



中国移动通信
CHINA MOBILE

May 16, 2002

China Mobile (Hong Kong) Limited

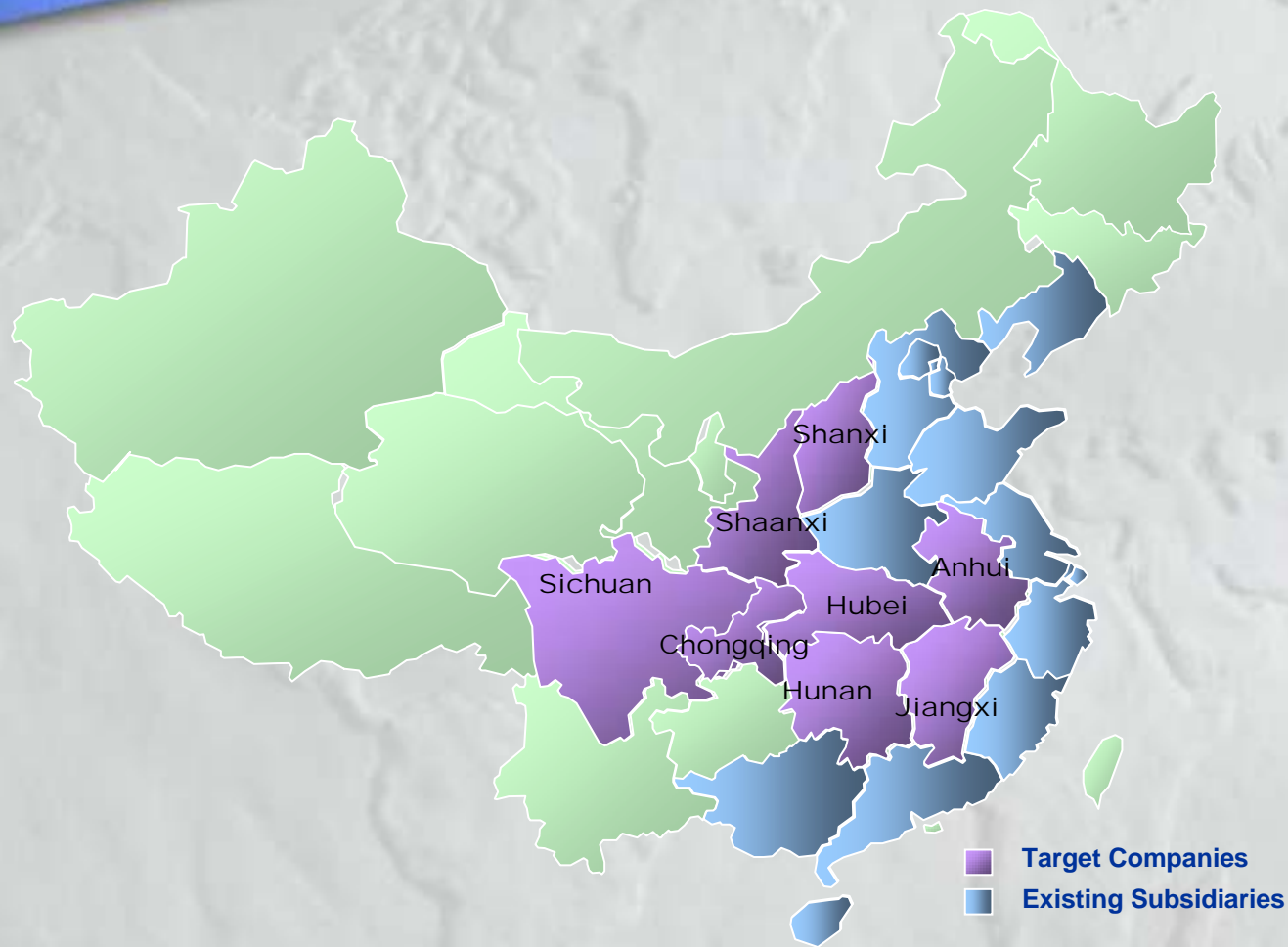
FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. Actual results may differ materially from those expressed or implied by these forward-looking statements. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation might not occur in the way we expect, or at all. You should not place undue reliance on any forward-looking information.



China Mobile (Hong Kong) Limited

China Mobile (Hong Kong)'s Acquisition of



Sichuan Mobile

Chongqing Mobile

Hubei Mobile

Hunan Mobile

Anhui Mobile

Jiangxi Mobile

Shaanxi Mobile

Shanxi Mobile



中国移动通信
CHINA MOBILE

China Mobile (Hong Kong) Senior Management

Name

Title

Mr. WANG Xiaochu

Chairman and Chief Executive Officer

Mr. LI Zhenqun

Vice Chairman and Chief Operating Officer

Mr. DING Donghua

Director and Chief Financial Officer

Agenda

- **Overview of the Acquisition**
- **The Target Companies**
- **Benefits of the Acquisition**

