

2003



中国移动通信
CHINA MOBILE

Interim Results

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

2003 Interim Results

China Mobile (Hong Kong) Limited
August 12, 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

**Results Overview
for 1H2003**

**Operating Performance
for 1H2003**

**Financial Results
for 1H2003**

Results Overview for 1H2003



Favorable business development with strong growth in new business

Brief impact of SARS allowing stable profitability

Secure market leadership despite increasing competition

Solid financial position with first *interim* dividend payout

Steady Business Growth



	1H2002	1H2003	Change
Subscribers (Millions)	80.302	129.087	60.8%
Revenue (RMB Millions)	55,146	76,657	39.0%
EBITDA (RMB Millions)	33,433	45,201	35.2%
EBITDA Margin (%)	60.6%	59.0%	-1.6 ppt
Net Profit (RMB Millions)*	15,451	17,469	13.1%

* As required by revised SSAP 12 regarding the change in accounting treatment of deferred taxation, retrospective adjustments had been made to the relevant financial data of 2002 whereby net profit was adjusted to RMB15,451 million from the original RMB15,215 million.

Pro-forma Results



	1H2002 Pro-forma**	1H2003	Change
Subscribers (Millions)	105.445	129.087	22.4%
Revenue (RMB Millions)	70,368	76,657	8.9%
EBITDA (RMB Millions)	41,468	45,201	9.0%
EBITDA Margin (%)	58.9%	59.0%	0.1 ppt
Net Profit (RMB Millions)*	16,882	17,469	3.5%

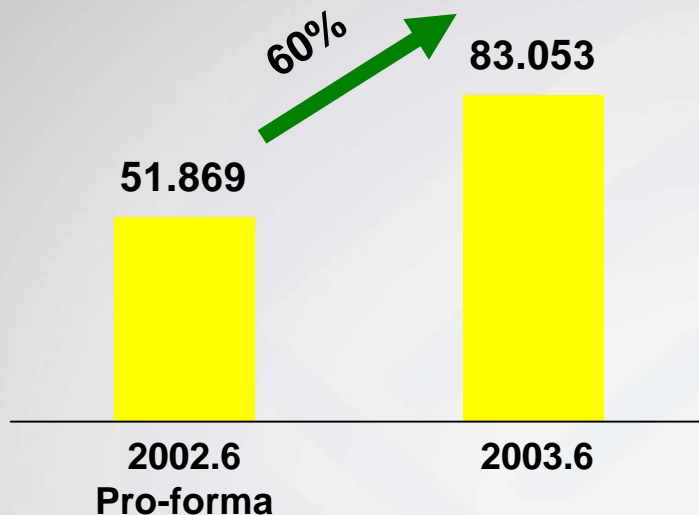
* As required by revised SSAP 12 regarding the change in accounting treatment of deferred taxation, retrospective adjustments had been made to the relevant financial data of 2002 whereby net profit was adjusted to RMB16,882 million from the original RMB16,590 million.

** 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.

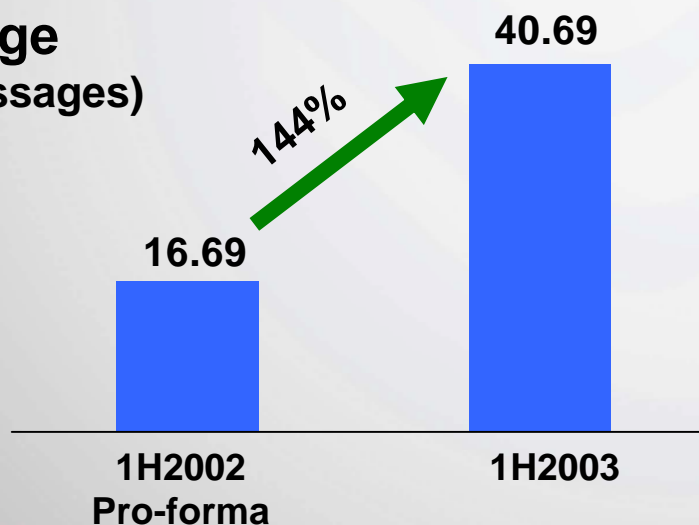
Continuous Strong Growth of New Business



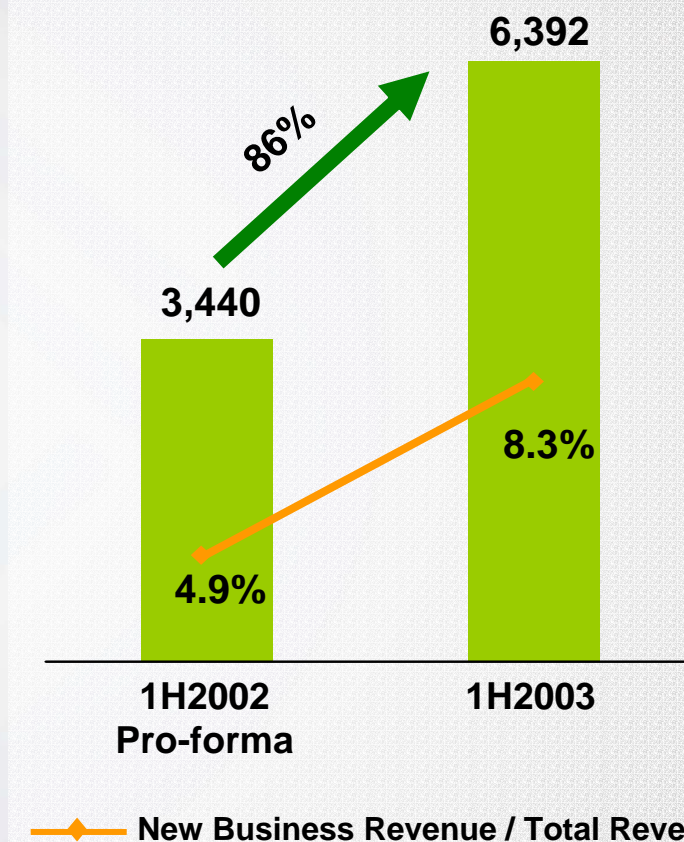
Mobile Data Users (Millions)



SMS Usage (Billion Messages)

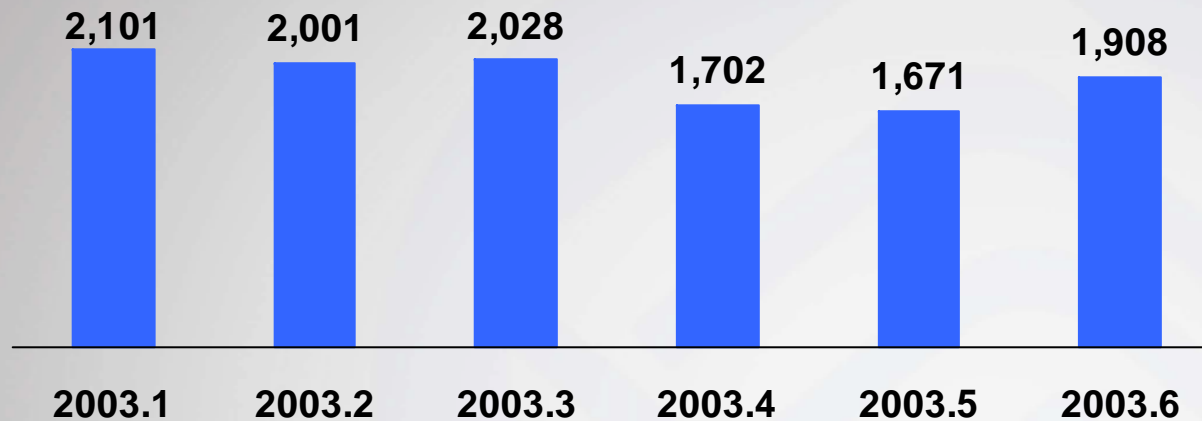


New Business Revenue (RMB Millions)

