunities;

Cross-disciplinary convergence & penetration

- Players in different segments of the ICT industry draw front-loaded plans to tap into the emerging digital business, pressing home their advantages in platform capability
- Leading Internet companies bolster basic infrastructure and pose heightened Internet substitution threats to operators

Competition amongst industry peers:

Competition triggered by homogeneity and changes in business model

- Networks, businesses and services become more homogenous
- Accelerating “De-telecommunication” and “Internetization”, with a changing business model

To become a world-leading operator in digital innovation



Revenue growth rate surpasses the average of top international operators ¹



Total connections exceed 1.75 bil, doubling the connection scale of 2015

Strengthen content business

- Nurture and enhance digital content ecosystem to drive the values of personal and household businesses

Cultivate vertical markets

- Strive to become a first-tier provider of digital services for key industry sectors

Ensure 5G leadership

- Strive to achieve a world-leading position in the scale of 5G commercial launch and transformation to the next-generation network

Seize Big Data and AI opportunities

- Strive to achieve full coverage of Big Data and AI technology on key capabilities and products

Develop intelligent hardware

- Unleash the power of intelligent hardware to drive the Company's digital transformation

Enhance service quality

- Ensure on-going industry-leading net promoter score

Promote international business

- Strive to attain a revenue market share of 1/3 in international business among mainland operators

Continue to deepen reforms

- To break through mechanism-induced bottlenecks, optimize organizational structure, innovate ecological development and make management enhancements

Note¹: Based on figures from top 14 telecom operators. The 14 telecom operators, which attain outstanding performance in core indicators including revenue, occupy top places on the Fortune and Forbes lists and enjoy market leadership in their respective areas. Revenue growth rate of the Company and the average revenue growth rate of top international operators are calculated by the same approach, which has excluded the impact of the application of the new revenue standard

02

Operating Performance

Mr. Li Yue

Executive Director & CEO



Revenue Structure of the “Four Growth Engines”



(RMB Mil)	2017	Change YoY	As % of revenue ²
Service revenue ¹	668,351	7.2%	100.0%
1. Personal mobile market revenue	518,317	2.2%	77.6%
of which : handset data traffic	347,329	27.0%	52.0%
voice, SMS & MMS	154,836	-27.7%	23.2%
2. Household market revenue	35,271	56.6%	5.3%
3. Corporate market revenue	67,628	32.1%	10.1%
of which : corporate wireless data traffic	16,043	63.2%	2.4%
corporate voice, SMS & MMS	27,787	24.6%	4.2%
Dedicated lines, IDC	19,614	40.4%	2.9%
4. Emerging business revenue	47,135	10.9%	7.0%

Note¹: To demonstrate the Company’s achievements of “four growth engines” development, an additional cross tabulation analysis by the “four growth engines” (personal mobile market, household market, corporate market, emerging business) on the Company’s overall revenue has been performed. The corresponding revenue components of the financial statements are shown in Appendix I

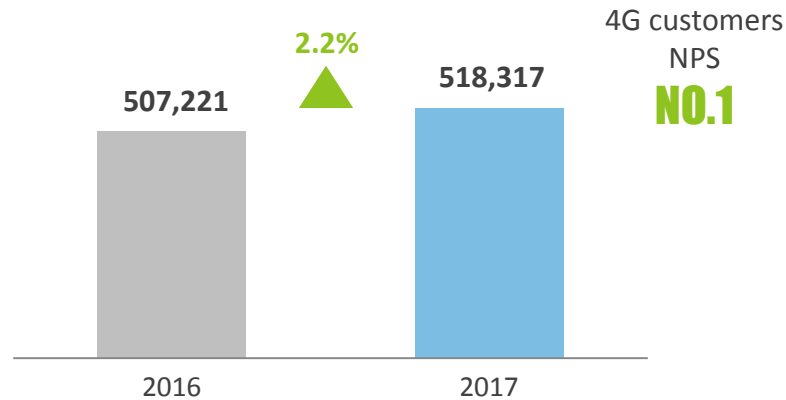
Note²: Refers to % of service revenue

Personal Mobile Market

Maintaining 4G Leadership with Robust Growth in Data Traffic

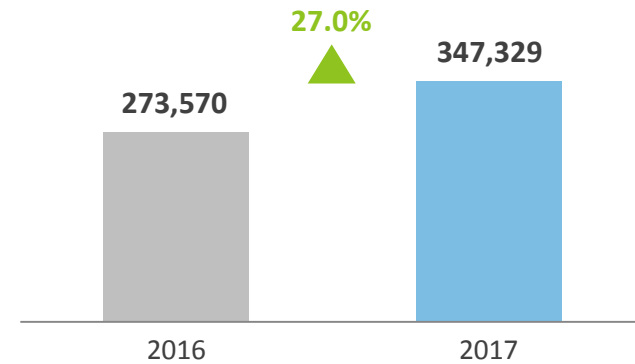
Personal mobile market revenue

(RMB Mil)