Overview of the Acquisition



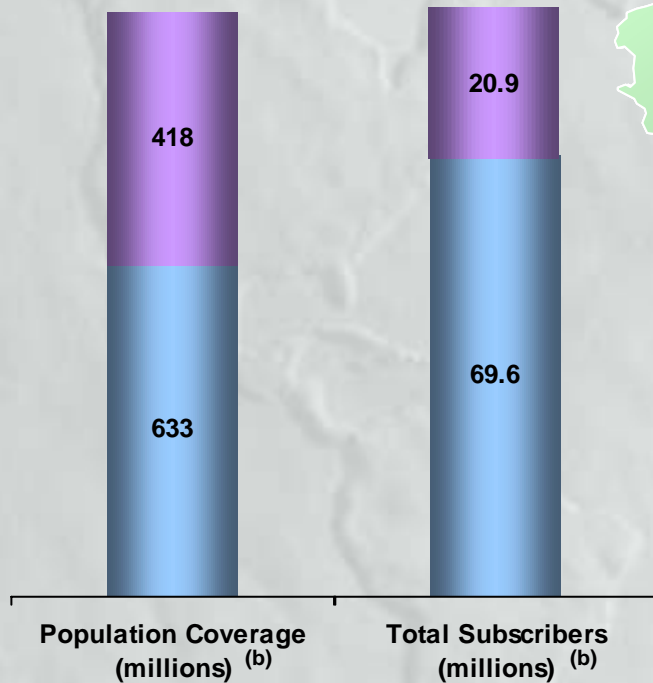
China Mobile (Hong Kong) Limited

The Acquisition

1 Billion
Population

100 Million
Subscribers^(a)

Successful Execution of
Acquisition Strategy



(a) Subscribers in 21 provinces combined exceed 100 million as of April 20, 2002

(b) 2001 year-end data

Key Elements of the Acquisition

Acquisition Consideration

- Equity consideration of US\$8.57 billion, assumed net debt of US\$1.63 billion
 - Initial Payment:
 - US\$3.15 billion in cash
 - US\$2.62 billion as new shares to the seller
 - Deferred Payment:
 - US\$2.80 billion as loan from the seller

Conditions for the Acquisition

- Approval by independent shareholders, EGM scheduled on June 24, 2002
- Approval by Chinese government authorities
- Adequate financing for the Initial Payment obtained

Financial Advisors to the Company

- China International Capital Corporation (Hong Kong) Ltd
- Goldman Sachs (Asia) L.L.C.

