

2002



中国移动通信
CHINA MOBILE

Annual Results

中國移動(香港)有限公司
China Mobile (Hong Kong) Limited
www.chinamobilehk.com

2002 Annual Results

China Mobile (Hong Kong) Limited

March 18, 2003

Mr. Wang Xiaochu	Chairman & CEO
Mr. Li Yue	Vice President
Mr. Lu Xiangdong	Vice President
Mr. Xue Taohai	Vice President & CFO
Mr. He Ning	Vice President

**Review of 2002 and
Prospects for 2003**

**Operating
Performance
for 2002**

**Financial Results
for 2002**

**Review of
2002**

**Prospects for
2003**

Continued to deliver solid results by maintaining a rational and effective competitive strategy

Focused on a single network to deliver top quality services

Achieved external growth and efficiency gains with newly integrated assets

Declared our first dividend to shareholders

Solid Results

↑69%

Subscribers

117.7 m

↑28%

Revenue

**RMB
128.6bn**

↑28%

EBITDA

**RMB
77.3 bn**

↑17%

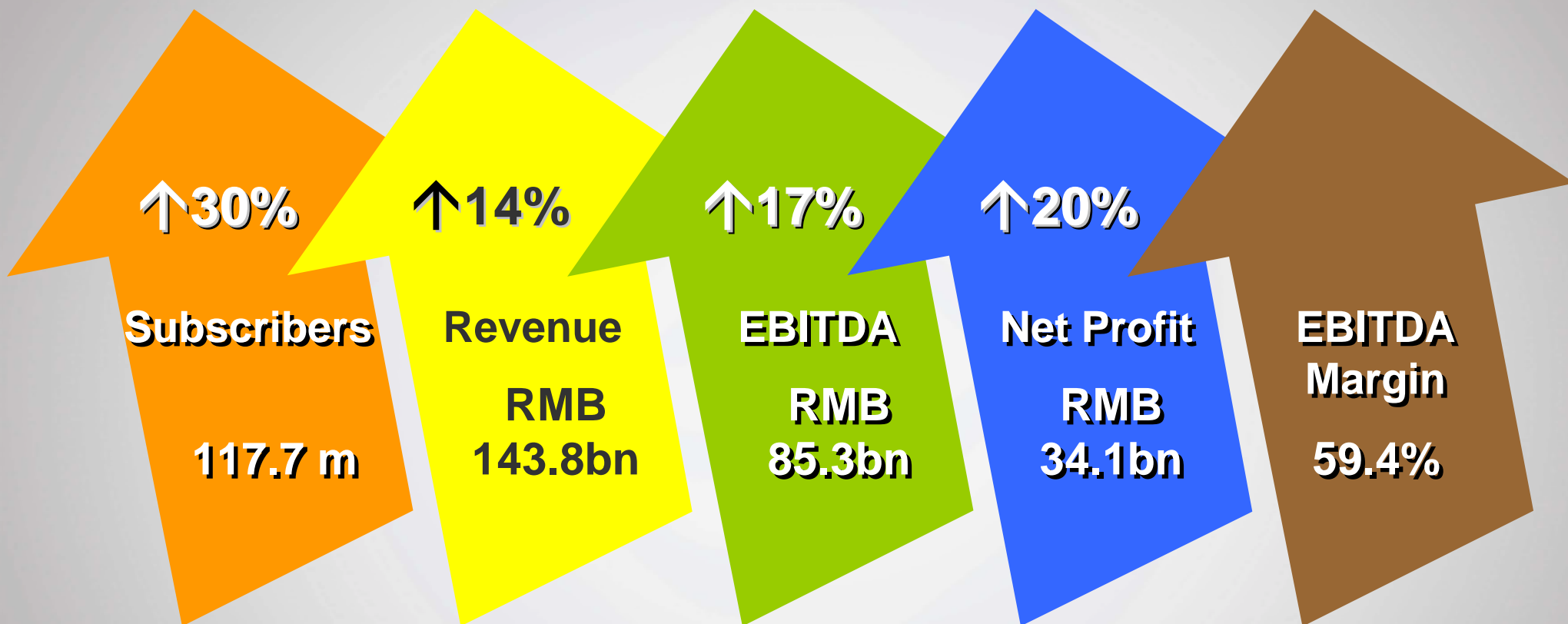
Net Profit

**RMB
32.7 bn**

**EBITDA
Margin**

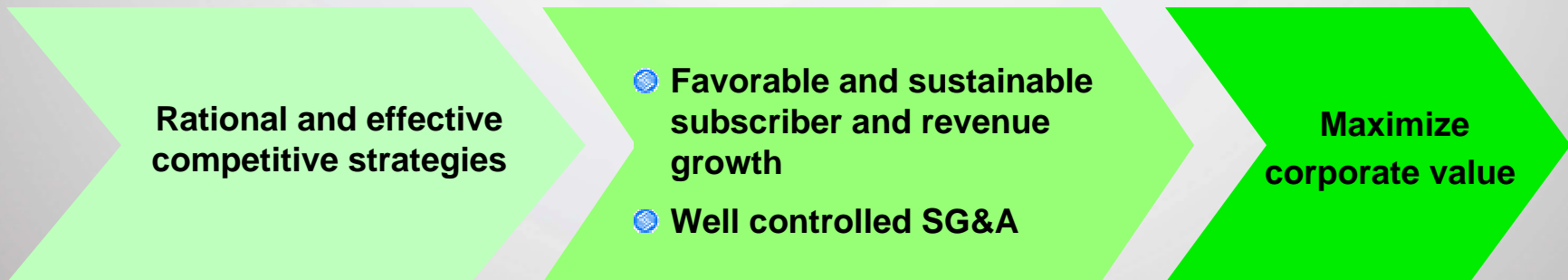
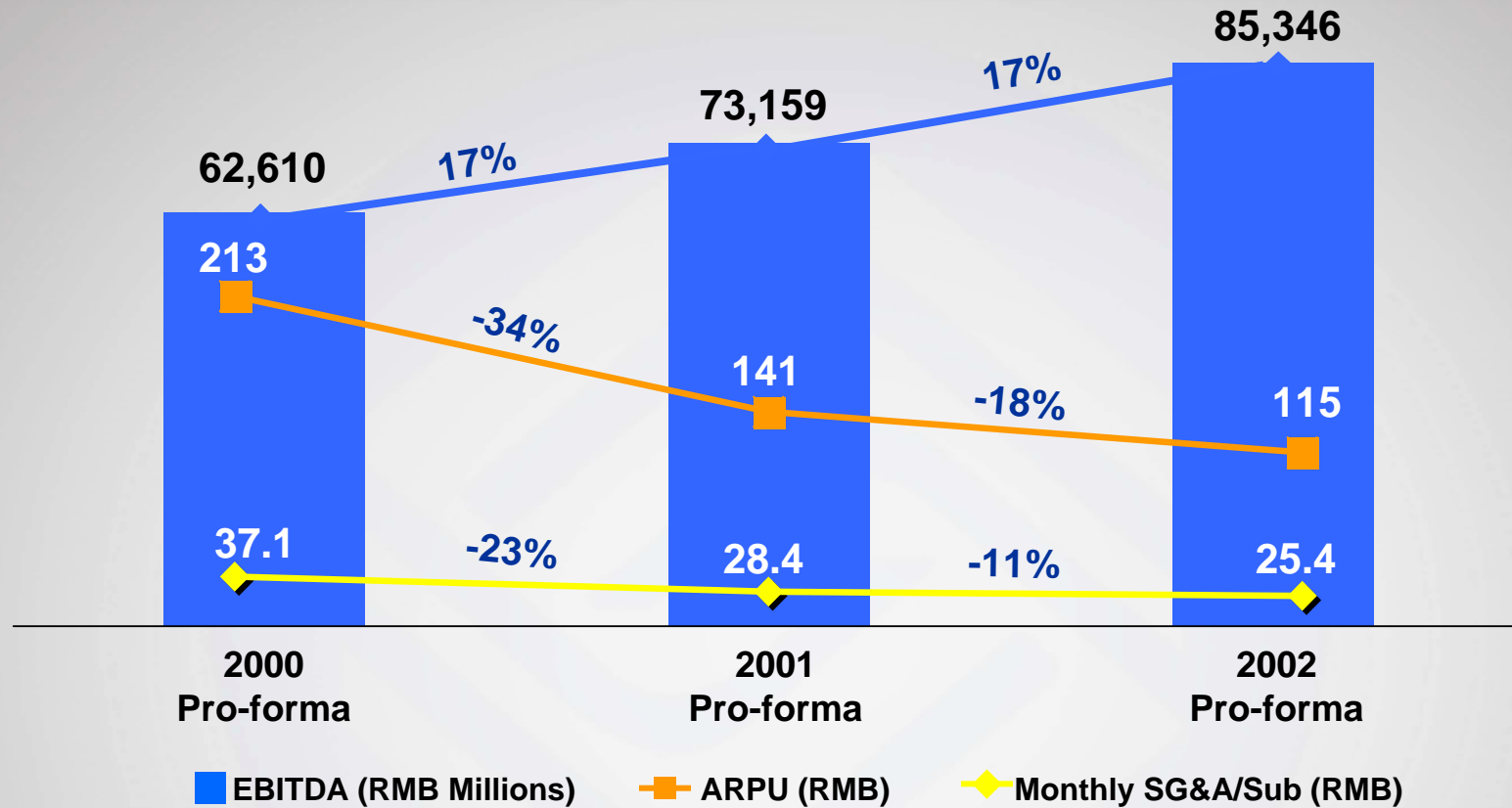
60.1%

Pro-forma Results



Note: All pro-forma data in this presentation is based on the assumption that the current group structure (including 21 subsidiaries) existed throughout the relevant period.