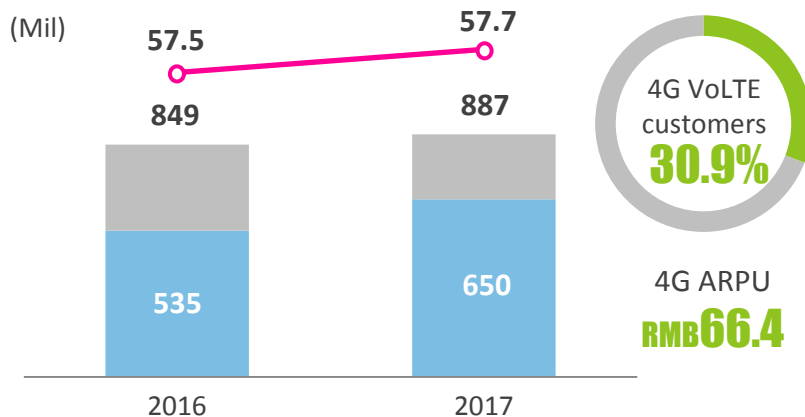
Handset data revenue

(RMB Mil)



Mobile customers

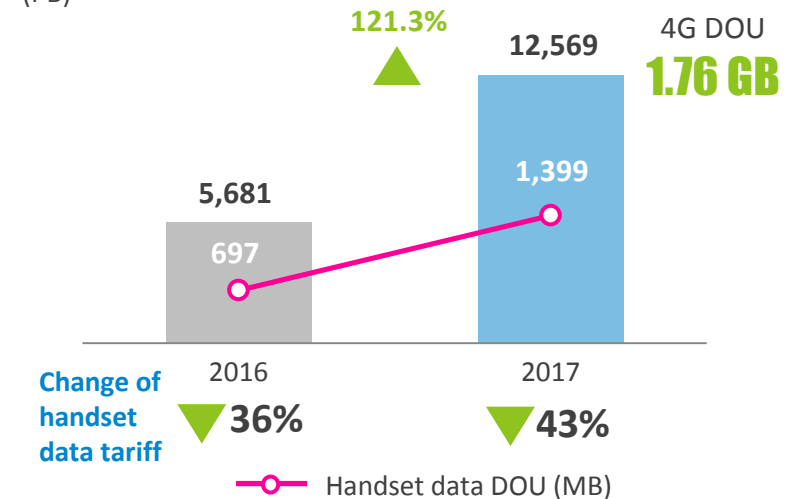
(Mil)



■ 4G customers ●— Mobile ARPU (RMB)

Handset data traffic

(PB)

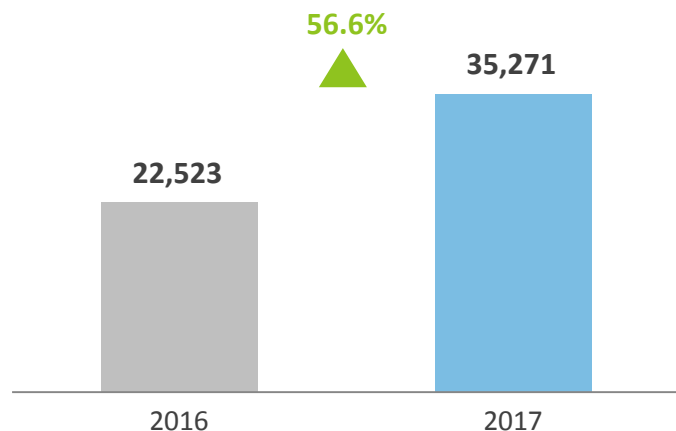


Household Market

Dual breakthroughs in Value and Scale

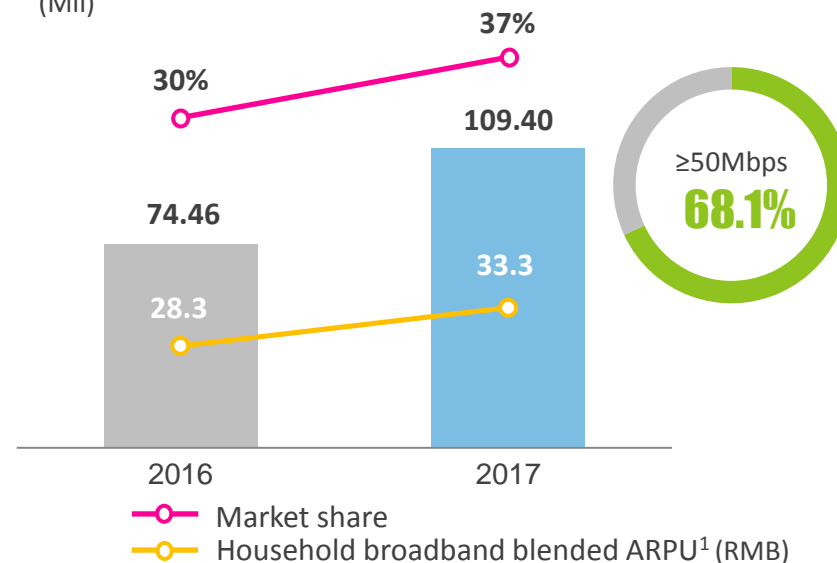
Household market revenue

(RMB Mil)