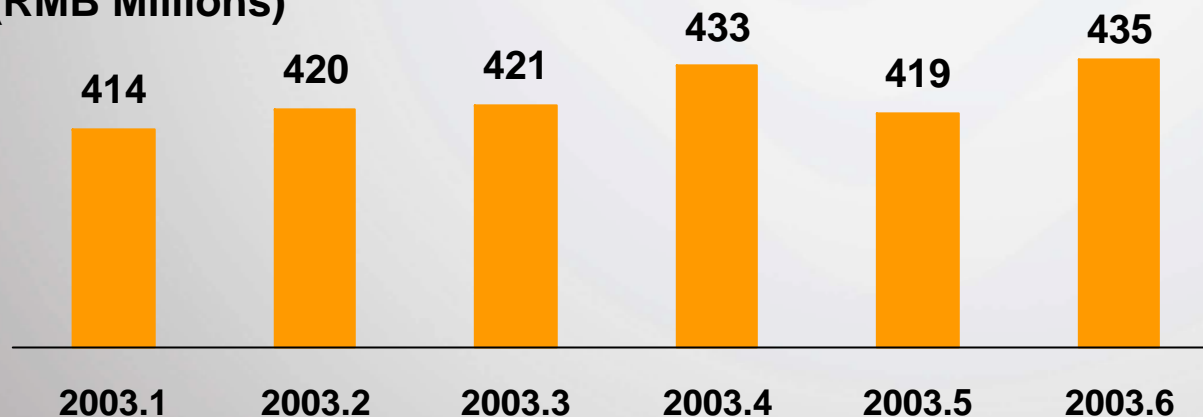




Brief Impact of SARS

Monthly Net Additions for 1H2003
(Thousands)

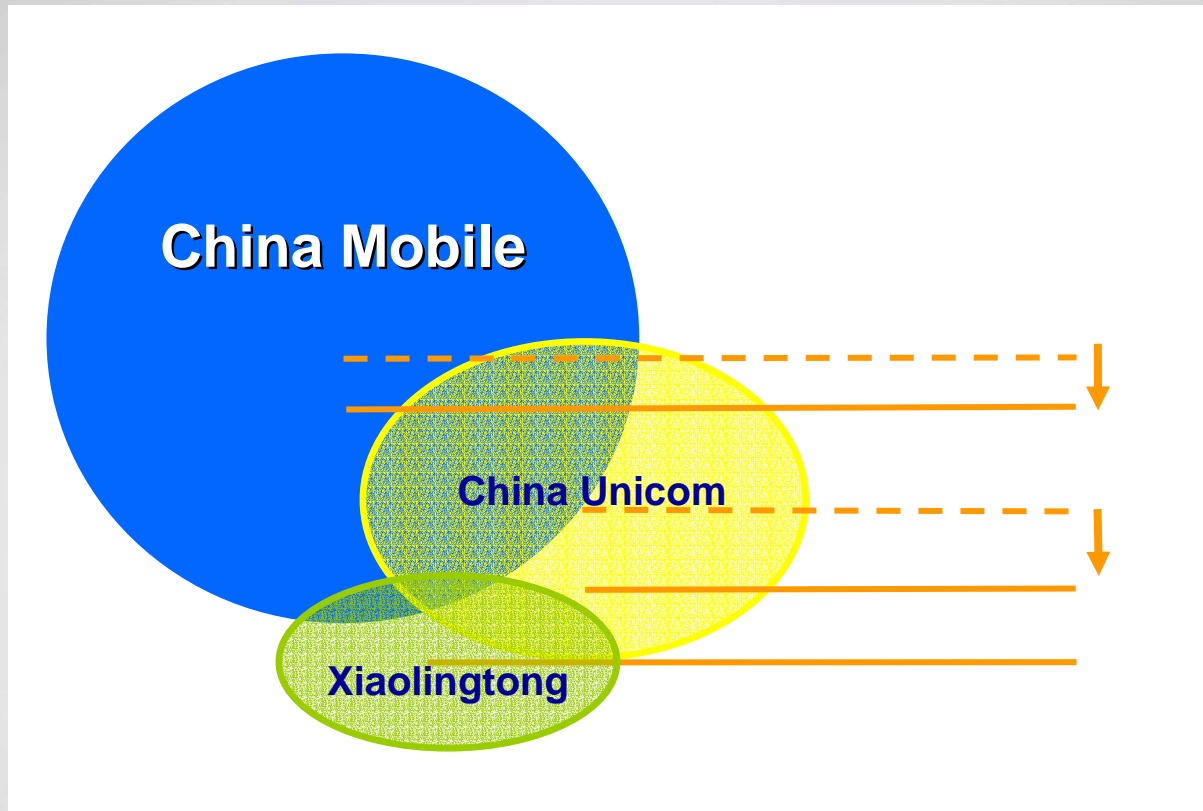


Average Daily Operating Revenue for Each Month of 1H2003
(RMB Millions)



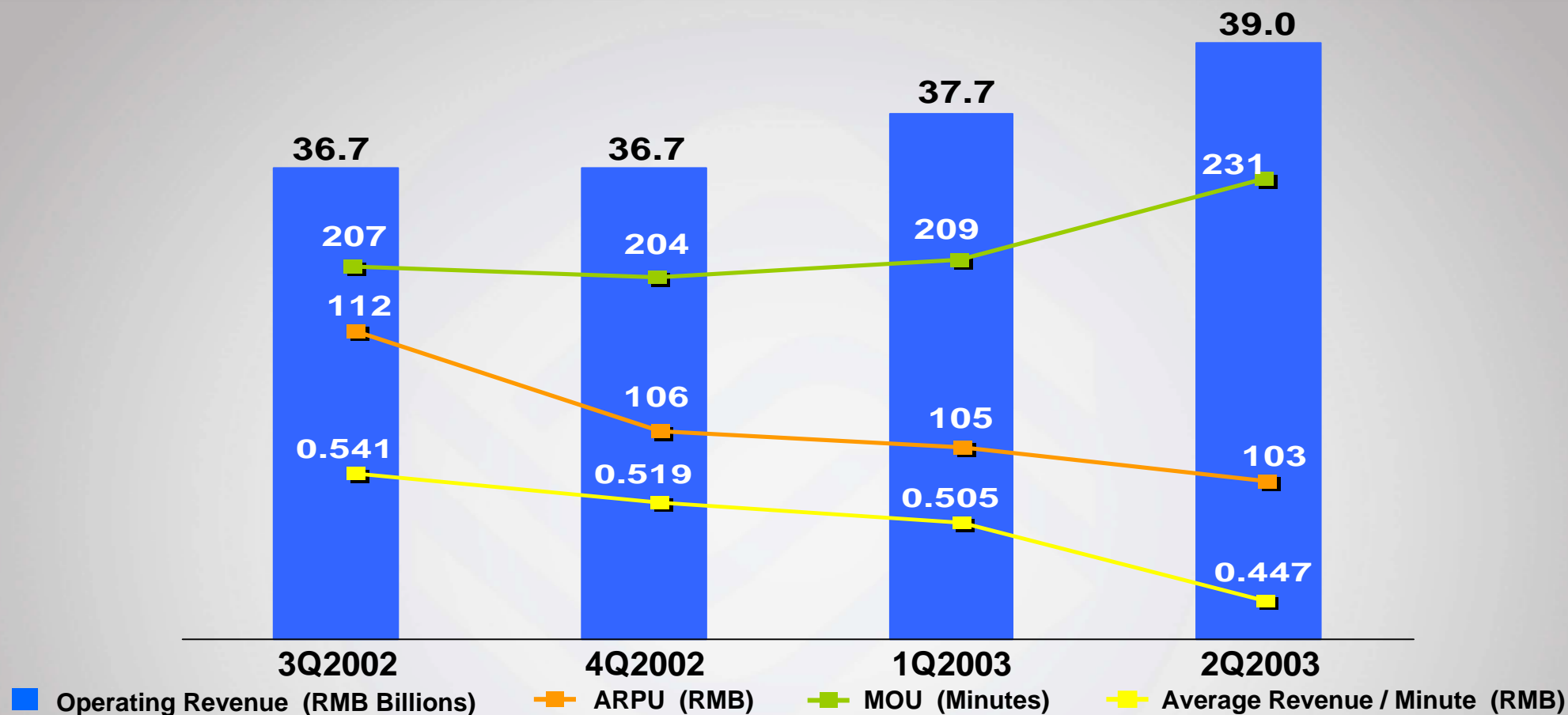
- 
 Number of net adds, roaming and international call usage were affected by SARS in 1H2003
- 
 The impact of SARS has generally abated