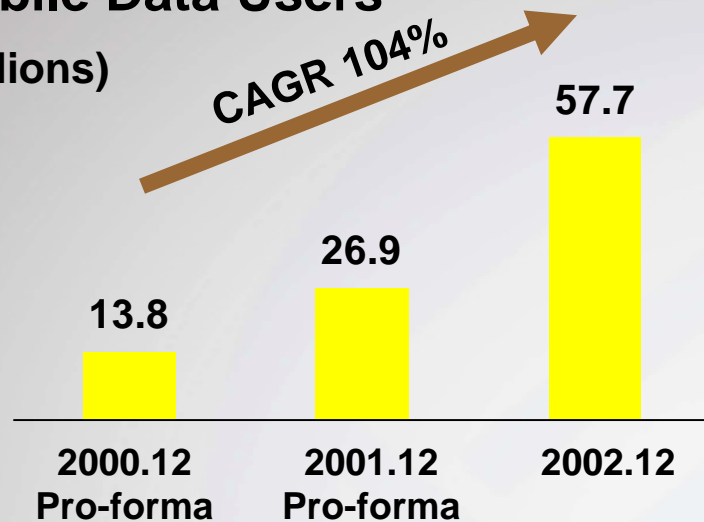
Company Objective – Robust and Sustainable Profit Growth



Continuous Rapid Growth of New Businesses

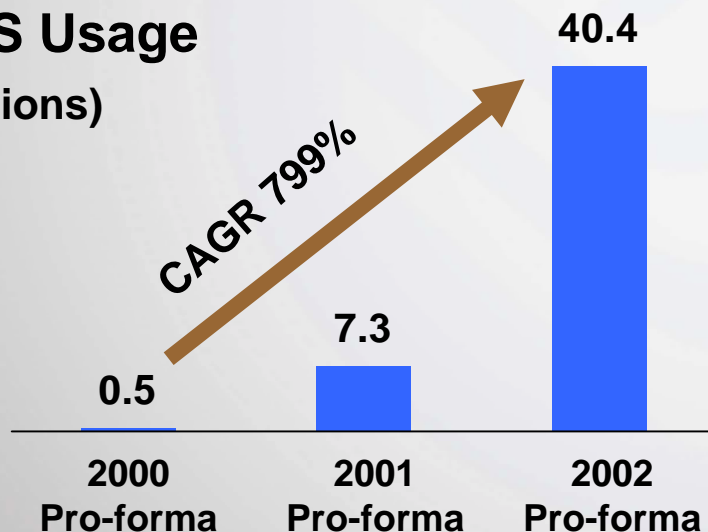
Mobile Data Users

(Millions)



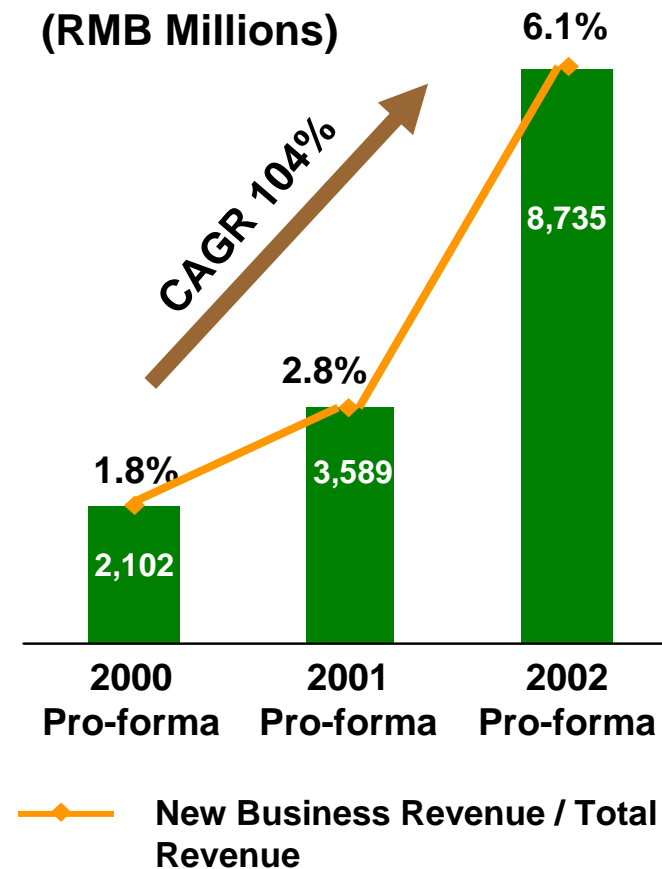
SMS Usage

(Billions)



New Business Revenue

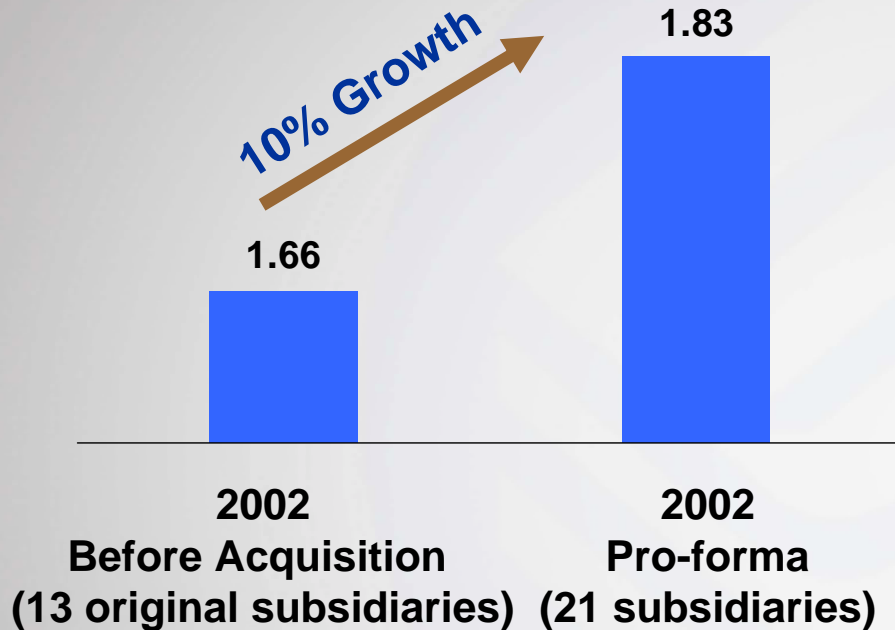
(RMB Millions)



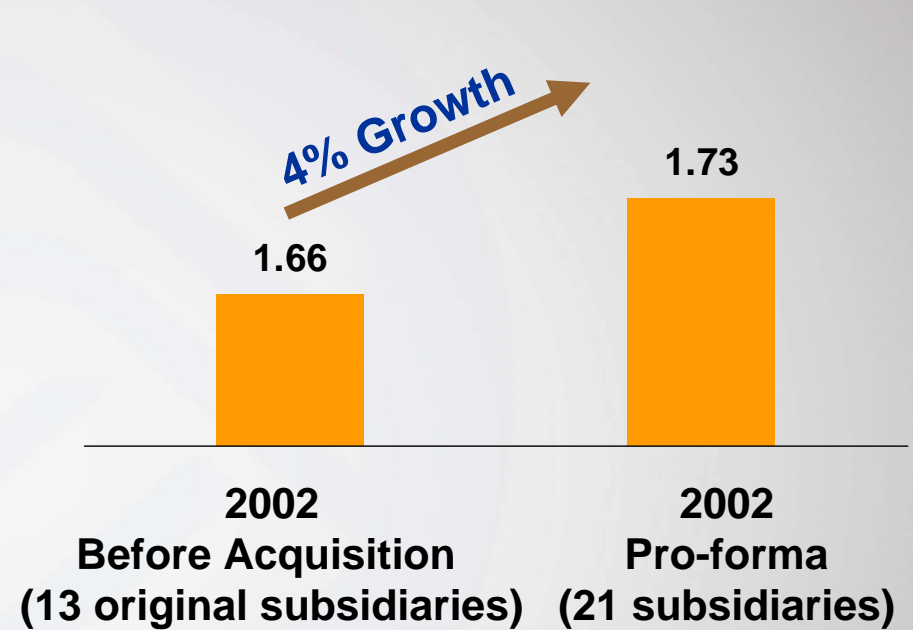
Another Value Enhancing Acquisition



EPS (Pre-goodwill amortization)
(RMB)



EPS (Post-goodwill amortization)
(RMB)



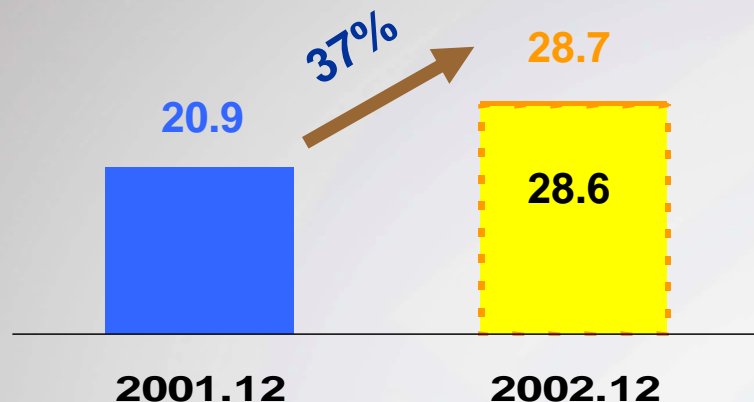
- Attractive valuation
- Well-structured financing package
- Reform and integration benefits realized