Independent Financial Advisor to the Independent Board Committee

- N.M. Rothschild & Sons (Hong Kong) Ltd

Attractive Valuation

2002E EBITDA: US\$1,945 mm

2002E Net Profit: US\$677 mm

2002E Subscribers ('000): 28,648

2002E EV / EBITDA: 5.2x

2002E P/E: 12.7x

2002E EV / Subscriber: US\$356

Discount to current CMHK multiples

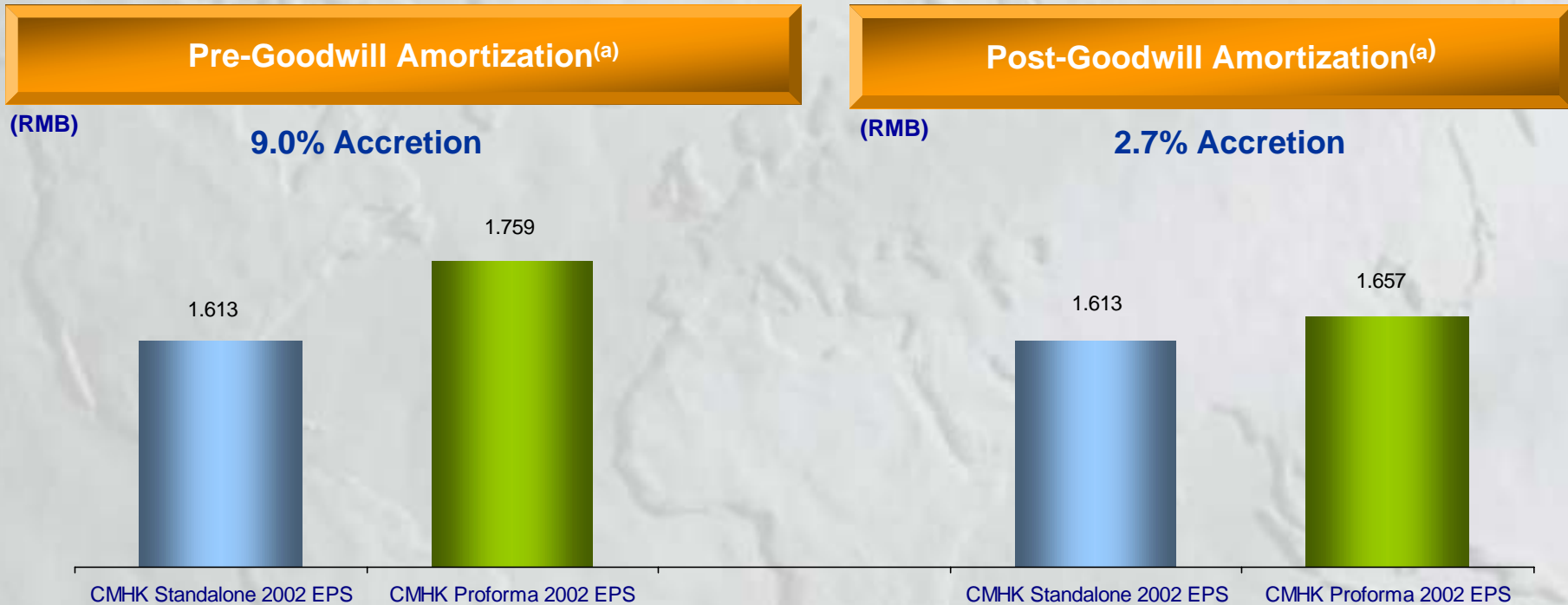


(a) Based on CMHK's per share price of HK\$26.0, which is the closing price of May 15, 2002. CMHK's 2002 EBITDA and net profit are based on IBES forecasts, for illustration only



Earnings Accretion

We expect the Acquisition to be EPS accretive for 2002 and further enhance future earnings growth



(a) For illustration only, does not reflect CMHK's guidance on its 2002 earnings

Assumptions:

- 2002 EPS of RMB1.613 is based on IBES mean estimate of HK\$1.520 and HK\$ to RMB exchange rate of 1.0612
- Interest rate of 1% on average cash and bank deposits
- 2-year LIBOR USD swap rate of 3.801% for deferred consideration
- Effective tax rate of 33% to derive tax savings on the forgone interest income



Consideration Payment

Initial Payment

Total initial payment: US\$5.77 billion

Payment

Cash Consideration:

- US\$2.40 billion cash from CMHK's existing resources
- US\$750 million strategic share placement to Vodafone

Share Consideration:

- US\$2.62 billion to the seller
- New shares will be issued to Vodafone at the same price as new shares to the seller
- Initial issue price of HK\$24.72 (30-day average closing price prior to announcement)
- Subject to adjustment if post announcement 10-day average daily VWAP is higher than HK\$28.43 or lower than HK\$21.01 per share

Pricing Mechanism

- (a) Public shareholding in CMHK will decrease from 24.42% to 24.30% after the placement, assuming no adjustment to per share price
- (b) If the post-announcement VWAP adjusted 10-day average price is higher than HK\$28.43 per share, the issue price will be increased by 50% of the difference between such average price and HK\$28.43. If such average price is lower than HK\$21.01 per share, the initial issue price will be decreased by 50% of the difference between such average price and HK\$21.01.

Consideration Payment

Deferred Payment

Total deferred payment: US\$2.80 billion

Key Terms

- 15-year subordinated debt with prepayment option (no penalty)
- Interest rate: 2-year USD LIBOR swap rate
- Fixed exchange rates
- Flexible payment currency choices

Repayment

- CMHK intends to repay the deferred payment mainly through:
 - Proceeds from the possible issuance of RMB-denominated bonds and/or Chinese Depositary Receipts in the PRC
 - Internal cash resources

Stronger Strategic Alliance with Vodafone



Mutual benefit through the exchange of world-class operational experience and international best practices

Long-term Strategic Partnership

- Powerful demonstration of both parties' commitments to maintaining long-term strategic partnership
- Vodafone's shareholding in CMHK will increase from 2.18% to 3.27% after the placement, assuming no adjustment to per share price

Management Cooperation / Best Practices Exchange

- Co-operation reinforced at all levels with Chairman Forum, Steering Committee and project working groups, etc.
- Exchange of management best practices in new product development, high-end customer management, network planning and CRM, launched with Shanghai Mobile as a pilot project