Intensified Competition



The large-scale expansion of Xiaolingtong has put pressure on mobile tariffs

Effective Competitive Strategies Ensured Stable Revenue Growth

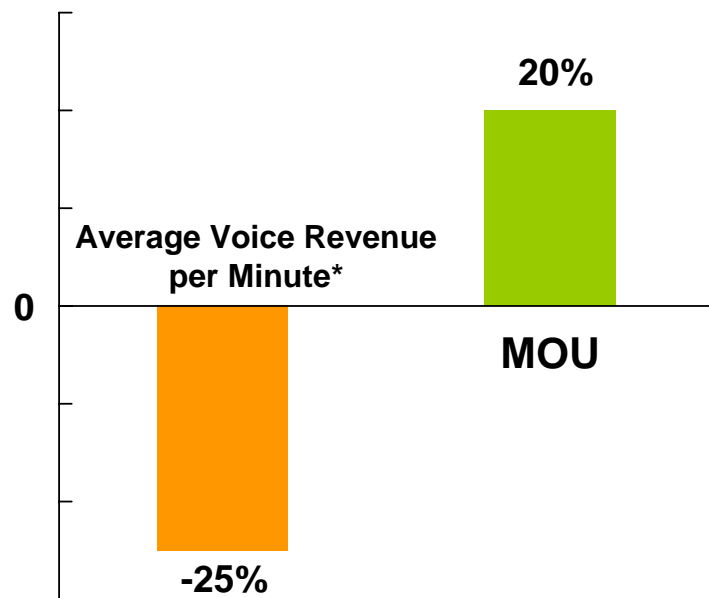


Benefiting from Price Elasticity, ARPU Decline Moderated



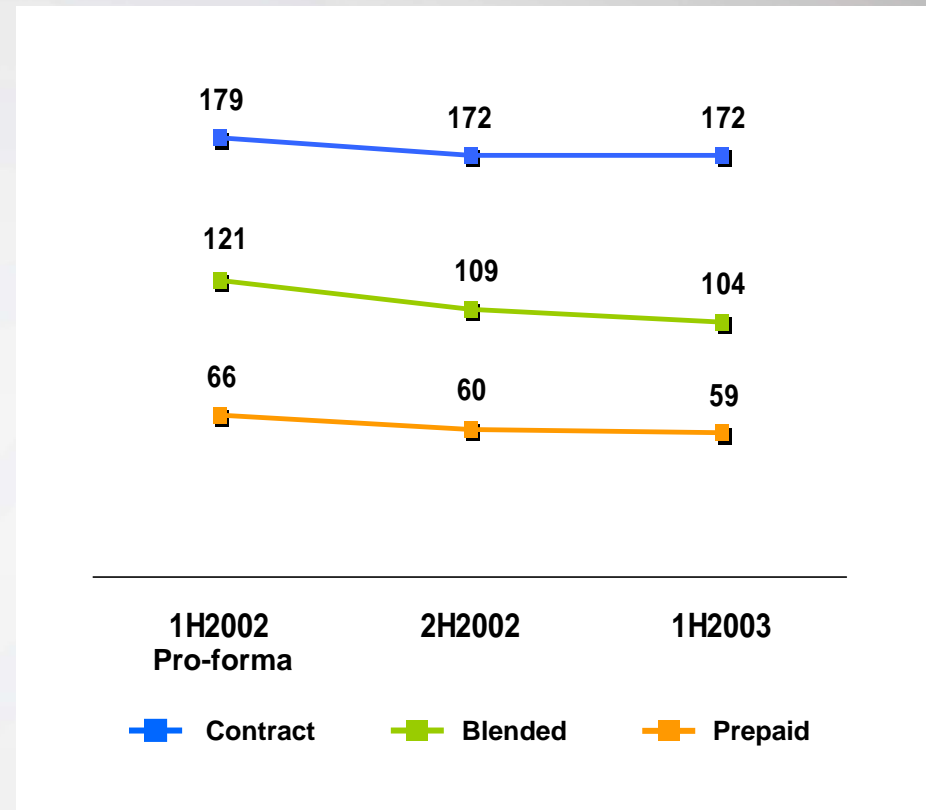
Price Elasticity of Contract Subscribers

1H2003 vs 1H2002 (Pro-forma)



* After Deducting New Business Revenue

ARPU (RMB)

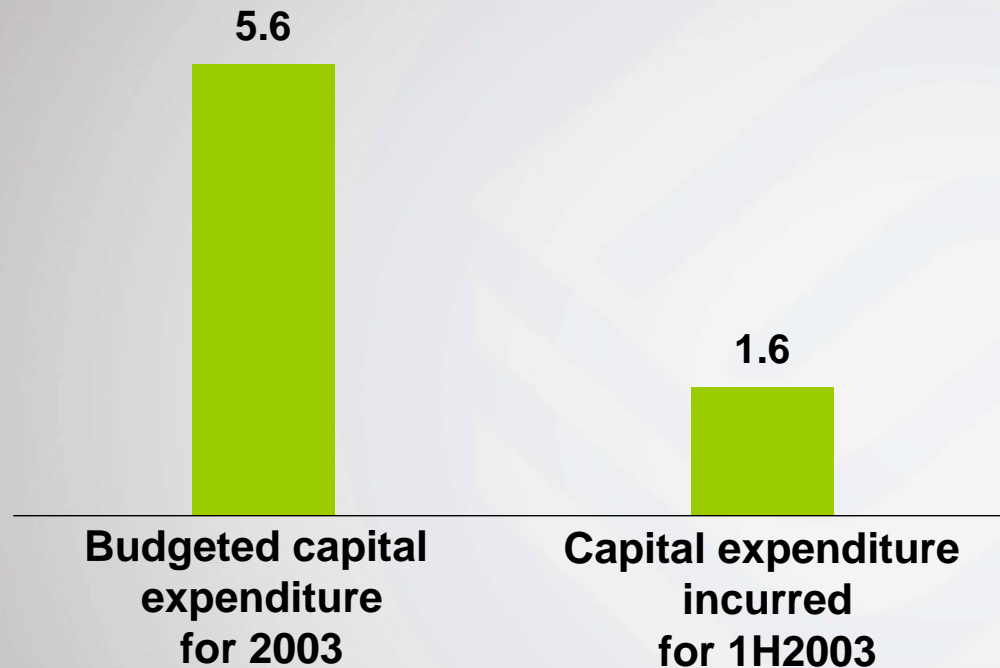


Favorable price elasticity and the strong growth of new business revenue have led to moderating ARPU decline