Household broadband customers

(Mil)



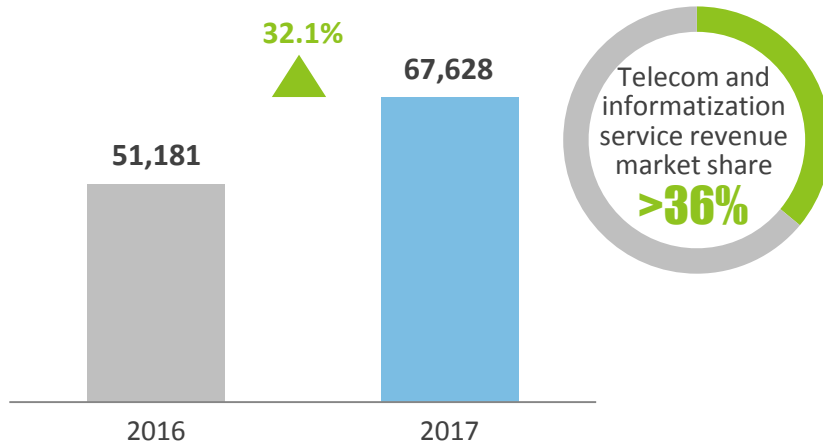
- Committed to **boosting network speed and quality** with a focus on **targeted development**, revenue from the household market grew rapidly
- Household broadband customer market share **NO.2**, household broadband blended ARPU¹ increased by **17.5%** yoy, proportion of high-value customers increased
- Created an integrated household ecosystem, promoted new family multi-media and digital surveillance products including “Mobaihe” (home digital set-top box), “Smart gateway” and “and-Mu” (family surveillance camera)

Note¹: Household broadband blended ARPU = (revenue of household broadband business+ household revenue from emerging business) / average number of household broadband customers. Household revenue from emerging business mainly consists of revenue from Mobaihe. **Wireline broadband ARPU**, which includes revenues of household broadband business and Internet dedicated lines, **stood at RMB35.1**

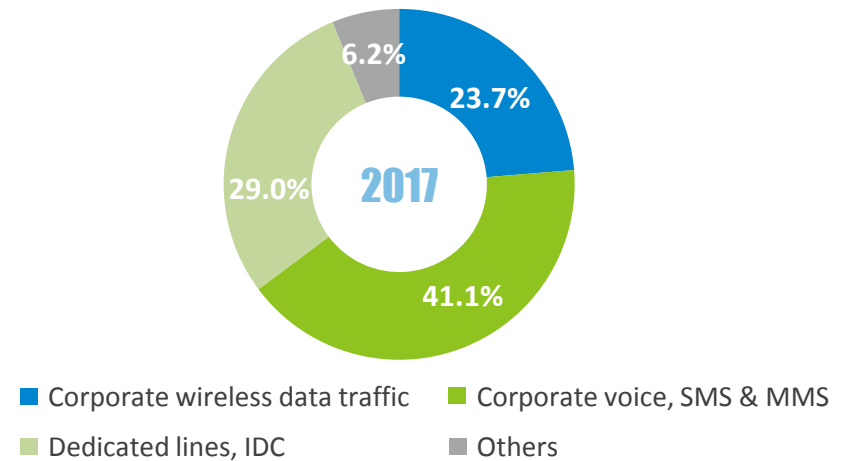
Continuously Boosting Industry Competitiveness

Corporate market revenue

(RMB Mil)



Corporate market revenue structure



Dedicated Lines

Revenue RMB15,085 mil

▲ **30.8%**

- Offered concessionary prices, improved service processes and enhanced responsiveness
- Rapid increase in market share



IDC

Revenue RMB4,529 mil

▲ **85.9%**

- 4 national data centers and 45 province-level data centers
- Around 104,000 racks put into service within the entire network



IoT

Revenue RMB5,536 mil

▲ **44.4%**

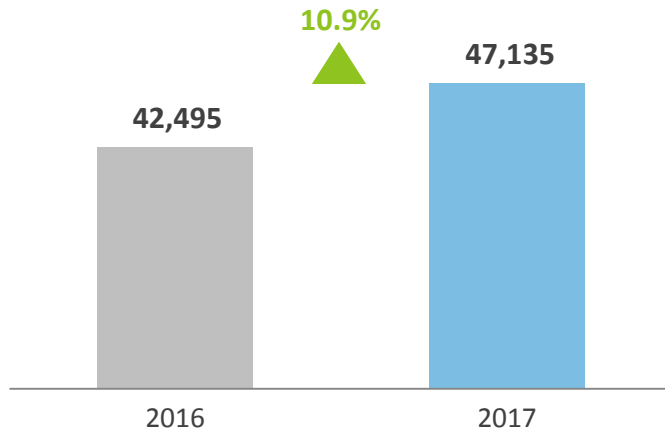
- IoT smart connections net adds 126 mil, reached 229 mil
- Focus on key areas such as Internet of Vehicles and Industrial Internet