The Target Companies



China Mobile (Hong Kong) Limited

Key Operating Statistics

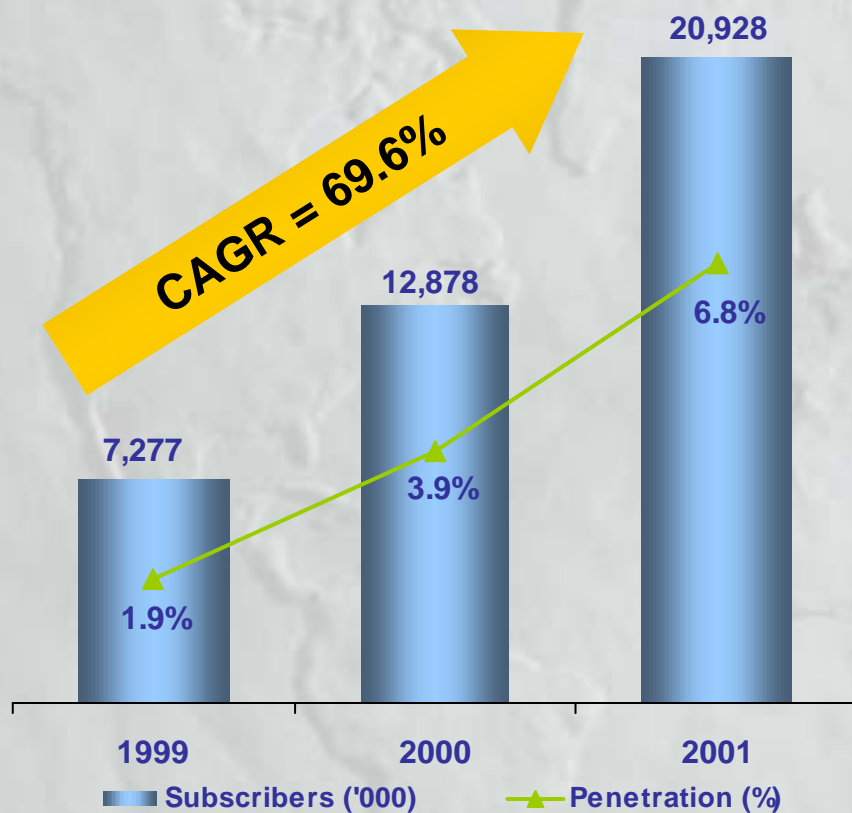
	Dec 31, 2000	Dec 31, 2001
Population (mm)	413	418
Cellular Penetration (%)	3.9	6.8
China Mobile Cellular Subscribers (mm)	12.9	20.9
Contract	9.6	12.8
Prepaid	3.3	8.1
Market Share (%)	80.8	73.9
MOU (minutes)	284	235
Contract	307	308
Prepaid	108	101
ARPU (RMB)	185	129
Contract	198	160
Prepaid	83	71
Churn (%) (annual) ^(a)	7.0	7.7



(a) Annual churn does not include subscribers switching within the Target's own networks

Significant Business Growth (1)