Capital Expenditure



(USD Billions)



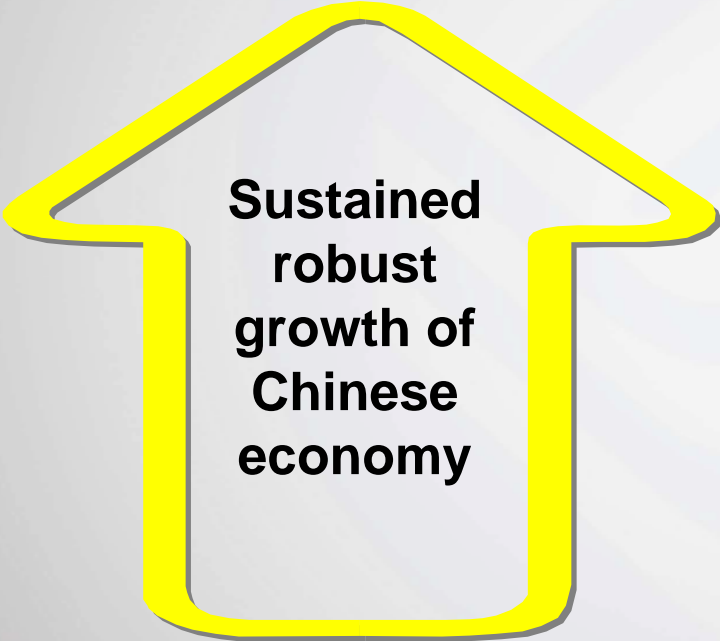
- Capital expenditure in 1H03 was less than originally planned due to the impact of SARS; the pace of investments will quicken in 2H03 to ensure sustained business development.
- Effective marketing strategies increased the proportion of off-peak hour usage thereby easing part of the pressure for network expansion.
- Full year capital expenditure is expected to be maintained at around USD 5.6 billion.

First *Interim* Dividend Payout



- First *interim* dividend payout will be HK\$0.16 per share, amounting to half of the total dividend payout last year.
- The total dividend payout for 2003 will be determined by the Board on approving the accounts for the year 2003 after taking into consideration such factors as the Company's future business development, asset acquisition, financial position and cash flow.
- Strong free cash flow is capable of supporting investments for steady business growth while ensuring a favorable cash return for shareholders.
- Endeavour to achieve a sustainable and steadily increasing dividend in the long run, while maximizing the return for shareholders.

Mobile telecommunications market in China



**Sustained
robust
growth of
Chinese
economy**



**Continuous
emergence
of new
technologies
and new
businesses**

Operating Performance

Key Operating Statistics (1)



	2002 Pro-forma	1H2003
Total Subscribers (Millions)	117.676	129.087
Total Usage (Billion Minutes)	260.09	161.87
MOU (Minutes)	207	220
ARPU (RMB)	115	104
Average Revenue per Minute (RMB)	0.553	0.474
Mobile Data Users (Millions)	57.733	83.053
SMS Usage (Billion Messages)	40.41	40.69
Network Capacity (Millions)	141.361	148.381
Network Utilization Rate (%)	83.2%	87.0%
Average Monthly Churn Rate (%)	0.69%	0.87%

Key Operating Statistics (2)

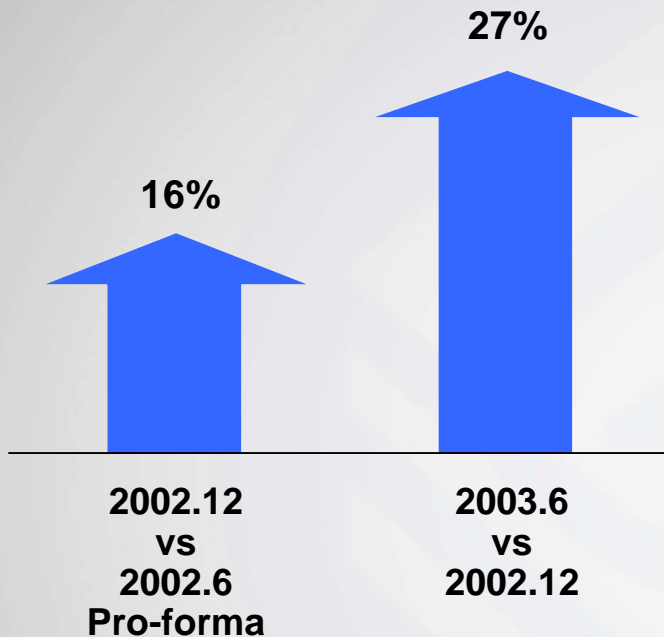


	2002 Pro-forma	1H2003
<u>Contract Subscribers</u>		
- Subscribers (Millions)	49.024	50.070
- MOU (Minutes)	334	390
- ARPU (RMB)	176	172
<u>Prepaid Subscribers</u>		
- Subscribers (Millions)	68.652	79.017
- MOU (Minutes)	99	106
- ARPU (RMB)	63	59

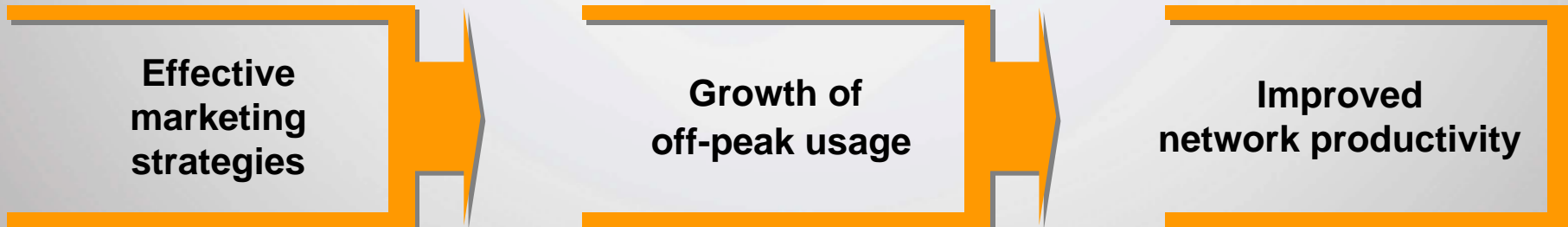
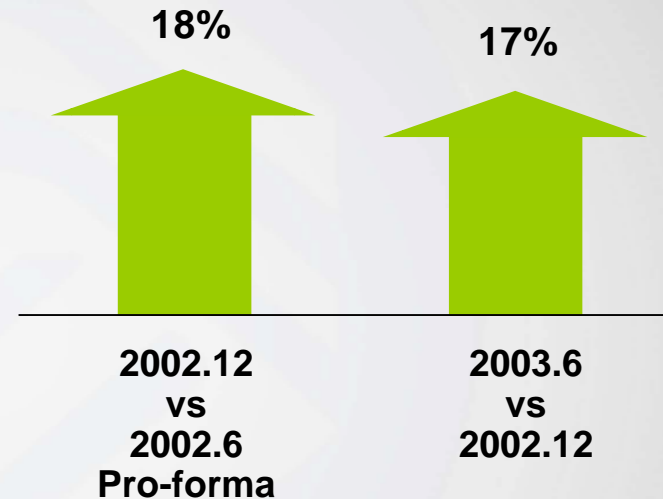
Promoting Off-peak Usage to Improve Network Productivity