} **Enhanced
Shareholder Value**

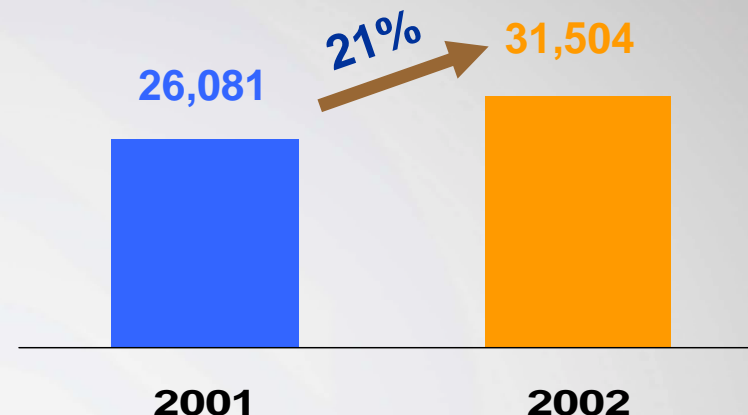
Performance of Eight New Subsidiaries Exceeded Estimates



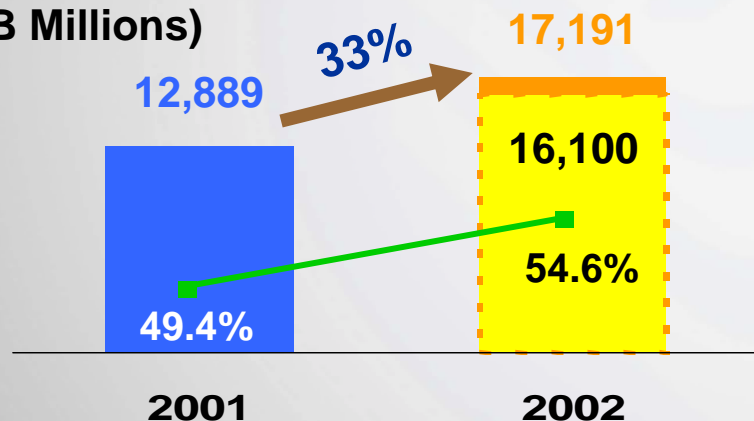
Subscribers (Millions)



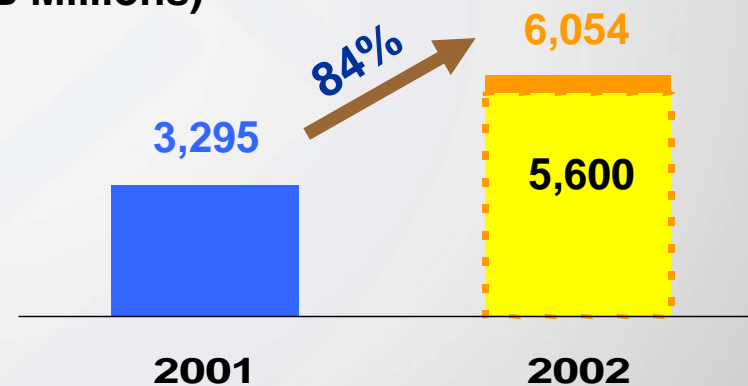
Revenue (RMB Millions)



EBITDA (RMB Millions)



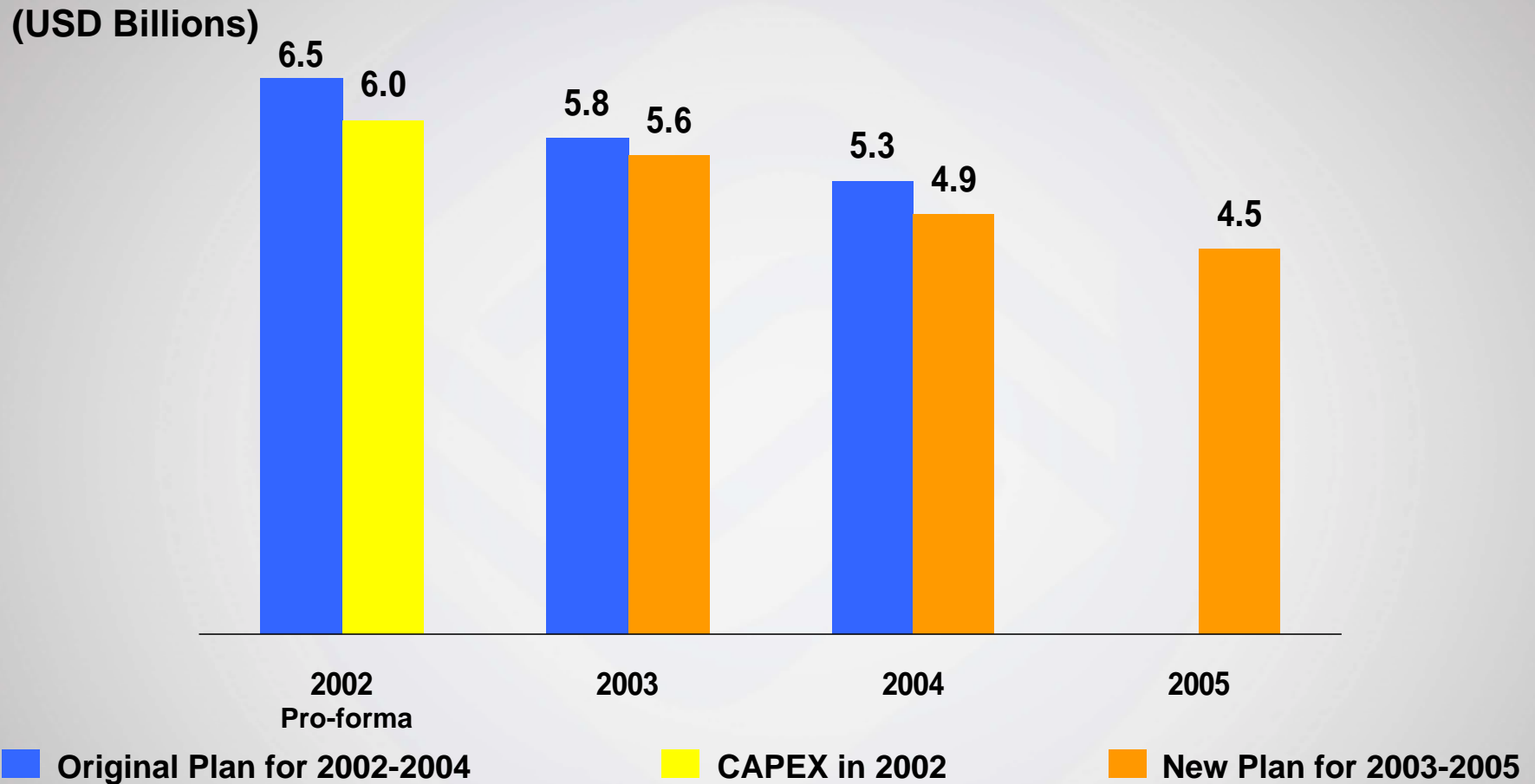
Net Profit (RMB Millions)



—■ EBITDA margin
 Forecast
 2002 actual

Note: Forecast numbers refer to estimates on certain key performance indicators of the 8 newly acquired subsidiaries as stated in the acquisition circular to shareholders.

Capital Expenditure



Note: Minimal CAPEX is currently budgeted annually for 3G monitoring and experimentation.

- First dividend payout of HK\$0.32 per share, with a dividend payout ratio of 20%
- Endeavor to achieve a sustainable steadily increasing dividend and to maximize the return to our shareholders

Major considerations

- Sustained steady business growth generated a strong free cash flow, ensuring a solid financial position
- Retain sufficient funds to ensure sustainable business growth and to finance value enhancing investments or acquisitions
- Possible share buyback in the best interest of shareholders

**Current Market
Concerns**

Competitive Edge

**Business
Strategy**

**Promising
Prospects**

Uncertainties in regulatory environment

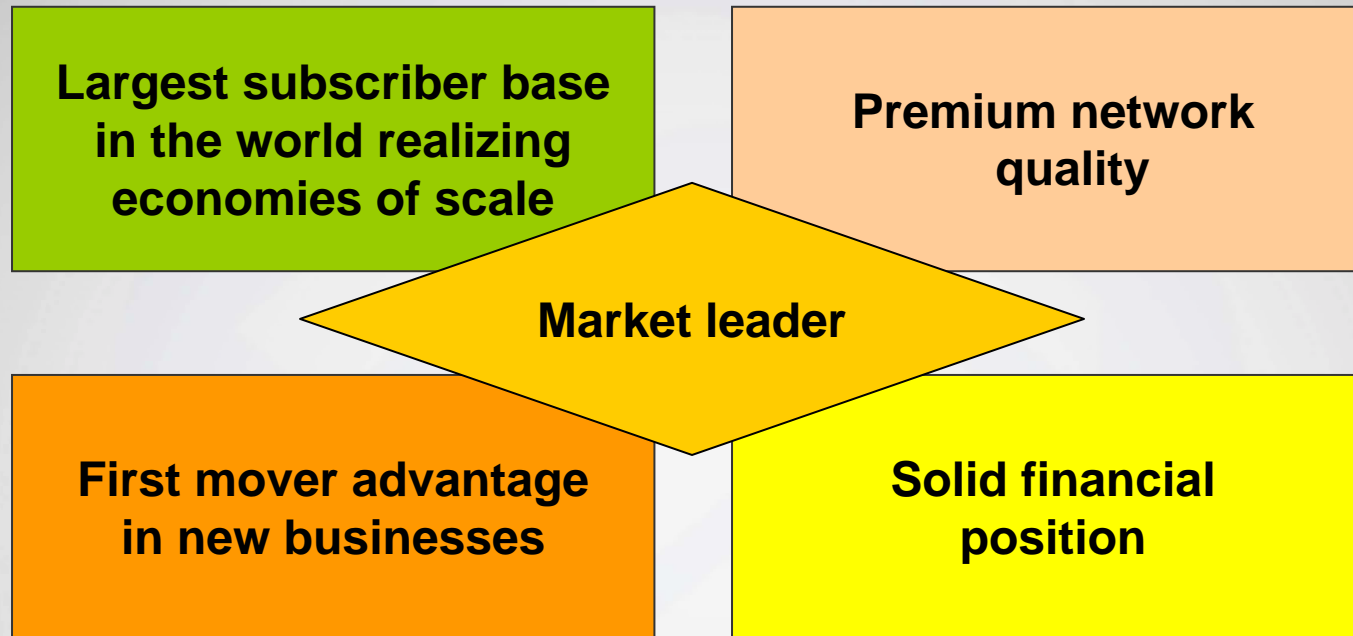
- Telecommunications law
- Direction of regulatory policy
- Degree of enforcement