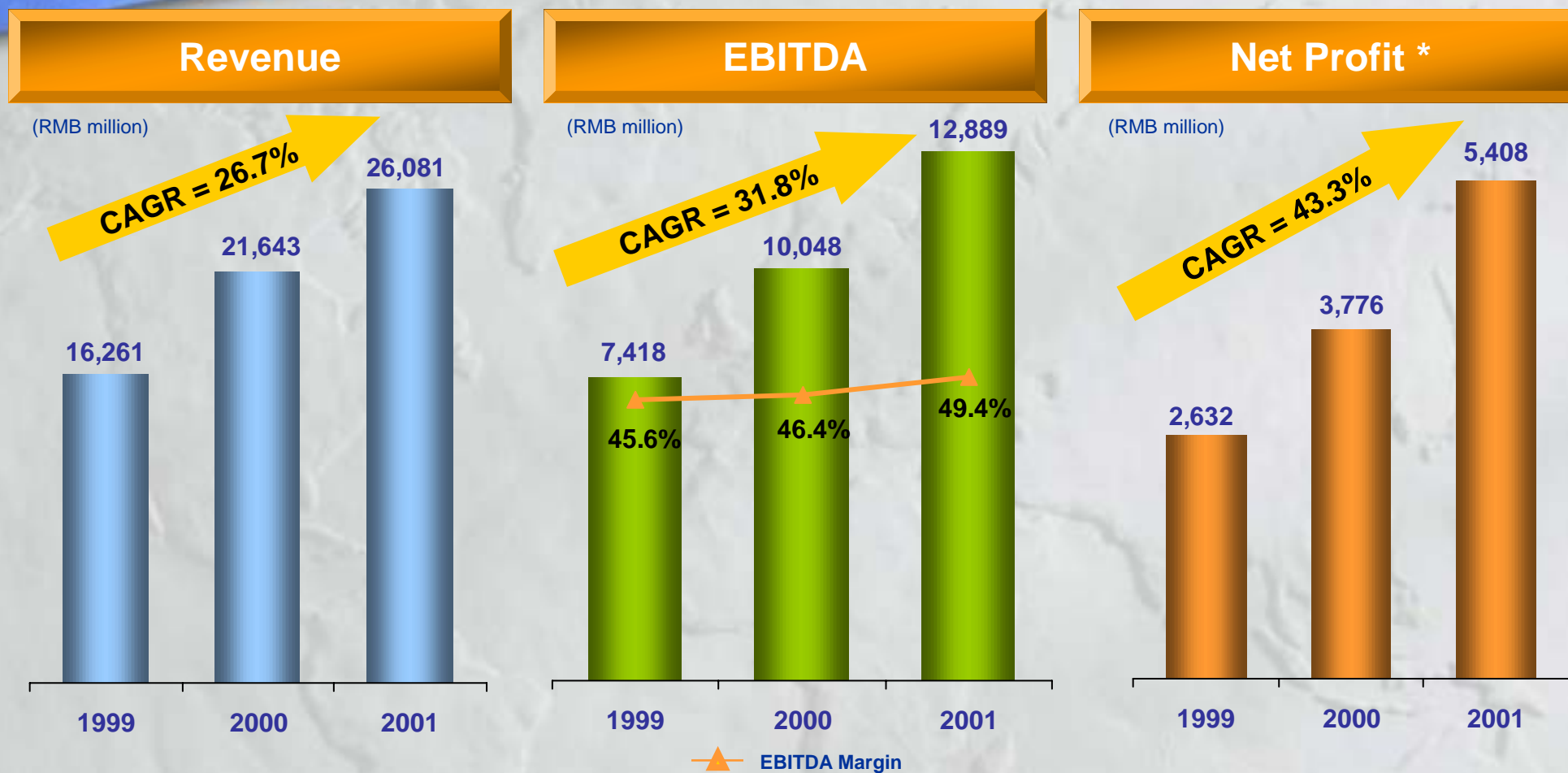
Subscriber Growth



Traffic Growth



Significant Business Growth (2)



* Net profit before the effect of revaluation of assets and write-off of network equipment.

Structure of Revenue and Expenses

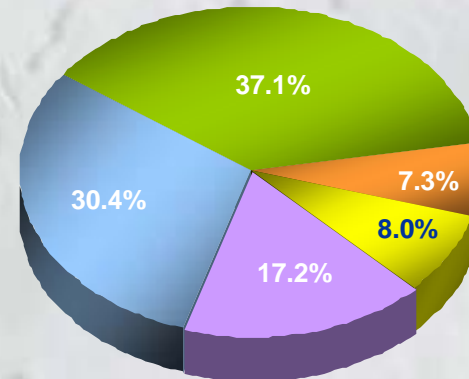
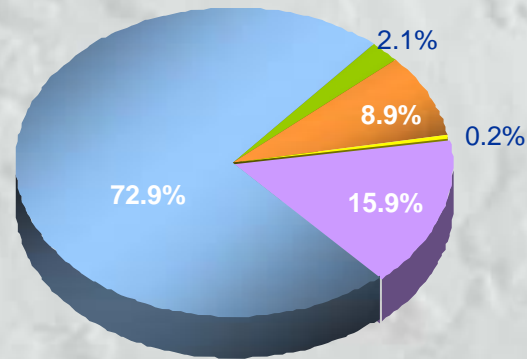
(Dec 31, 2001)

Revenue

Expenses

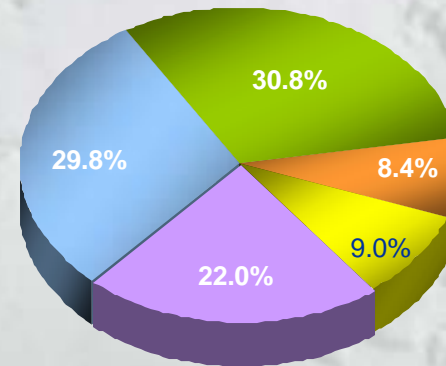
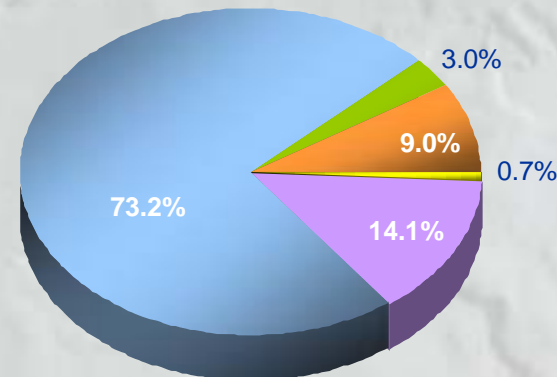
Targets

Revenue:
RMB 26,081 mm
Expenses:
RMB 19,154 mm



CMHK Now

Revenue:
RMB 100,331 mm
Expenses:
RMB 59,319 mm



- Usage Fees
- Monthly Fees
- Connection Fees
- New Business
- Others

- Leased Lines
- Depreciation
- SG&A
- Interconnection
- Personnel



Distribution and Network Infrastructure

■ Distribution

- Extensive network of proprietary sales outlets, franchise stores and retail outlets
 - 1,311 proprietary sales outlets and 20,966 franchise stores and retail outlets

■ Network Infrastructure

- All digital integrated GSM network with leading quality and performance
 - Average population coverage rate of 90%
 - 257 mobile switching centers; 22,688 base stations
 - Network capacity of 32 million; average utilization rate of 65%
- Transmission infrastructure built or bought in high-traffic areas