Growth of Off-peak Hour Traffic



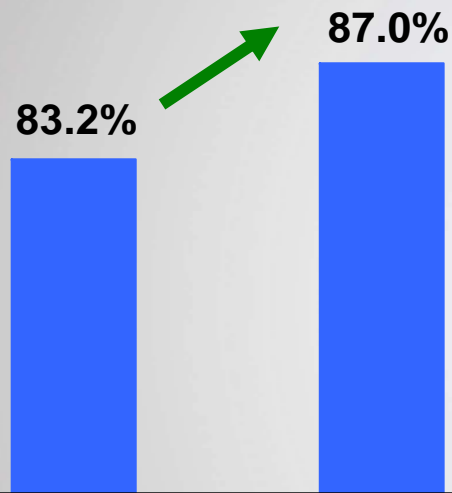
Growth of Peak Hour Traffic



An Efficient and High Quality Network



Network Utilization Rate



2002.12

2003.6

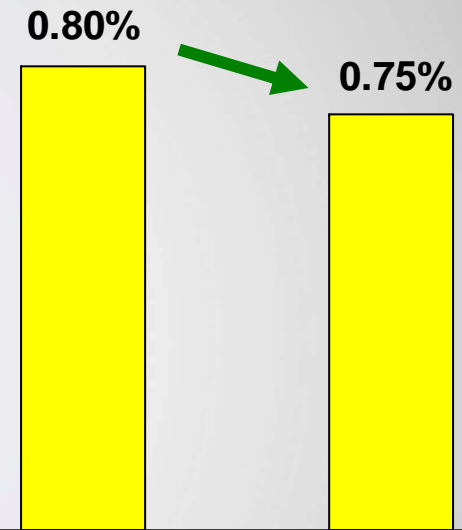
Wireless Connection Rate



2002
Pro-forma

1H2003

Call Drop Rate



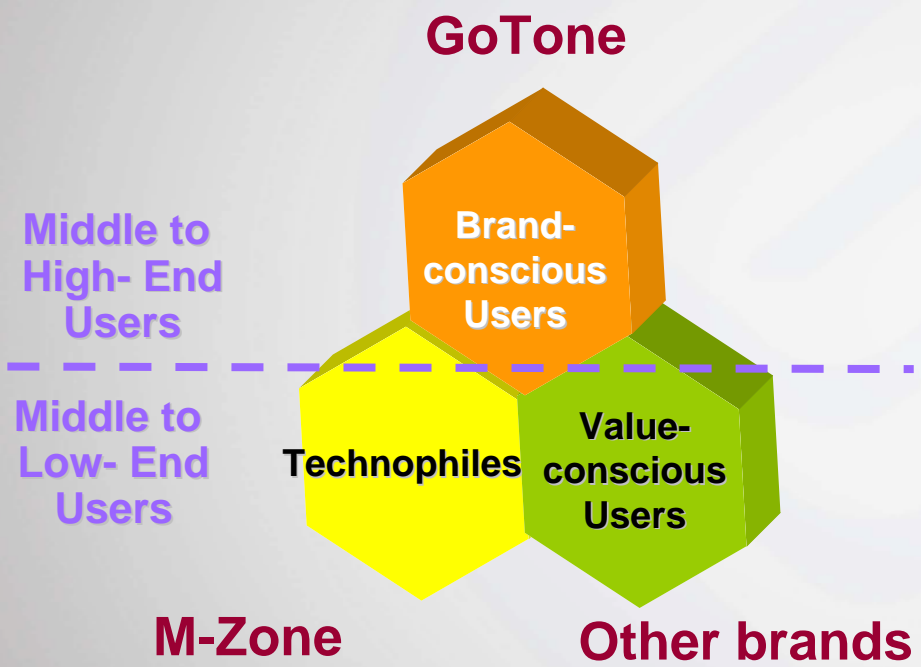
2002
Pro-forma

1H2003

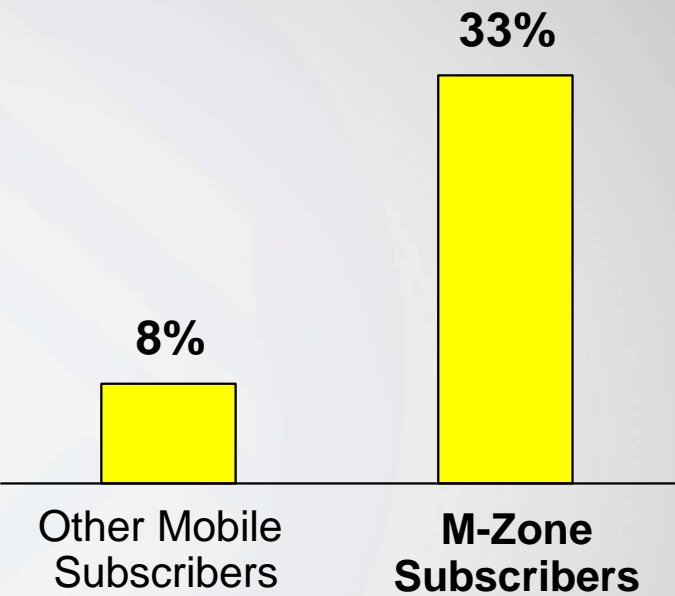
Network optimization and management ensures an efficient and high quality network