Emerging Business

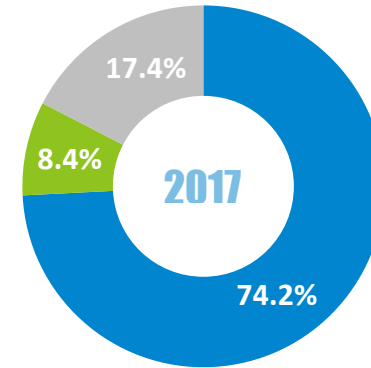
Expanding the Scale of Digital Business

Emerging business revenue

(RMB Mil)



Emerging business revenue structure



■ Personal ■ Household ■ Corporate

Note: The personal, household and corporate revenues as shown above are non-channel type revenues



"and-Video" revenue ▲ **67.2%**

"and-Reading" revenue ▲ **10.3%**



Transaction amount > **RMB2,100 bil**



Customers ▲ **34.45 mil**

Penetration > **52.3%**

Revenue ▲ **179.3%**



9 industry applications with respective annual revenue > RMB100 mil

"and-Education" annual revenue > **RMB 4.0 bil**





Narrow digital divide, provide emergency telecommunications support

- **1.87 mil** 4G base stations covering **99%** of the entire Chinese population. Through the “Rural Broadband Demonstration Project” and “Telecommunications Universal Service Project”, completed cumulative broadband coverage of **35,000** administrative villages
- Emergency support **4,476** times involving **201,000** person-times of support staff; Innovative deployment of UAV base stations to support emergency rescues

Protect customer information security and privacy

- Create a healthy and safe communication environment for customers, protect customer privacy
- Conduct regular evaluation on customer information security, continuously strengthen closed-loop management

Sustain energy conservation and emissions reduction

- The only company from Mainland China to be listed on CDP’s Climate A List for the second consecutive year
- Implemented “Green Action Plan”, overall energy consumption per unit of information flow decreased by **40%**

Implement charitable activities

- Conducted training for **>104,000** primary and secondary school principals in villages in central and western China cumulatively
- Provided free surgical treatment for **4,498** children with congenital heart disease cumulatively

2018 Targets

“Big Connectivity” strategy scales new heights

- Strives to achieve a service revenue growth rate higher than the industry average¹
- Profit continues to grow
- CAPEX continues to decline
- Total connections exceed 1.4 billion

1 Personal mobile market: Maintain a leading position in market share and value

- Net addition of 50 million 4G customers
- Mobile ARPU stays ahead of the industry

2 Household market: Rapid advancement of business scale and reputation

- Net addition of 21 million household broadband customers
- Household broadband revenue achieves favourable growth

3 Corporate market: Continue to foster competitiveness

- Revenue market share of corporate telecommunications and informatization service achieves 40%

4 Emerging business: Further increase revenue

- Net addition of 120 million IoT smart connections



Note¹: Service revenue growth rate of the Company and the average revenue growth rate of the industry are calculated by the same approach, which has excluded the impact of the application of the new revenue standard

03

Financial Results

Mr. DONG Xin

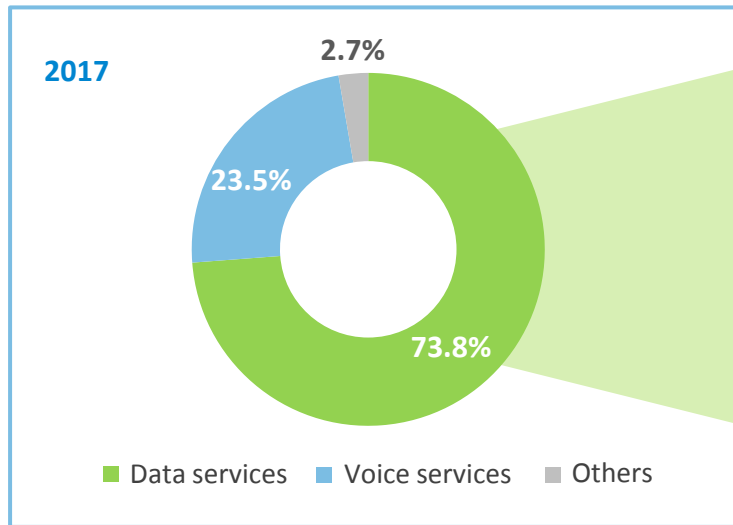
Executive Director, Vice President & CFO



Financial Highlights

(RMB Mil)	2016	2017	Change YoY
Operating revenue	708,421	740,514	4.5%
Revenue from telecommunications services	623,422	668,351	7.2%
Revenue from sales of products and others	84,999	72,163	-15.1%
Operating expenses	590,333	620,388	5.1%
Profit from operations	118,088	120,126	1.7%
Interest income	16,005	15,883	-0.8%
Share of profit of investments accounted for using the equity method	8,636	9,949	15.2%
EBITDA	256,677	270,421	5.4%
Net profit	108,741	114,279	5.1%