Operating Data of Individual Provinces

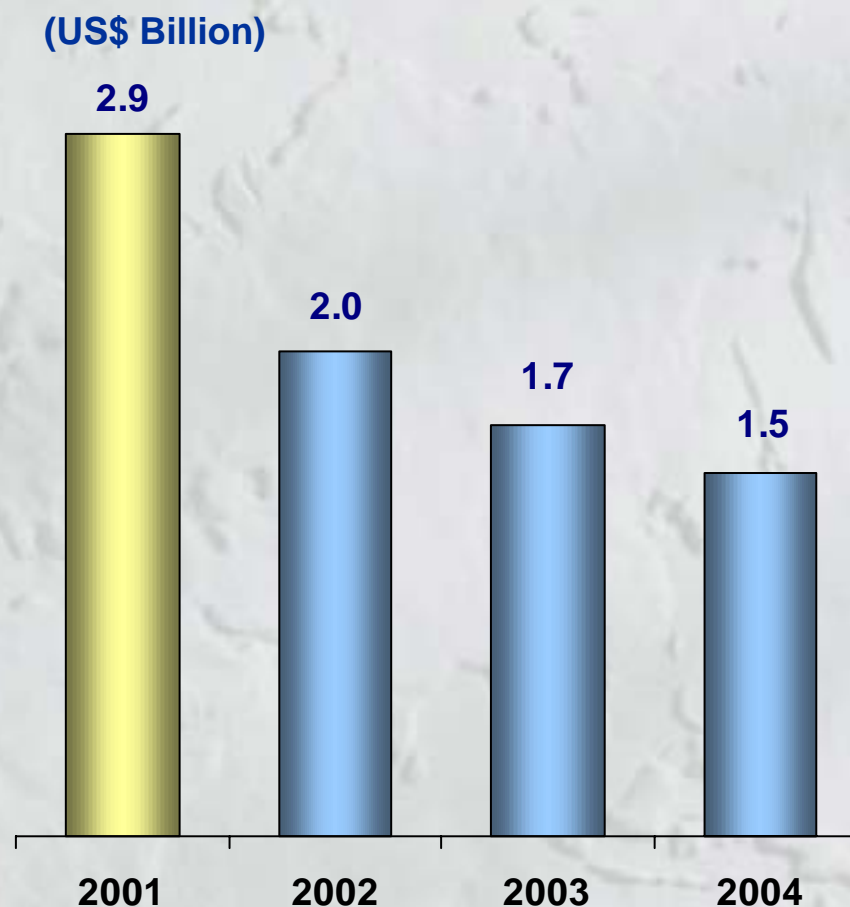
As of Dec 31, 2001	Sichuan	Chongqing	Hubei	Hunan
Population (mm)	86	31	60	66
GDP Per Capita (RMB)	5,118	5,651	7,804	6,039
Cellular Penetration (%)	6.4	8.2	6.8	5.5
China Mobile Subs (mm)	4.2	1.8	3.0	2.9
Contract	2.3	0.5	1.5	2.4
Prepaid	1.9	1.3	1.5	0.5
Market Share (%)	75.5	71.5	75.2	79.7
MOU (minutes)	254	204	229	246
ARPU (RMB)	136	123	137	132

Operating Data of Individual Provinces

As of Dec 31, 2001	Anhui	Jiangxi	Shaanxi	Shanxi
Population (mm)	63	42	37	33
GDP Per Capita (RMB)	5,199	5,199	5,033	5,424
Cellular Penetration (%)	5.5	6.9	8.3	9.7
China Mobile Subs (mm)	2.4	2.2	2.0	2.5
Contract	2.0	1.7	1.7	0.8
Prepaid	0.4	0.5	0.3	1.7
Market Share (%)	68.3	74.2	65.8	78.7
MOU (minutes)	245	240	256	193
ARPU (RMB)	122	124	131	119

Capital Expenditure Plan

- Prudent capital expenditure plan significantly lower than historical level
- Total capital expenditure for 02-04 approximately US\$5.2 billion*
- Network infrastructure similar to CMHK's existing operations
- Expansion to support high subscriber growth
- Increased economies of scale and improved utilization will lead to higher return on investments



* Minimal capital expenditure is currently budgeted for 3G monitoring and experimentation