Intensified competition

- Aggressive CDMA sales measures
- Increasing tariff flexibility
- Increased presence of “Xiaolingtong”

Trends in new technologies

- The application and maturity of 3G technologies



The only operator in Mainland China exclusively specialized in mobile telecommunications

Market segmentation and product differentiation

Brand building and brand value enhancement

Leverage our leading position in new businesses

Further enhance our network quality

- To maintain our solid fundamentals
- To consolidate our leading market position

To brand-conscious users

To the “technophiles”

To value-conscious users



- ④ Promote customer loyalty
- ④ Continuous development of new adds market

**Providing quality services to customers
and enhancing shareholder value**

Consolidating our leading position

**Sustain high
customer
loyalty and
steady new
adds market
share**

**Maintain
solid financial
performance**

**Further
enhance
corporate
governance**

**Achieve
management
efficiency and
integration
benefits**



Operating Performance

2002 Key Operating Statistics

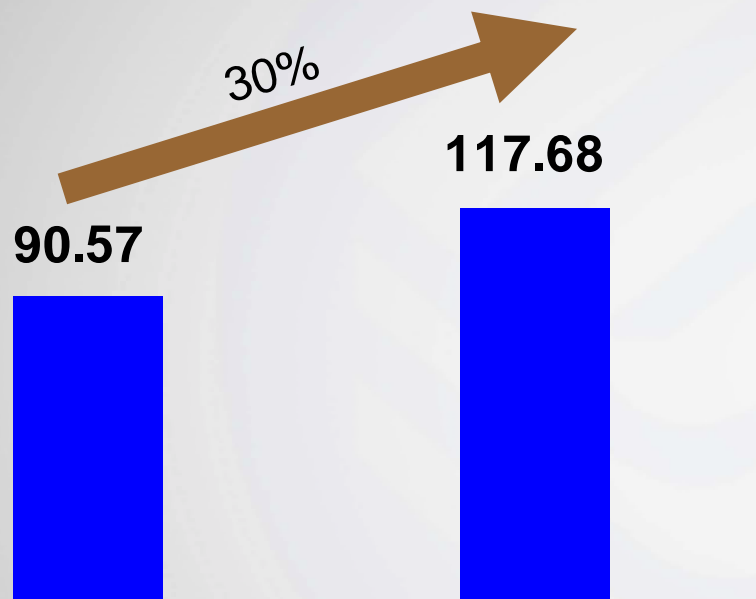


	2001 Pro-forma	2002 Pro-forma
Total Subscribers (Millions)	90.57	117.68
— Net Additions (Millions)	32.56	27.11
— Market Share	72.7%	67.0%
— Total Usage (Billion Minutes)	208.77	260.09
— MOU (Minutes)	234	207
— ARPU (RMB)	141	115
Contract Subscribers		
— Subscribers (Millions)	46.85	49.02
— MOU (Minutes)	324	334
— ARPU (RMB)	189	176
Prepaid Subscribers		
— Subscribers (Millions)	43.72	68.65
— MOU (Minutes)	103	99
— ARPU (RMB)	72	63
Average Monthly Churn Rate	0.58%	0.69%

Parallel Growth in Usage and Subscribers



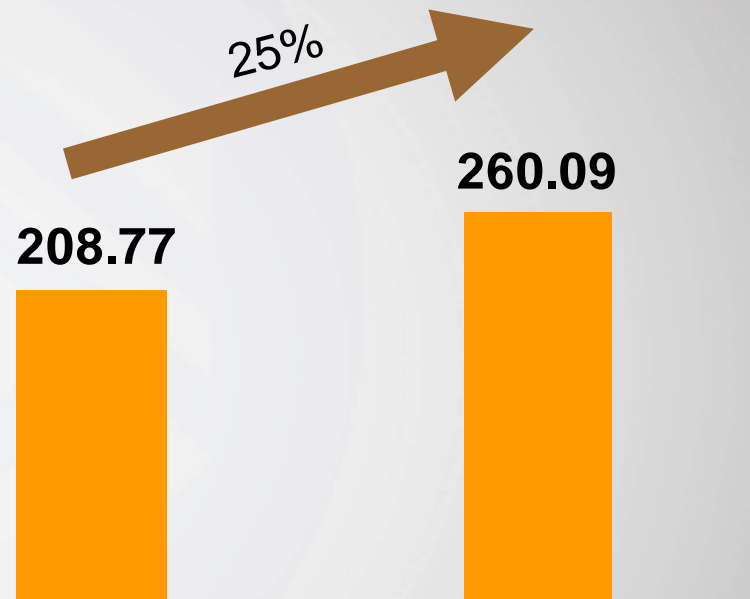
**Subscribers
(Millions)**



2001.12
Pro-forma

2002.12

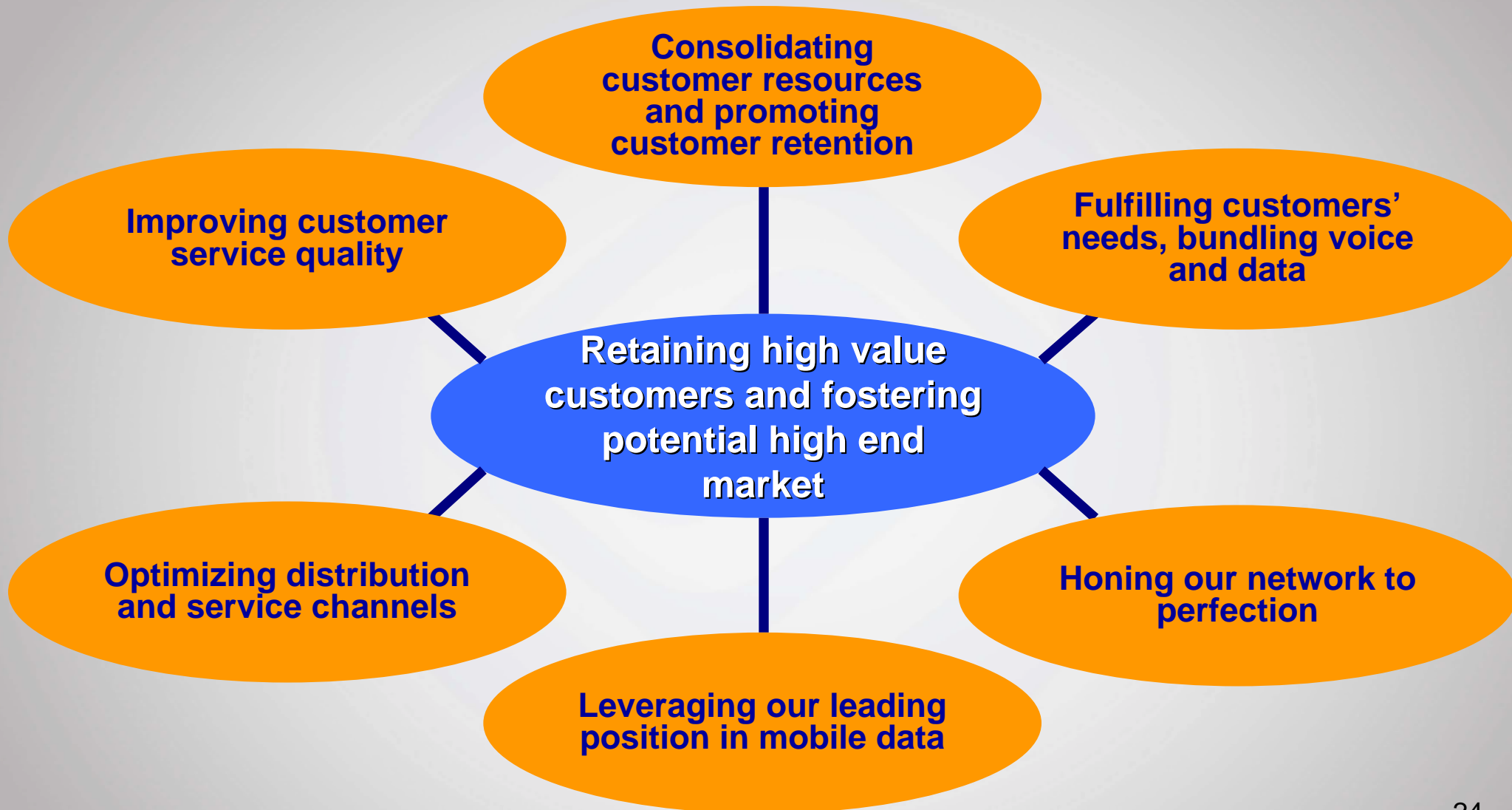
**Total Minutes of Usage
(Billions)**



2001
Pro-forma

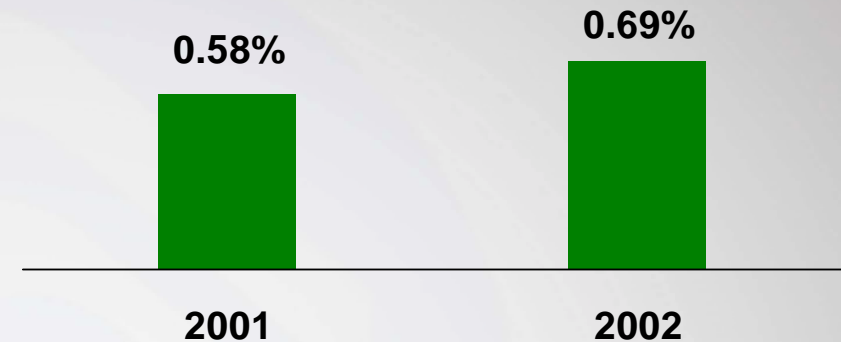
2002
Pro-forma

Rational Competitive Stance and Flexible Operations



- Customer point reward program based on loyalty, consumption and payment history;
- Point redemption scheme offering our own products or those of our business partners;
- Providing a customized total mobile communications solution