Refined Revenue Structure

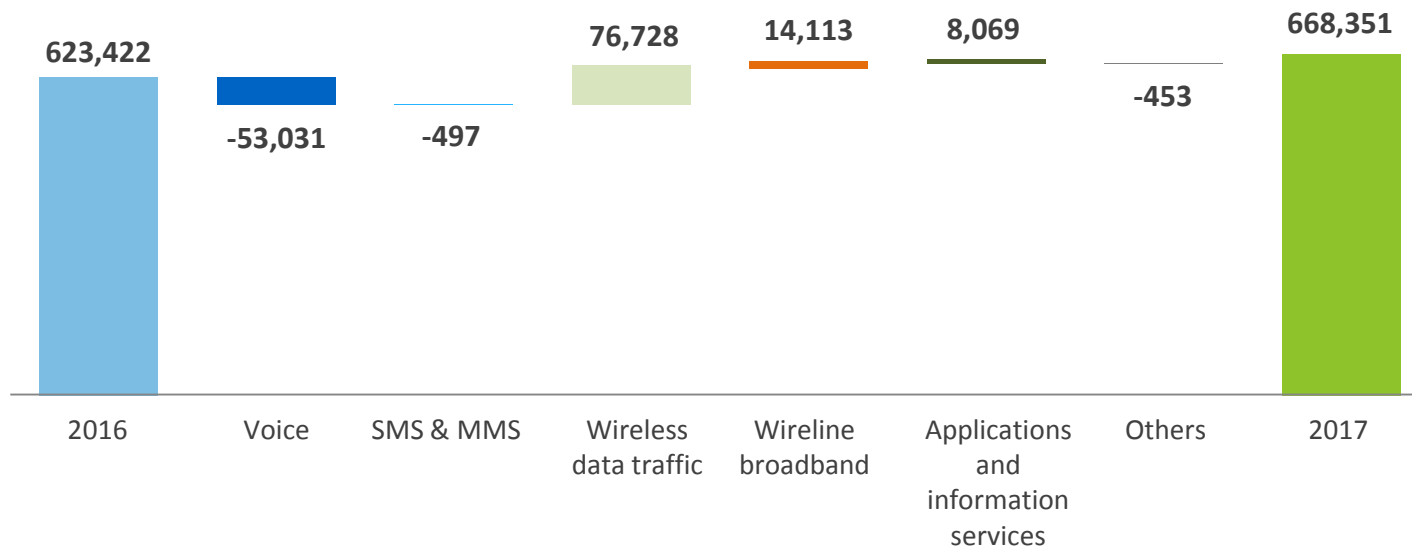


	2017	2016	2015
SMS & MMS revenue	4.2%	4.6%	5.2%
Wireless data traffic revenue	54.6%	46.2%	34.5%
Wireline broadband services revenue	5.9%	4.1%	3.1%
Applications and information services revenue	9.1%	8.4%	9.2%
Data services revenue	73.8%	63.3%	52.0%

Note: % of revenue from telecommunications services

Revenue from telecommunications services

(RMB Mil)