Successful Launch of M-Zone

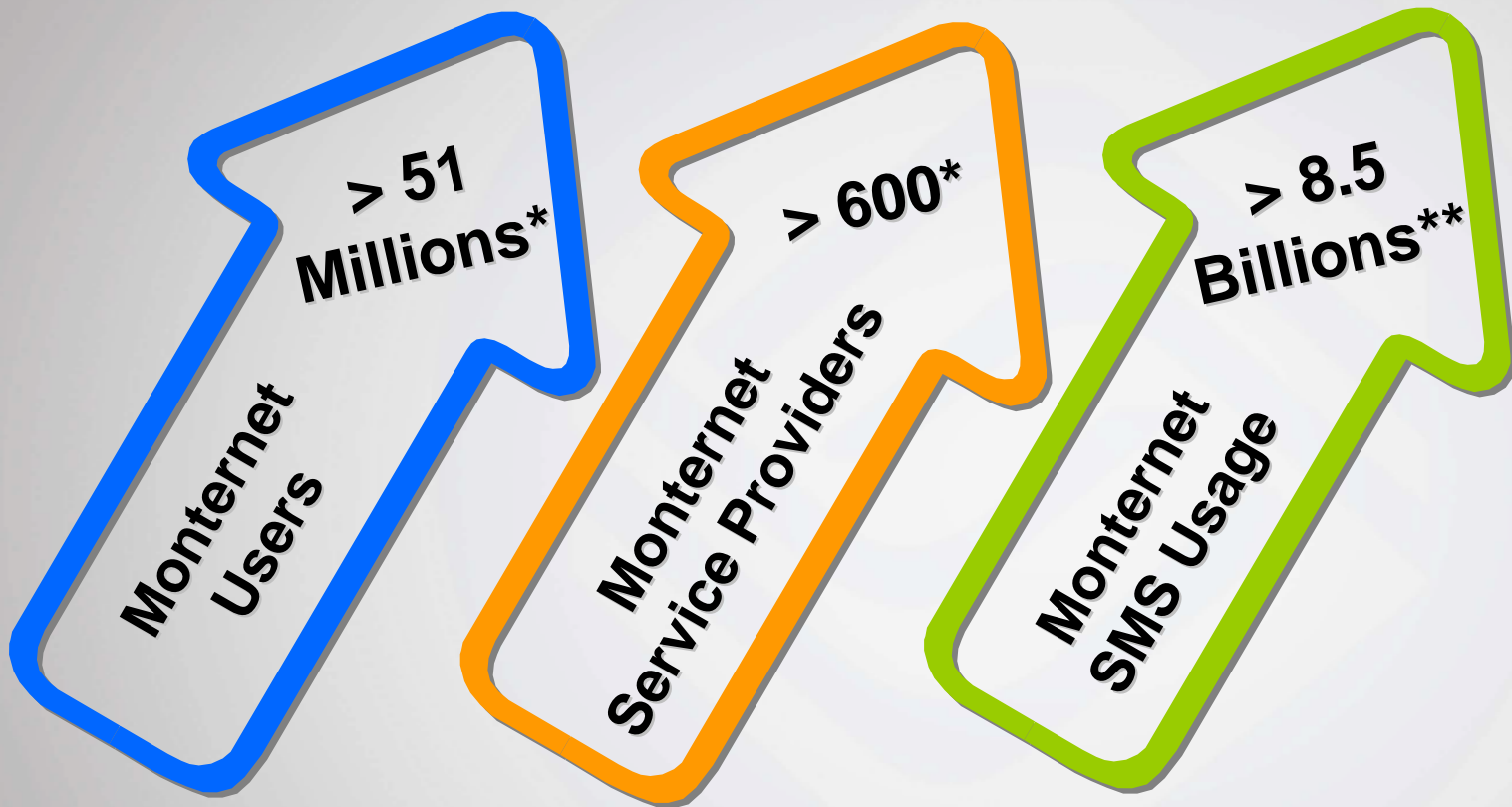
Brand Building



New Business Revenue / Total Revenue



Win-win Monternet Business Model



* The above data is as of 2003.6
** The above data is for 1H2003

Enhancing Customer Satisfaction



Streamlined customer service process to promote efficiency

Leverage our comprehensive network coverage to actively implement nationwide service accessibility

Provided customized services and multi distribution channels to cater for different customer needs

Advanced Support Systems to Promote Overall Efficiency



Integrated NMS :

- Flexible network management

Centralized BOSS :

- Rapid response to market changes
- Intelligent analysis of operations

Unified MIS :

- Comprehensive internal management

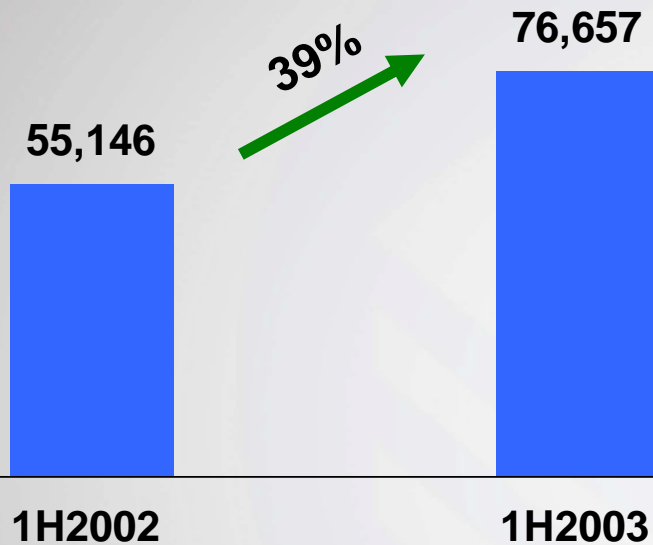
Maintained
competitive
advantages of
support systems

Financial Results

Revenue and EBITDA

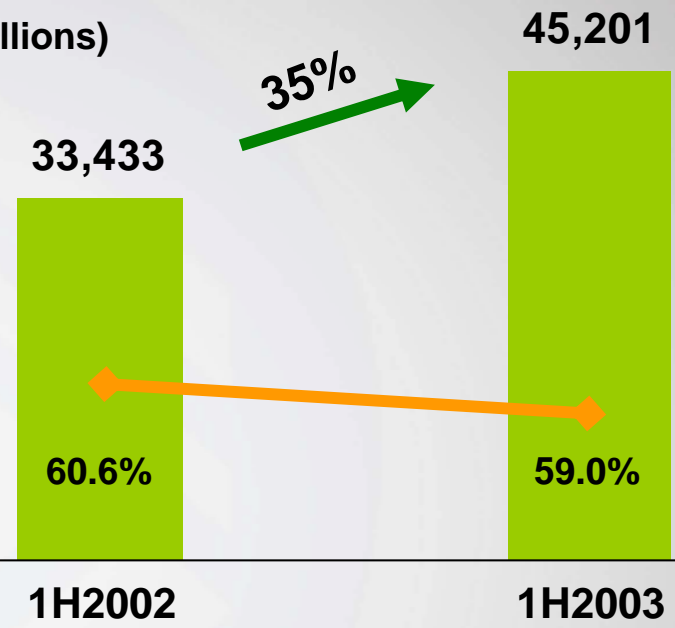
Revenue

(RMB Millions)



EBITDA

(RMB Millions)



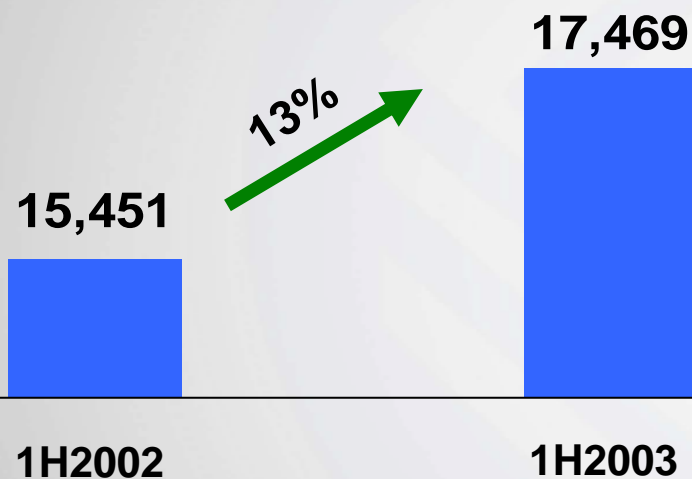
◆ EBITDA Margin

Revenue increase driven by favorable subscriber growth and acquisitions. Asset integration and cost control initiatives help sustain a high EBITDA margin.

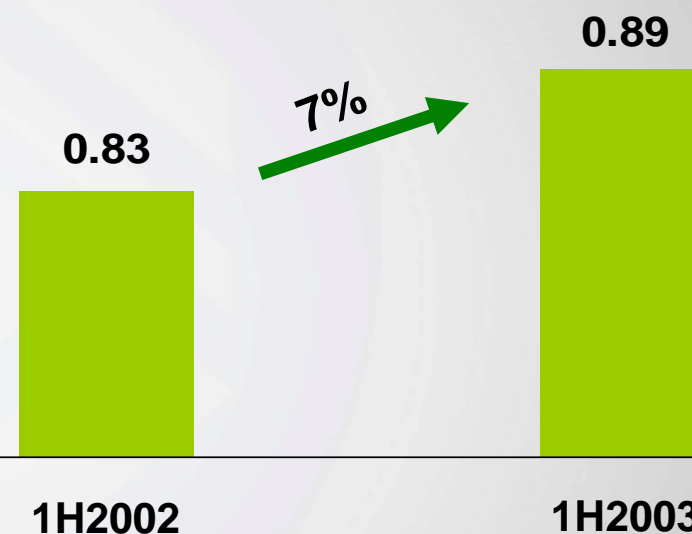
Net Profit and EPS



Net Profit (RMB Millions)



EPS (RMB)



* As required by revised SSAP 12 regarding the change in accounting treatment of deferred taxation, retrospective adjustments had been made to the relevant financial data of 2002.