Capitalization

Targets Combined As of Dec 31, 2001

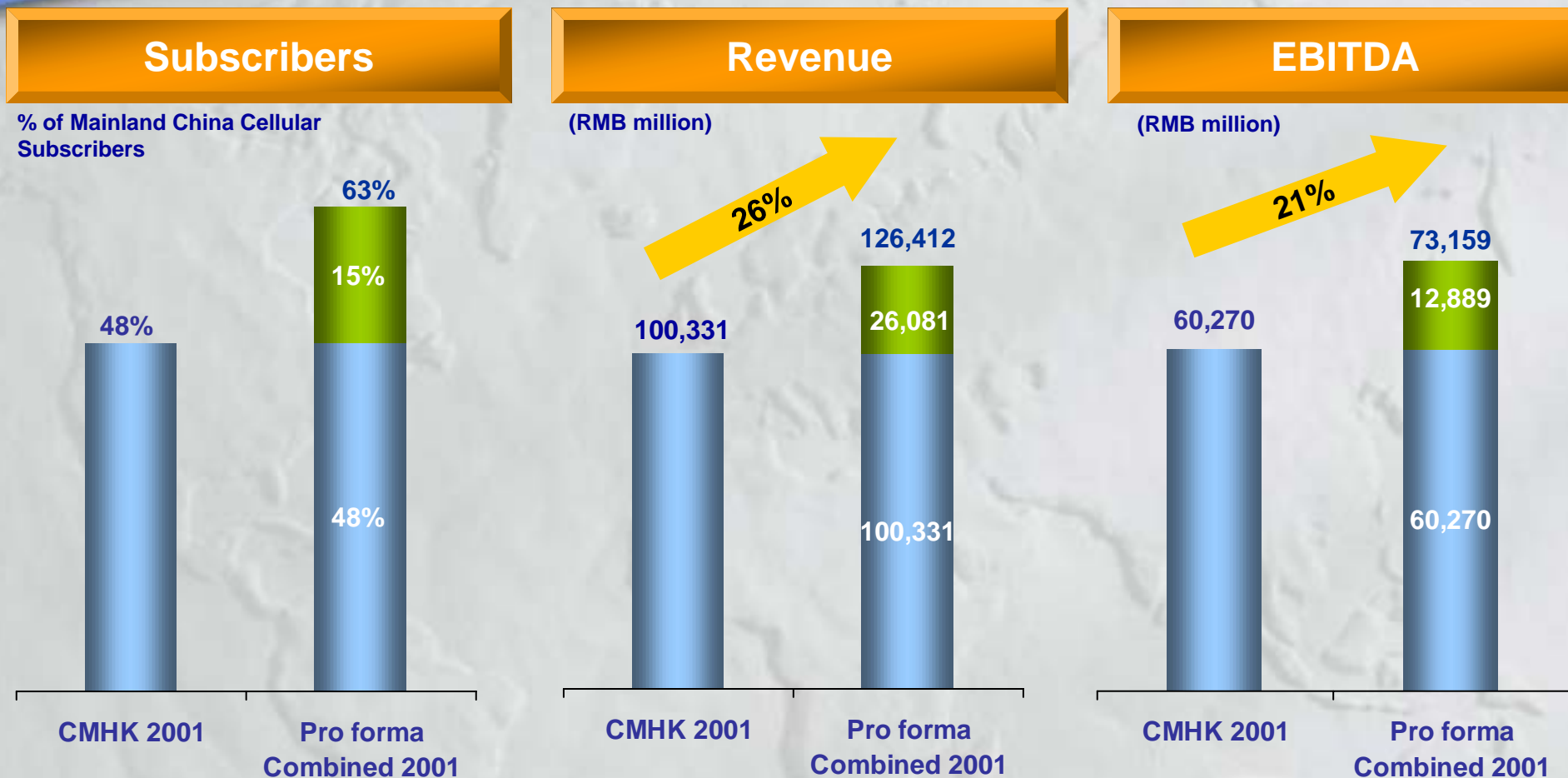
	RMB million
Short-term Debt	5,180
Long-term Debt	11,672
Total Debt	<u>16,852</u>
Shareholders' Equity	<u>30,663</u>
Total Book Capitalization	<u><u>47,515</u></u>
Cash and Bank Deposits	3,385
Net Debt	13,467
Total Debt /Total Capitalization	35%

Benefits of the Acquisition



China Mobile (Hong Kong) Limited

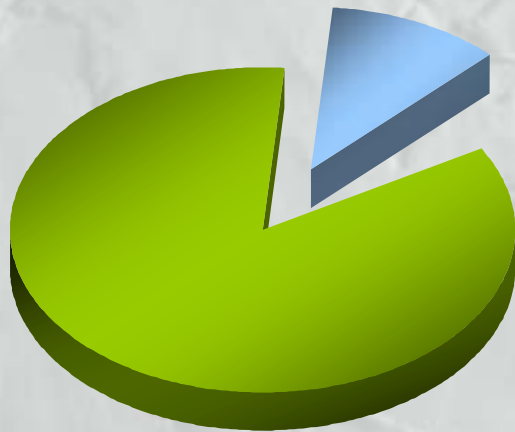
Further Strengthen Market Leadership Position