Average Monthly Churn Rate

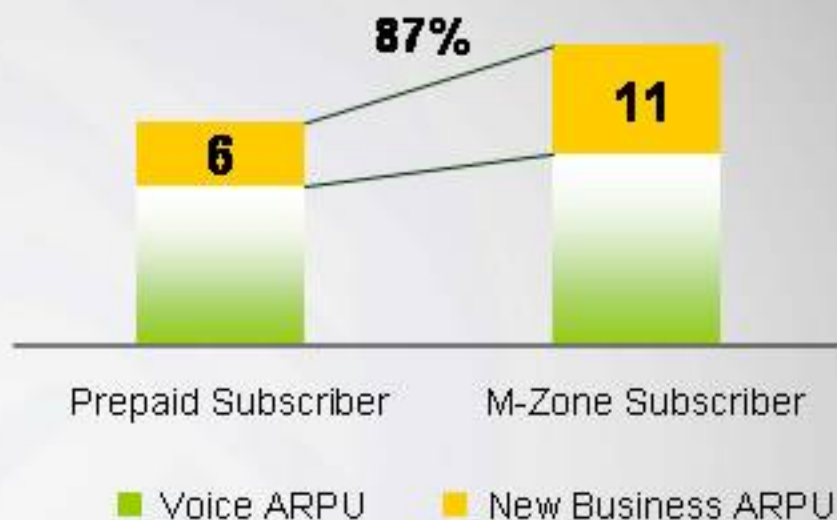


Fulfilling Customers' Needs, Bundling Voice and Data



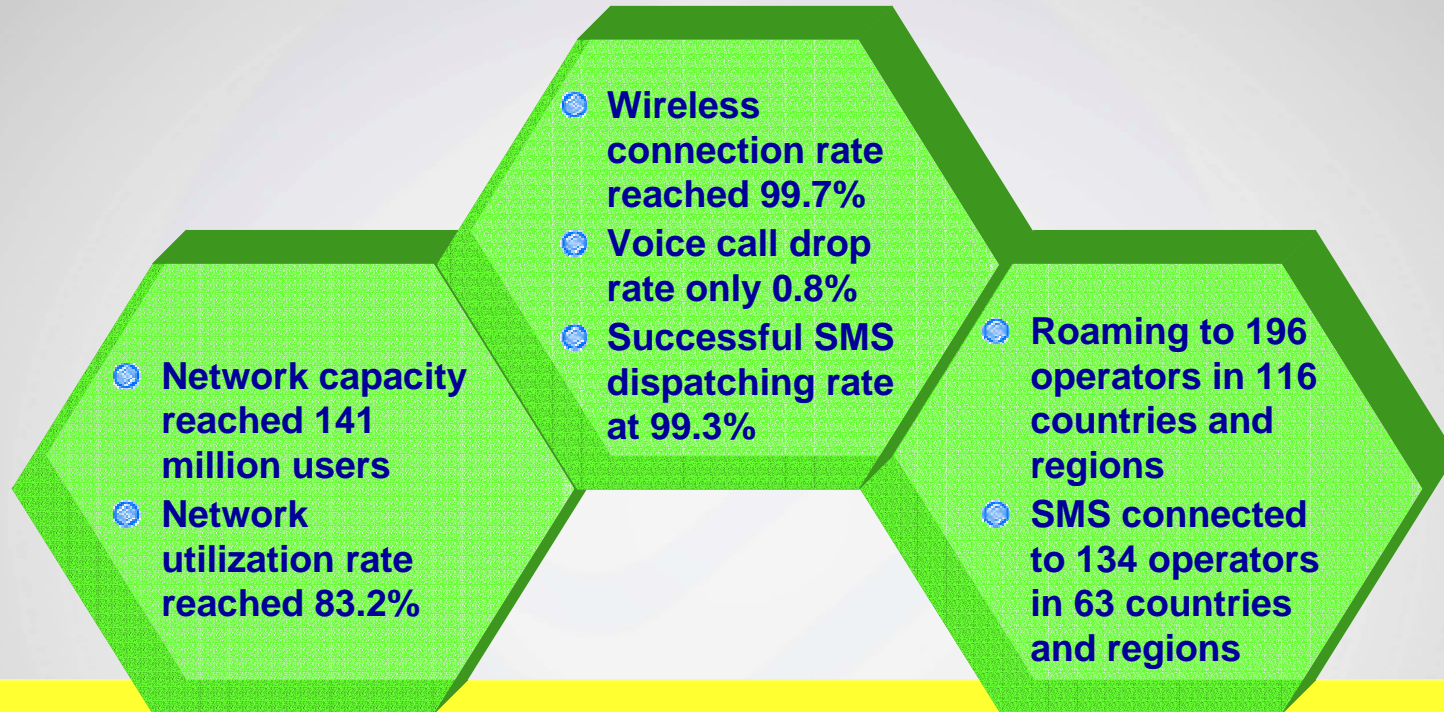
Providing a rich portfolio of voice and data services targeting trendy youth to maintain our competitive advantages

Growing New Business Revenues (RMB)



Let's play together in the M-zone!

Note: The above statistics are based on the M-Zone trial launch by Shanghai Mobile.