Key Financial Data



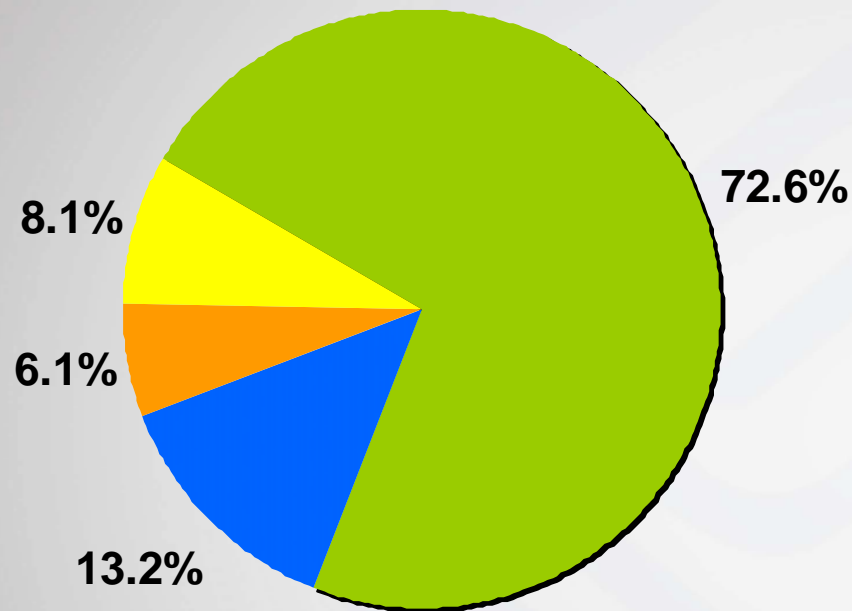
	1H2002 Pro-forma RMB Millions	1H2003 RMB Millions	Change (%)
Operating Revenue			
Usage Fees	52,247	54,528	4.4
Monthly Fees	8,800	10,075	14.5
New Business	3,440	6,392	85.8
Others	5,881	5,662	(3.7)
	70,368	76,657	8.9
Operating Expenses			
Leased Lines	3,442	2,655	(22.9)
Interconnection	8,480	7,510	(11.4)
Depreciation	14,107	16,907	19.8
Personnel	3,746	3,900	4.1
Others	14,141	18,488	30.7
	43,916	49,460	12.6
Operating Profit	26,452	27,197	2.8
Other Net Income	909	1,097	20.7
Profit Attributable to Shareholders	16,882	17,469	3.5
EBITDA	41,468	45,201	9.0