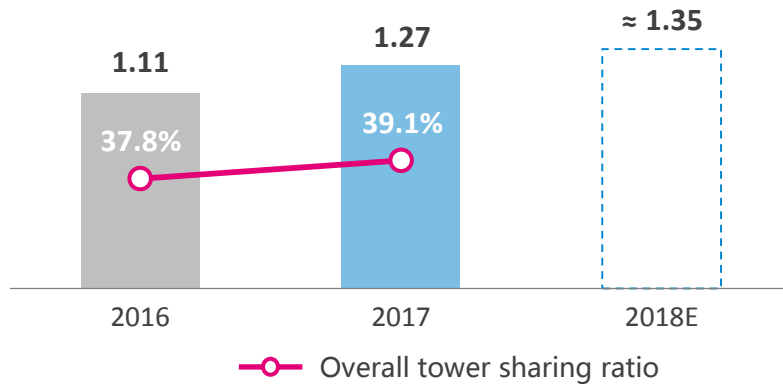
Maintaining Effective Cost Control

(RMB Mil)	2017	Change YoY	As % of operating revenue	Major impacts
Operating expenses	620,388	5.1%	83.8%	
Leased lines and network assets	46,336	18.6%	6.3%	<ul style="list-style-type: none"> Of which, tower leasing fee was RMB36.9 bil
Interconnection	21,762	-0.1%	2.9%	
Depreciation	149,780	8.5%	20.2%	<ul style="list-style-type: none"> Investment continued to stay at a higher level to maintain network advantages, resulted in an expansion of assets scale
Employee benefit and related expenses	85,513	7.6%	11.5%	<ul style="list-style-type: none"> Employee structure was adjusted and optimized, incentives for junior staffs were enhanced and standards of social insurance expenses raised
Selling expenses	61,086	6.2%	8.3%	<ul style="list-style-type: none"> Responded to competitions in 4G and wireline broadband markets, and supported development of emerging business
Cost of products sold	73,668	-15.7%	10.0%	<ul style="list-style-type: none"> Mainly due to decrease in terminals sold. Of which, handset subsidies were RMB9.7 bil
Other operating expenses	182,243	9.1%	24.6%	<ul style="list-style-type: none"> Of which, impairment loss of 2G assets was RMB10.45 bil
of which: maintenance expenses, power and utilities expenses, and operating lease charges	101,406	2.2%	13.7%	<ul style="list-style-type: none"> Optimizing the layout of retail outlet location, led to decrease in operating lease charges, which partially offset the impacts of expansion of assets scale and increase in price of resources
of which: operation support and R&D expenses	38,016	17.7%	5.1%	<ul style="list-style-type: none"> Increased support expenses for new business operation, new technology R&D and ICT integrated services
of which: administration expenses such as conference, office, travelling and entertainment expenses	3,238	0.5%	0.4%	

Long-term Value Enhancement Buoyed by Tower Sharing

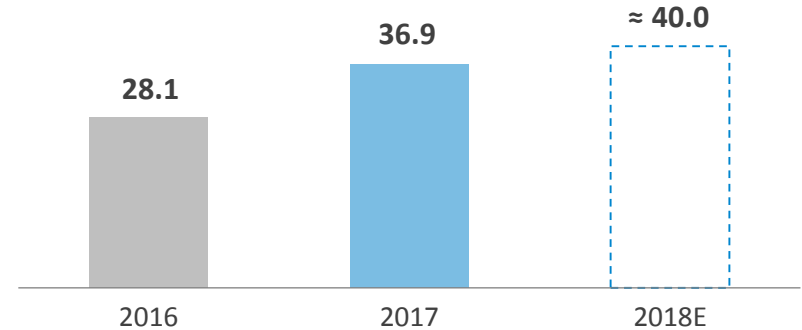
Number of leased towers

(Mil)



Tower leasing fee

(RMB Bil)



- Newly added leased towers increased by 160,000 in 2017, further improve network coverage, consolidate network superiority and improve customer perception
- Strict control over newly added leased towers in 2018, the number is expected to be increased by approximately 80,000

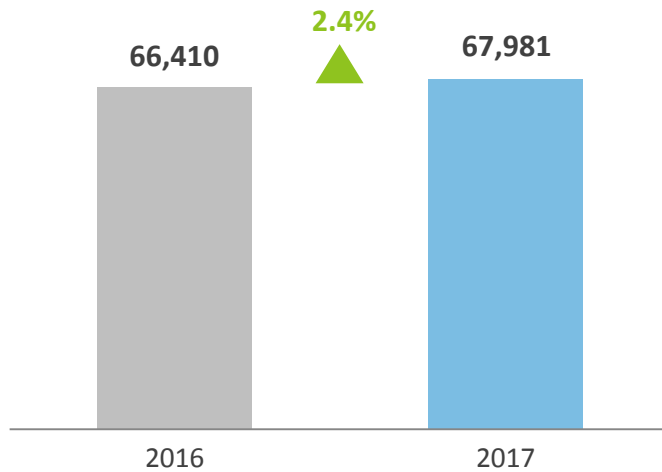
- According to the new pricing scheme, estimated tower leasing fee for 2018 is approximately RMB40.0 bil
- Further strengthen refined tower leasing management and promote sharing level

- China Tower improves its operating efficiency to enhance sharing value accordingly
- As the major shareholder of China Tower, the Company expects to benefit from its future earnings and upside potentials

Sustaining Strong Cash Flow

Free cash flow

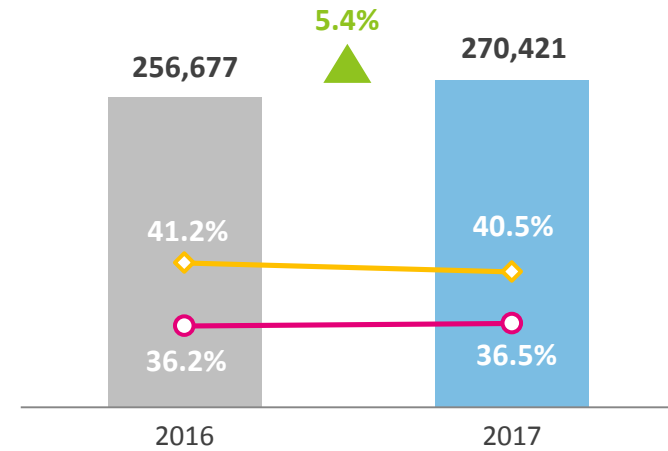
(RMB Mil)



Note: The Company defines free cash flow as net cash generated from operating activities less capital expenditure incurred

EBITDA

(RMB Mil)