Enhanced Growth Prospects

Covered Population and Penetration

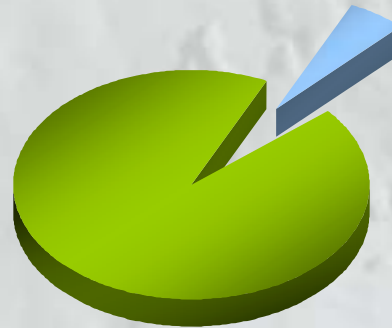
CMHK NOW



 CMHK Subscribers

Covered Pop 633mm
 Penetration 15.2%
 Cellular Users 96mm

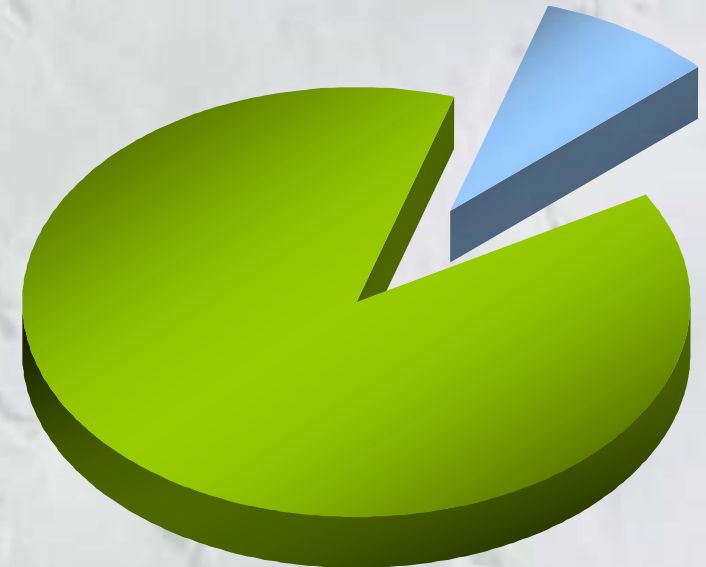
Targets



 Non-cellular-users

Covered Pop 418mm
 Penetration 6.8%
 Cellular Users 28mm

Combined Group



Covered Pop 1,051mm
 Penetration 11.9%
 Cellular Users 124mm

Note: All data as of Dec 31, 2001

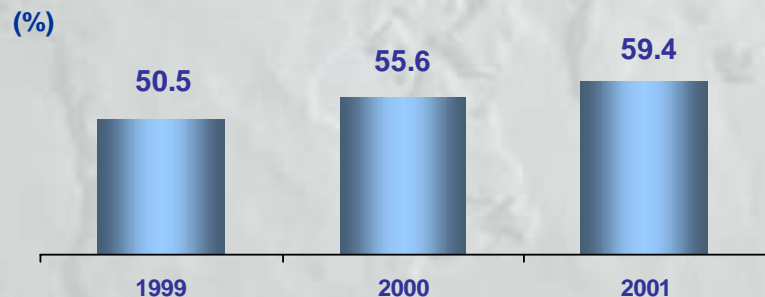


Post-Acquisition Value Creation

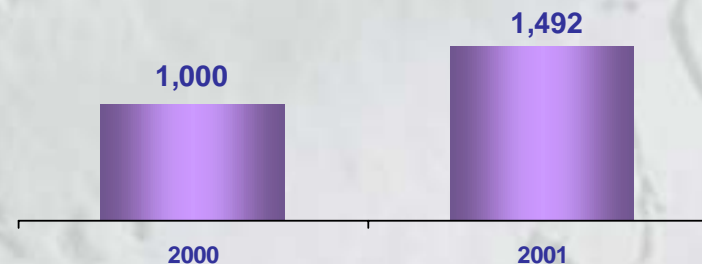
– Last Acquisition (7 Subsidiaries)

Our track record for integrating acquired businesses demonstrates our ability to realize potential and enhance value

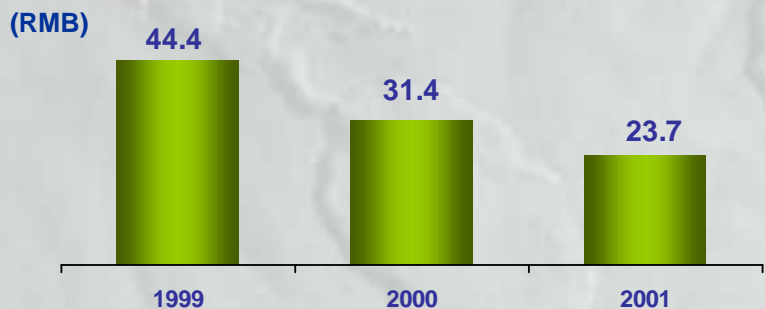
EBITDA Margin



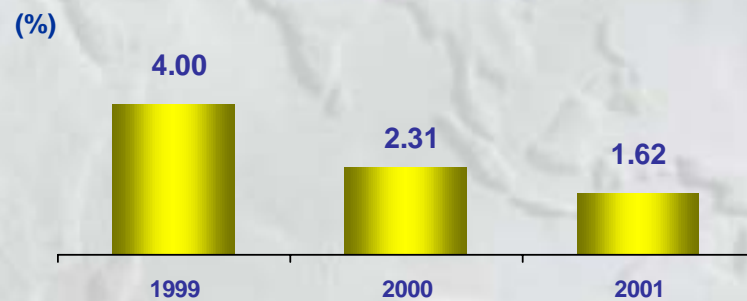
Subscriber per Employee



SG&A per subscriber per month



Bad Debt Ratio



Optimize Capital Structure

As of December 31st, 2001

(RMB billion)

CMHK

Pro forma Combined

Cash	36.8	20.3
Total Debt	29.3	69.3
Total Capitalization	141.1	209.0
Total Debt/Total Capitalization	20.8%	33.2%
Total Debt/EBITDA	0.5x	0.9x

Post Acquisition

1 Billion Covered Population

100 Million Subscriber Base

**The World's Largest Operator
of a Contiguous Mobile Network**