**Assessing our network based on customer perceptions
to provide top quality services**

Leveraging Our Leading Position in Mobile Data Services



MMS
services



Mobile
Internet
services



Monternet
applications



GPRS
based
services



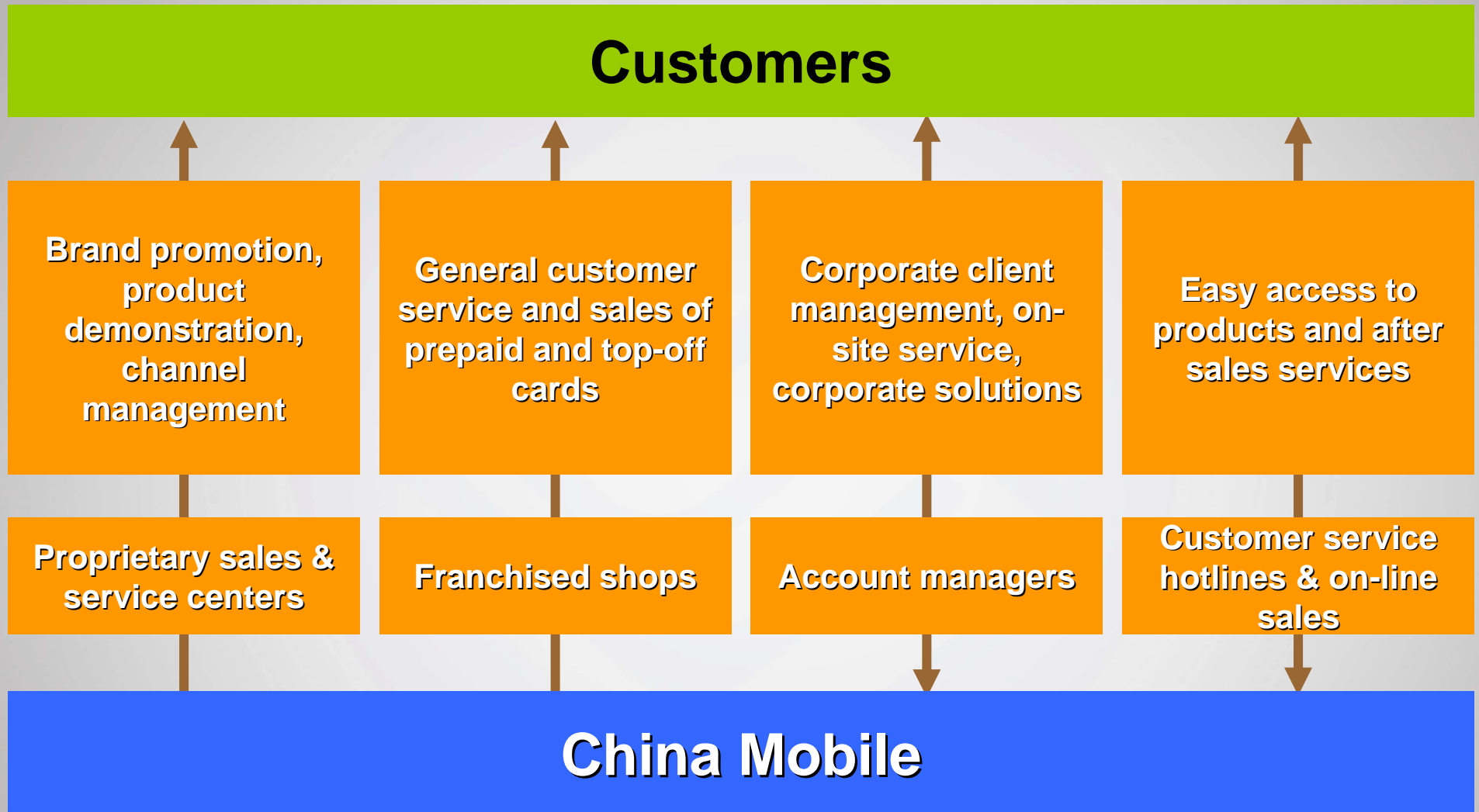
M-Commerce

Core competencies
in networks,
technology
and innovation

Intelligent
Network based
Services and
Corporate
Applications

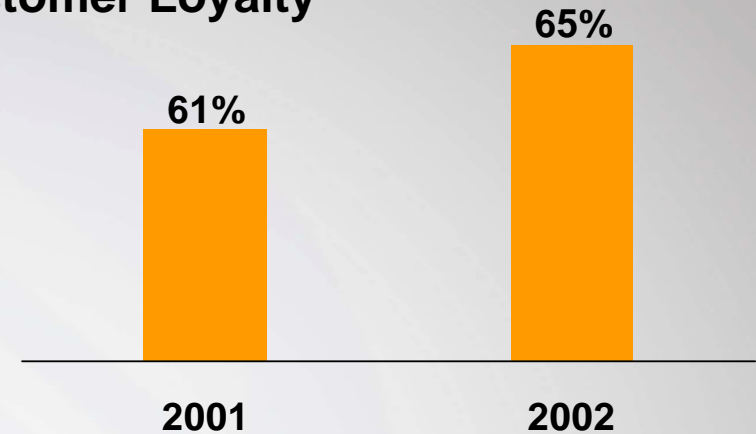


Optimizing Distribution Channels

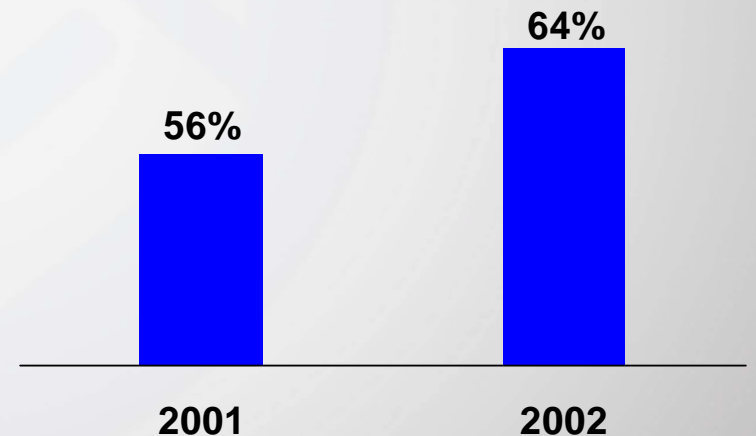


- ④ Integrating supporting systems to enhance customer service and business management capabilities;
- ④ Consumer behavior analysis;
- ④ Diverse and convenient service channels;
- ④ Broad range of services for different needs.

Customer Loyalty*



Customer Satisfaction Rate*



Note: *These figures are based on a survey conducted by an independent research company.

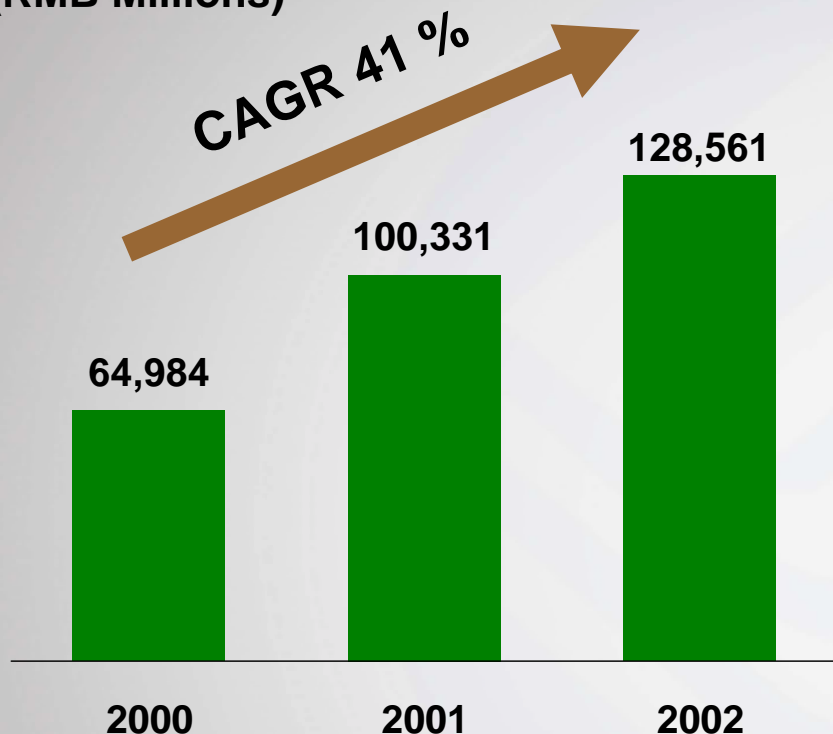


Financial Results

Revenue and EBITDA

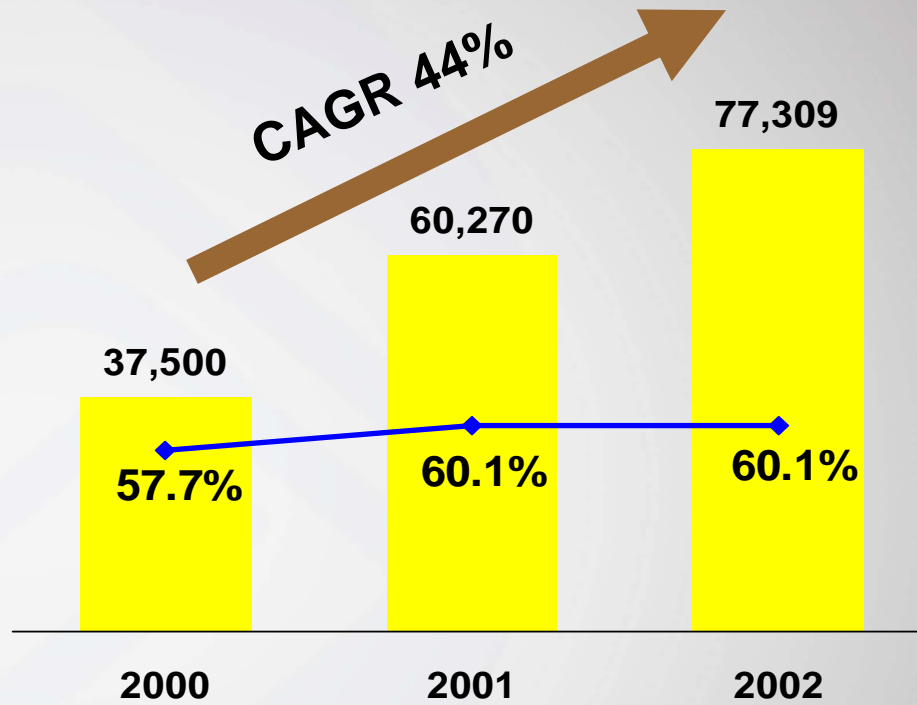
Revenue

(RMB Millions)



EBITDA

(RMB Millions)

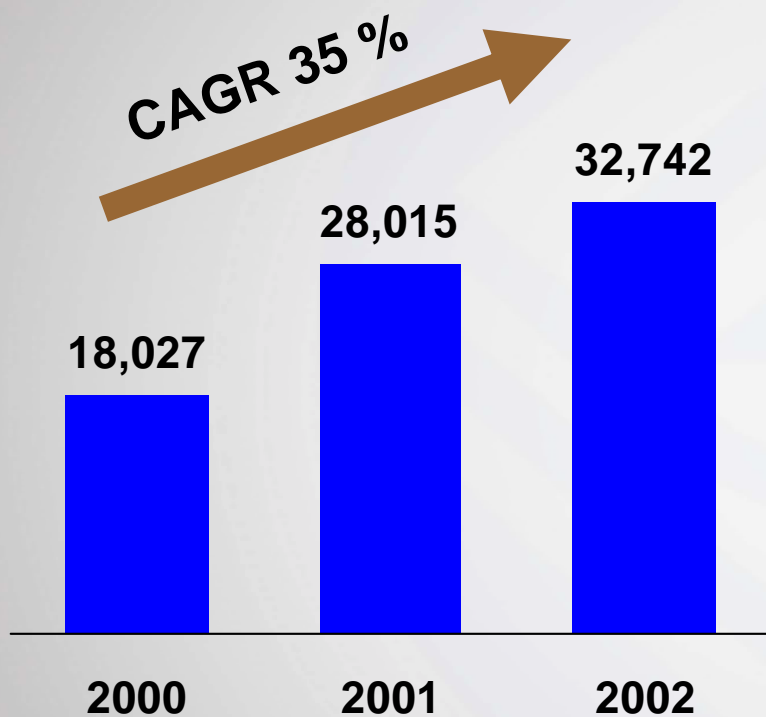


◆ EBITDA Margin

- Organic and external growth increasing revenues
- Synergies and effective cost controls enhancing operational efficiency