—○— EBITDA margin
—◇— EBITDA / revenue from telecommunications services

- With revenue growth and cost control, profitability maintained steady growth, EBITDA recorded a favourable increase, cash flow remained strong

Maintaining Sound Capital Structure

(RMB Mil)	2016.12.31	2017.12.31
Debt	4,998	—
Shareholder's equity	979,021	985,636
Total book capitalization	984,019	985,636
Total debt / total book capitalization	0.5%	—
Liabilities-to-assets ratio	35.4%	35.0%
Cash & bank deposits	430,435	407,202

S&P, Moody's Corporate credit ratings are equivalent to China sovereign ratings

《The Asset》

“The Asset Platinum Award”

《Corporate Governance Asia》

“Asia’s Icon on Corporate Governance”

“Asia’s Best Investor Relations Company”

“Asian Corporate Director Recognition Award”

“Asia’s Best CEO”

“The Chamber of Hong Kong Listed Companies”

“Corporate Governance Excellence Awards 2017”

“Sustainability Excellence Awards 2017”

“National Science and Technology Progress Awards”

“Outstanding Prize on the TD-LTE key technology and application for 4G project”



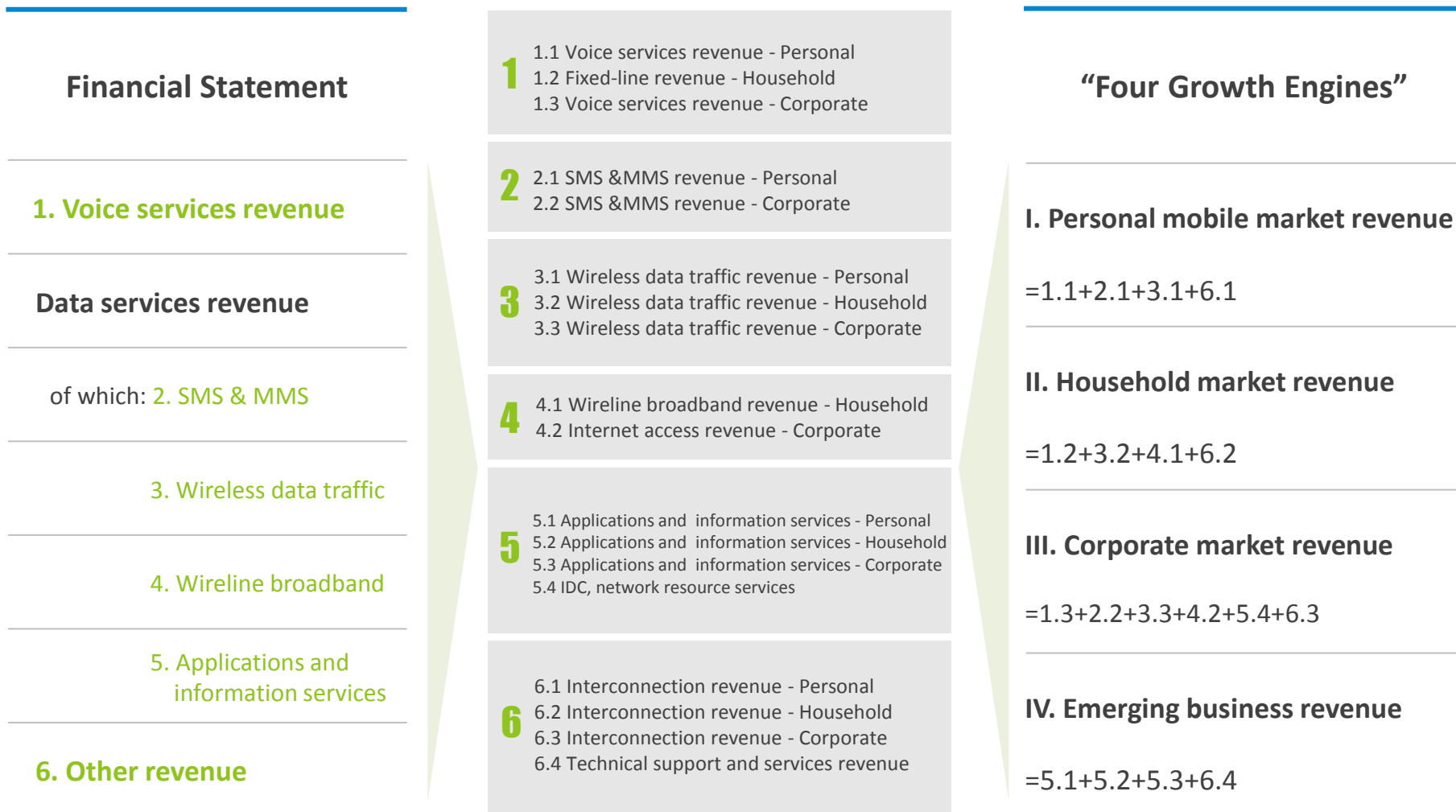
For more information, please contact:

Investor Relations Department: ir@chinamobilehk.com

Or visit the Company’s website: www.chinamobileltd.com



Revenue from Telecommunications Services - Financial Statement and “Four Growth Engines” Mapping – Appendix I



Note: To demonstrate the Company’s achievements of “four growth engines” development, revenue from telecommunications services are separated into two categories, “channel” revenue and “non-channel” revenue by business nature. “Channel” revenue includes personal mobile, household and corporate markets according to customer nature. “Non-channel” revenue is emerging business market revenue. All these above constitute the “four growth engines”

New Revenue Standard (IFRS 15) Interpretation

– Appendix II

Major accounting event	Accounting method under original revenue standard	Accounting method under new revenue standard
Principal model bundle package	Adopt residual value approach, determine the revenue from the sale of the mobile handset by deducting the fair value of the service element from the total contract consideration	Allocate revenue to telecommunications services and handsets on relative stand-alone selling price basis
Subsidies to agents bundle package	Subsidies to agents are recognized as handset subsidies	Subsidies to agents will net off revenue from telecommunications services evenly throughout the contract period
Points reward	Revenue recognition is deferred when points reward is granted, and revenue is recognized when points reward is redeemed	Revenue from points reward and E-Coupon will be deferred at the date of grant, and the classification of revenue is depending on the type of goods or services being exchanged at the date of redemption: 1. exchanging for telecom services provided by the Company, recognized as revenue from telecommunications services 2. exchanging for goods or non-telecom services of the Company, recognize as revenue from sales of products and others 3. exchanging for goods or services of 3rd parties, revenue from telecommunications services will be net off
E-coupon	Selling expense is recognized when E-coupon is granted	
Sales commissions	Selling expense is recognized when sales commissions occur	Sales commissions which qualify as incremental cost and of which the benefit period is over one year will be capitalized when sales commissions occur and then amortized evenly throughout the benefit period

- According to the static impact assessment based on the Company's business structure in 2017, the Company expected the operating revenue would decrease by approximately 2.2% while the revenue from telecommunications services would decrease by approximately 3.2% in 2017
- The new standard has little effect on profit from operations in the long run

Note: The International Accounting Standards Board published <International Financial Reporting Standard 15 — Revenue from Contracts with Customers>(IFRS 15) in May 2014 . The Company adopts IFRS 15 in accounting and disclosure since 1 Jan 2018. Please refer to 2017 Annual Report for the introduction to the new revenue standard

Extracts from Audited Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2017

– Appendix III

(RMB Mil)	2016	2017
Operating revenue	708,421	740,514
Revenue from telecommunications services	623,422	668,351
Voice services	209,949	156,918
Data services	394,937	493,350
Others	18,536	18,083
Revenue from sales of products and others	84,999	72,163
Operating expenses	590,333	620,388
Leased lines and network assets	39,083	46,336
Interconnection	21,779	21,762
Depreciation	138,090	149,780
Employee benefit and related expenses	79,463	85,513
Selling expenses	57,493	61,086
Cost of products sold	87,352	73,668
Other operating expenses	167,073	182,243

(RMB Mil)	2016	2017
Profit from operations	118,088	120,126
Other gains	1,968	2,389
Interest income	16,005	15,883
Finance costs	(235)	(210)
Share of profit of investments accounted for using the equity method	8,636	9,949
Taxation	(35,623)	(33,723)
Profit for the year	108,839	114,414
Profit attributable to:		
Equity shareholders of the Company	108,741	114,279
Non-controlling interests	98	135
Profit for the year	108,839	114,414

Extracts from Audited Consolidated Balance Sheet as at 31 December 2017

– Appendix IV

(RMB Mil)	2016.12.31	2017.12.31
Current assets	586,645	558,196
Non-current assets	934,349	963,917
Total assets	1,520,994	1,522,113
Current liabilities	536,389	529,982
Non-current liabilities	2,467	3,250
Total liabilities	538,856	533,232
Total equity	982,138	988,881

Operating Data

– Appendix V

		2016	2017
Mobile service	Total customers (Mil)	848.90	887.20
	of which: 4G customers (Mil)	535.04	649.51
	Mobile service revenue (RMB Mil)	578,213	600,358
	ARPU (RMB)	57.5	57.7
	MOU (Minutes)	408	366
	Handset data traffic DOU (MB)	697	1,399
	Total voice usage (Bil minutes)	4,100.2	3,811.6
	Handset data traffic (PB)	5,681	12,569
	SMS usage (Bil messages)	542.4	541.0
	Average mobile voice services revenue per minute (RMB)	0.050	0.040
	Average handset data revenue per MB (RMB)	0.050	0.029
	Average monthly churn rate	2.32%	2.06%
Broadband service	Total wireline broadband customers (Mil)	77.62	112.69
	of which: Household broadband customers (Mil)	74.46	109.40
	Wireline broadband service revenue (RMB Mil)	25,618	39,731
	Wireline broadband ARPU (RMB)	32.1	35.1
	Household broadband blended ARPU (RMB)	28.3	33.3

Note: The above tariffs were calculated based on the revenue of the financial statements