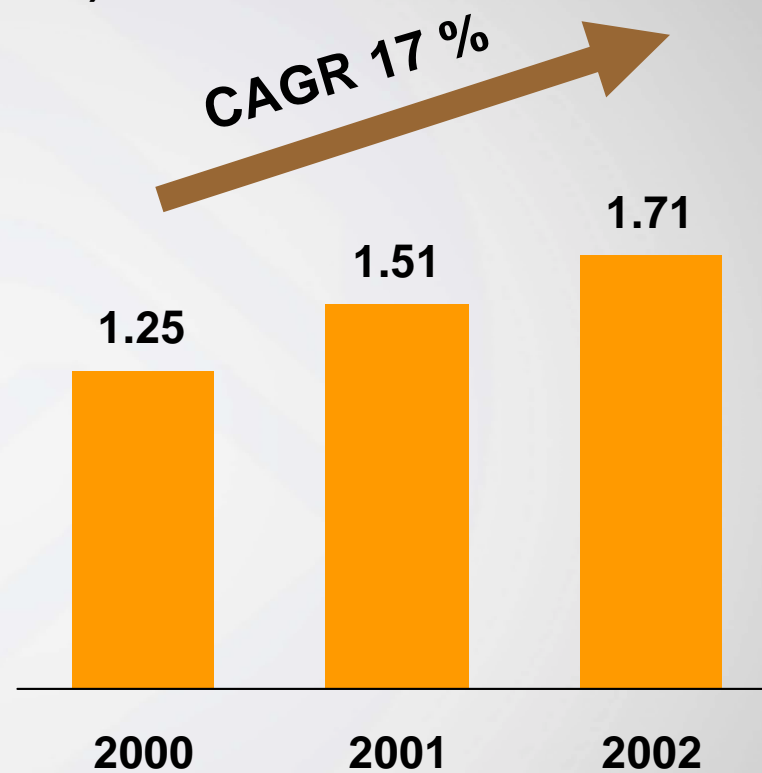
Net Profit

(RMB Millions)



EPS

(RMB)



Key Financial Data

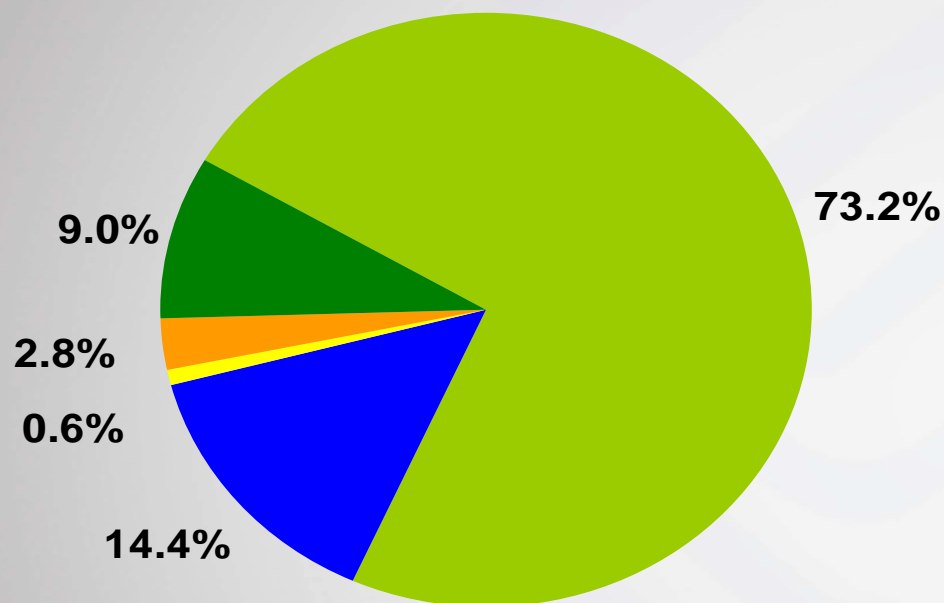


	2001 Pro-forma RMB Millions	2002 Pro-forma RMB Millions	Change (%)
Operating Revenue			
Usage Fees	92,478	104,373	13
Monthly Fees	18,237	19,032	4
Connection Fees	754	-	-
New Business	3,589	8,735	143
Others	<u>11,354</u>	<u>11,644</u>	3
	<u>126,412</u>	<u>143,784</u>	14
Operating Expenses			
Leased Lines	6,398	5,961	(7)
Interconnection	16,341	14,840	(9)
Depreciation	23,505	30,470	30
Personnel	6,852	7,501	9
SG&A	<u>25,377</u>	<u>31,875</u>	26
	<u>78,473</u>	<u>90,647</u>	16
Operating Profit	47,939	53,137	11
Other net income	1,715	1,739	1
Profit Attributable to Shareholders	28,423	34,116	20
EBITDA	73,159	85,346	17

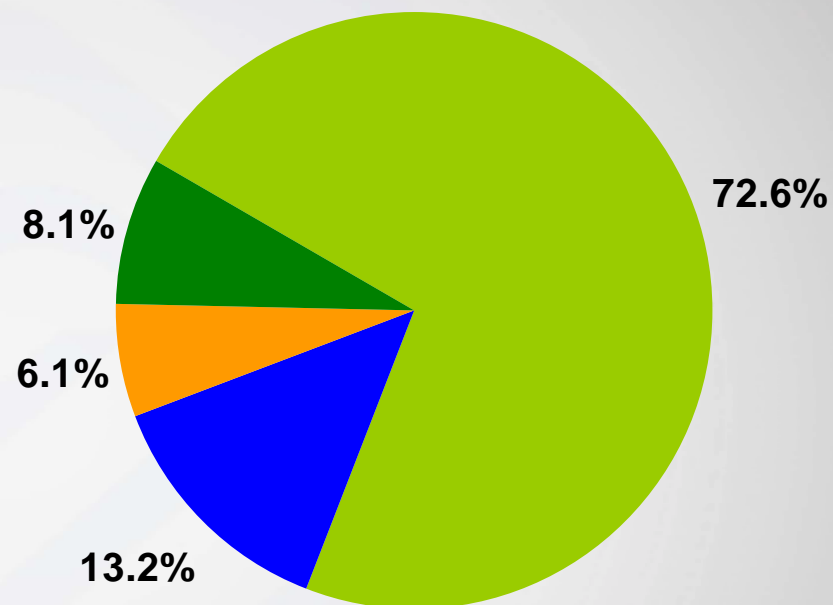
Note: EBITDA = Operating profit + Depreciation + Other net income

Revenue Composition

2001 Pro-forma



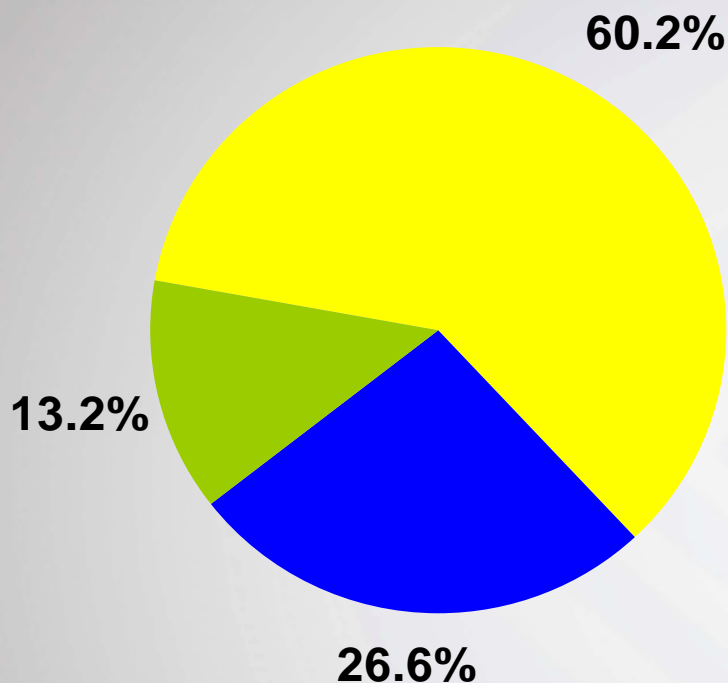
2002 Pro-forma



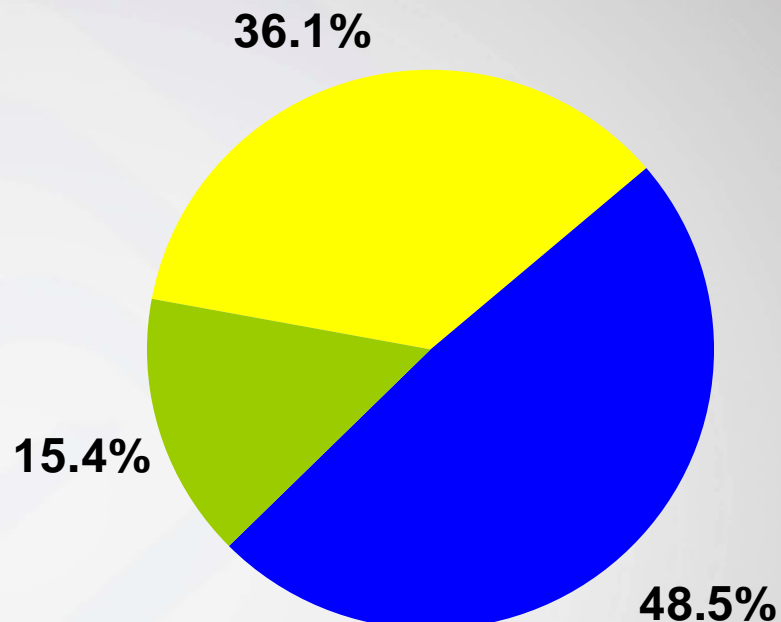
Usage Fees Monthly Fees Connection Fees New Business Others

New Business Revenue Composition

2001 Pro-forma



2002 Pro-forma



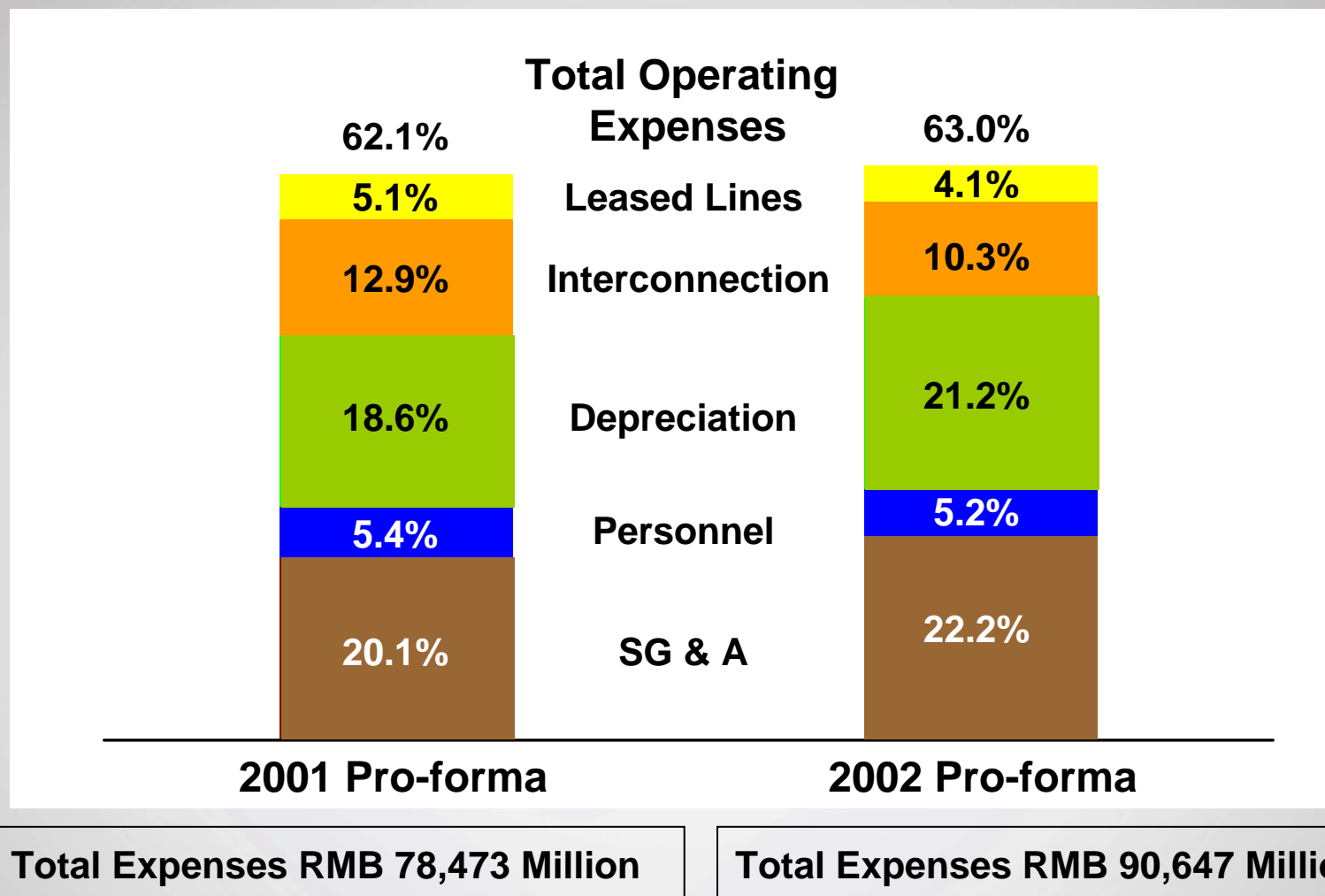
Value added services

SMS

Other data businesses

SMS is leading vigorous growth in new business revenue

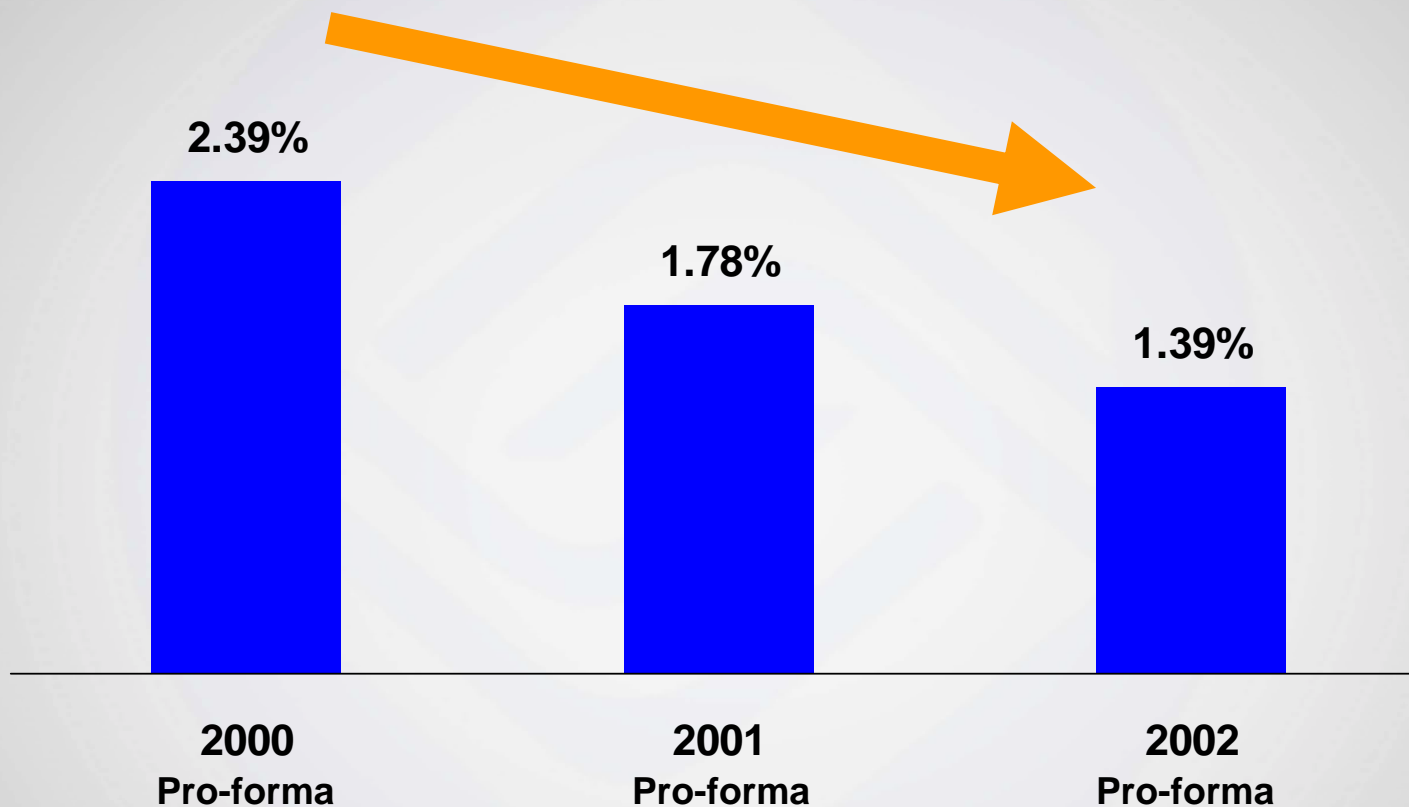
Cost Composition



Note: The above data is expressed as a percentage of total revenue

Effective Bad Debt Control

Bad Debt Ratio*



Note : * Bad debt ratio=Provision for bad debt/Operating revenue (excluding connection fees)

Solid Capital Structure



(RMB Millions)	2001	2002
Short Term Debt	6,897	9,456
Long Term Debt	<u>22,403</u>	<u>51,524</u>
Total Debt	29,300	60,980
Shareholders' Equity	<u>111,779</u>	<u>172,202</u>
Total Book Capitalization	141,079	233,182
Total Debt/Total Capitalization	20.8%	26.2%
Cash & Bank Deposits	36,791	43,644
Net Cash/(Net Debt)	7,491	(17,336)
Interest coverage	24X	27X

A World-Class Wireless Multimedia Services Provider



中国移动通信
CHINA MOBILE

Thank You

中國移動(香港)有限公司
China Mobile (Hong Kong) Limited
www.chinamobilehk.com

Extract from audited consolidated profit and loss account for the year ended 31 December 2002 – Appendix I



(RMB Millions)	2001	2002
Operating Revenue		
Usage Fees	73,458	93,272
Monthly Fees	14,085	16,901
Connection Fees	711	-
New Business	3,034	8,174
Others	9,043	10,214
	<u>100,331</u>	<u>128,561</u>
Operating Expenses		
Leased Lines	5,005	5,287
Interconnection	13,055	12,975
Depreciation	17,664	26,827
Personnel	5,325	6,757
SG&A	18,270	27,919
	<u>59,319</u>	<u>79,765</u>
Operating Profit	41,012	48,796

	2001	2002
Operating Profit	41,012	48,796
Amortization of Goodwill	-	(936)
Other Net Income	1,594	1,686
Non-operating Net (Expense) /Income	(6)	571
Interest Income	857	713
Finance Costs	(1,740)	(1,852)
Taxation	(13,703)	(16,234)
Profit from Ordinary Activities after Taxation	<u>28,014</u>	<u>32,744</u>
Minority Interest	1	(2)
Profit Attributable to Shareholders	<u>28,015</u>	<u>32,742</u>

Extract from audited consolidated balance sheet at 31 December 2002 – Appendix II



(RMB Millions)	2001	2002
Current Assets	48,173	59,218
Non-current Assets	<u>125,576</u>	<u>225,682</u>
Total Assets	<u>173,749</u>	<u>284,900</u>
Current Liabilities	(38,715)	(60,114)
Non-current Liabilities	<u>(23,223)</u>	<u>(52,393)</u>
Total Liabilities	<u>(61,938)</u>	<u>(112,507)</u>
Minority Interests	<u>(32)</u>	<u>(191)</u>
Net Assets	<u><u>111,779</u></u>	<u><u>172,202</u></u>

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 (Hong Kong) Limited (the “Company”) to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company’s most recent Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the “SEC”) and in the Company’s other filings with the SEC.