Note: EBITDA = Operating Profit + Depreciation + Other Net Income

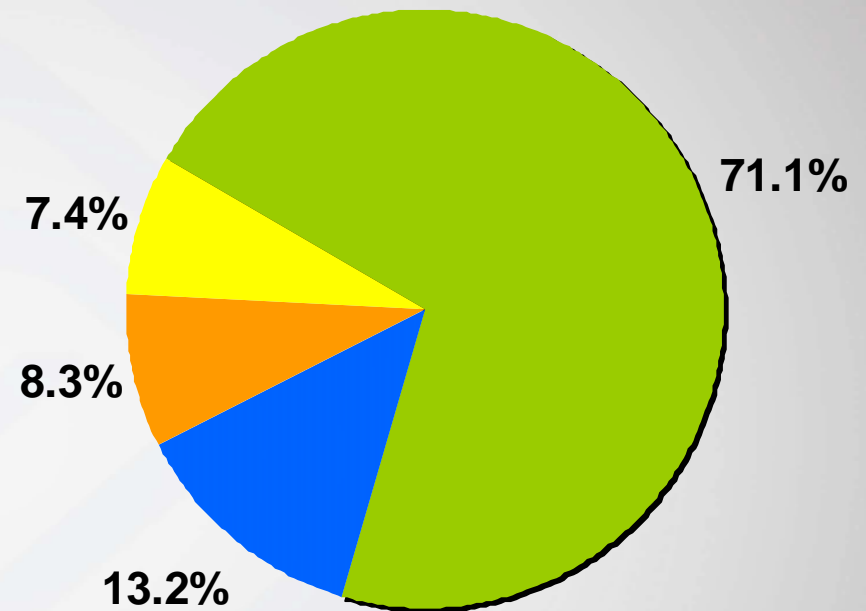
Revenue Composition



2002 Pro-forma



1H2003

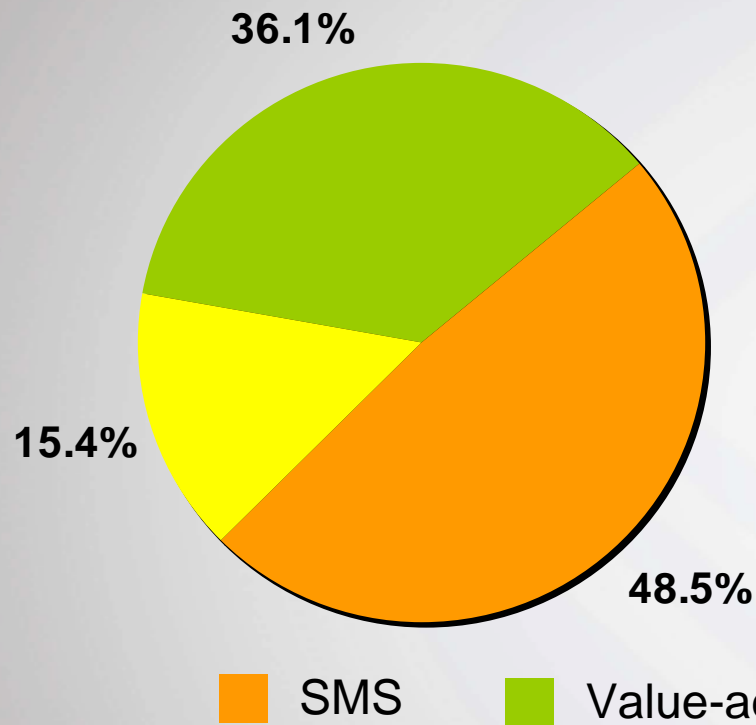


Usage Fees Monthly Fees New Business Others

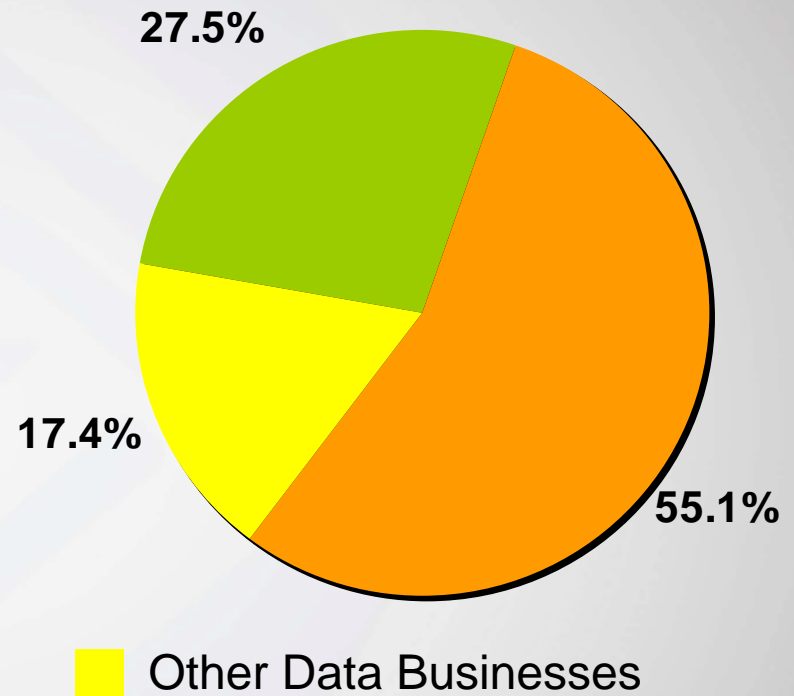
New Business Revenue Composition



2002 Pro-forma

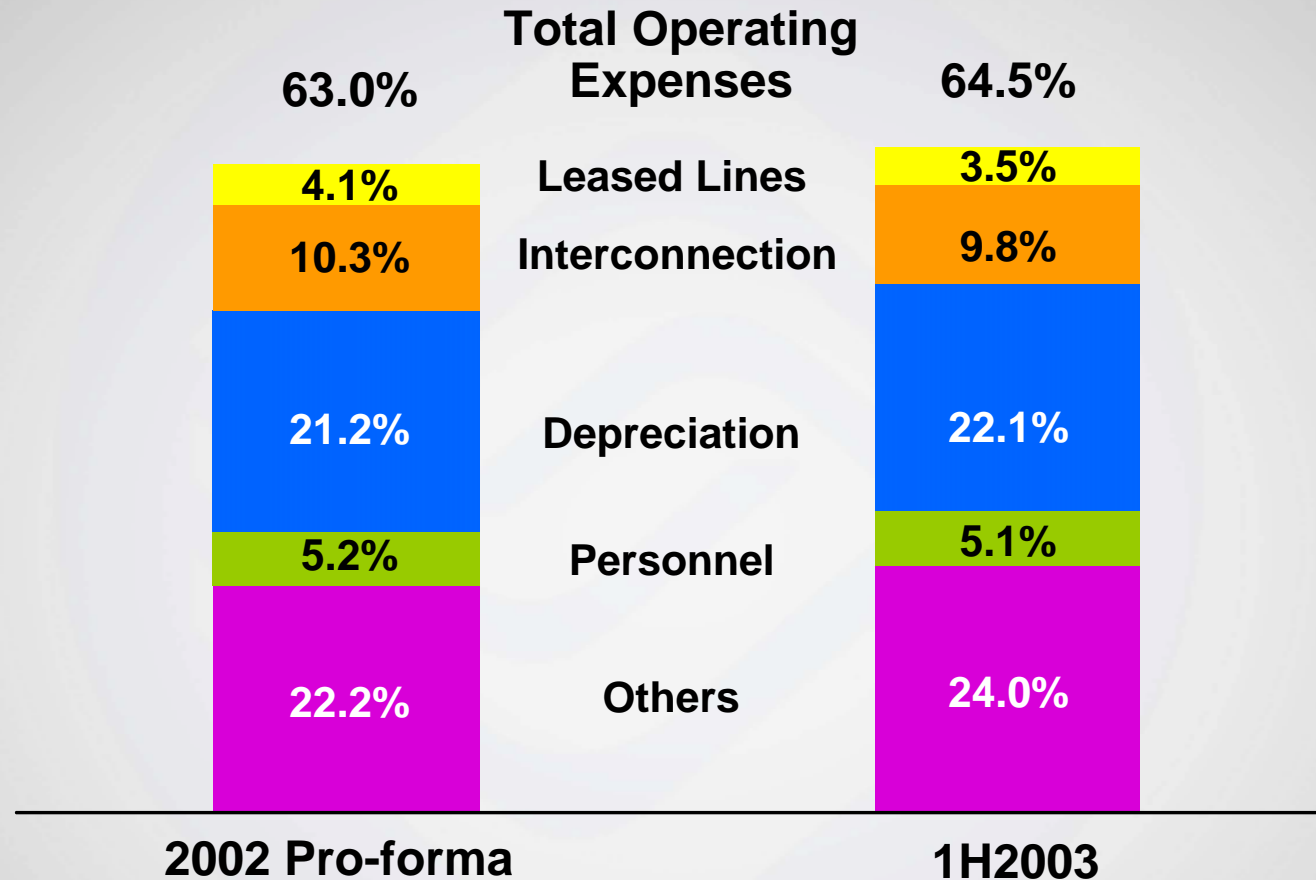


1H2003



SMS led the continued rapid growth in new business revenue

Cost Composition

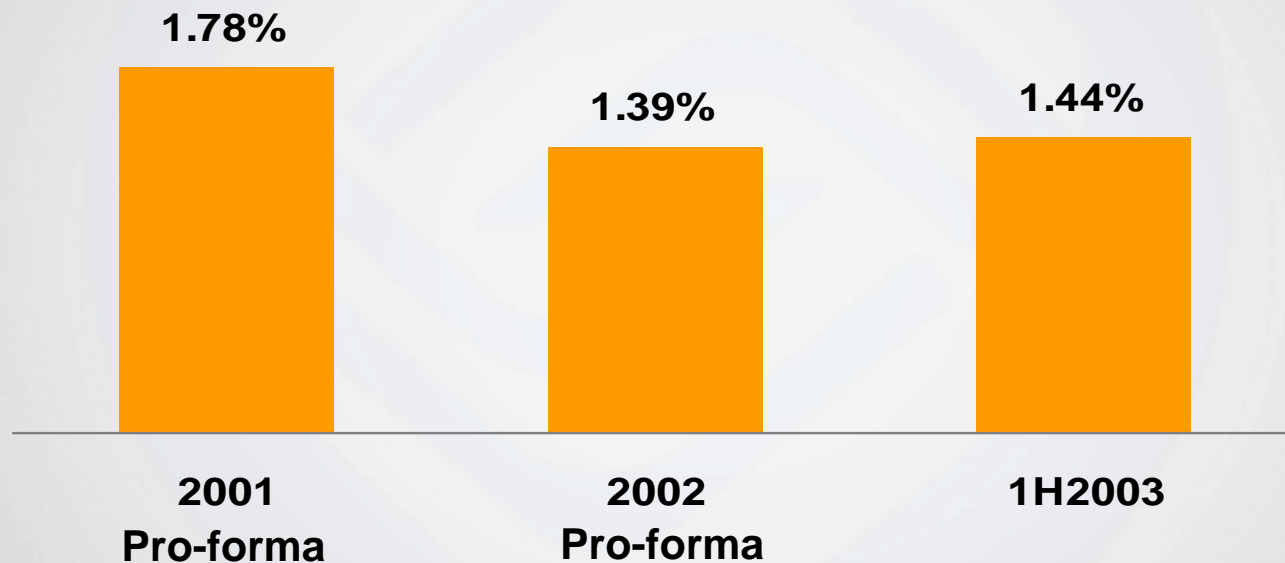


Note: The above data is expressed as a percentage of total revenue.

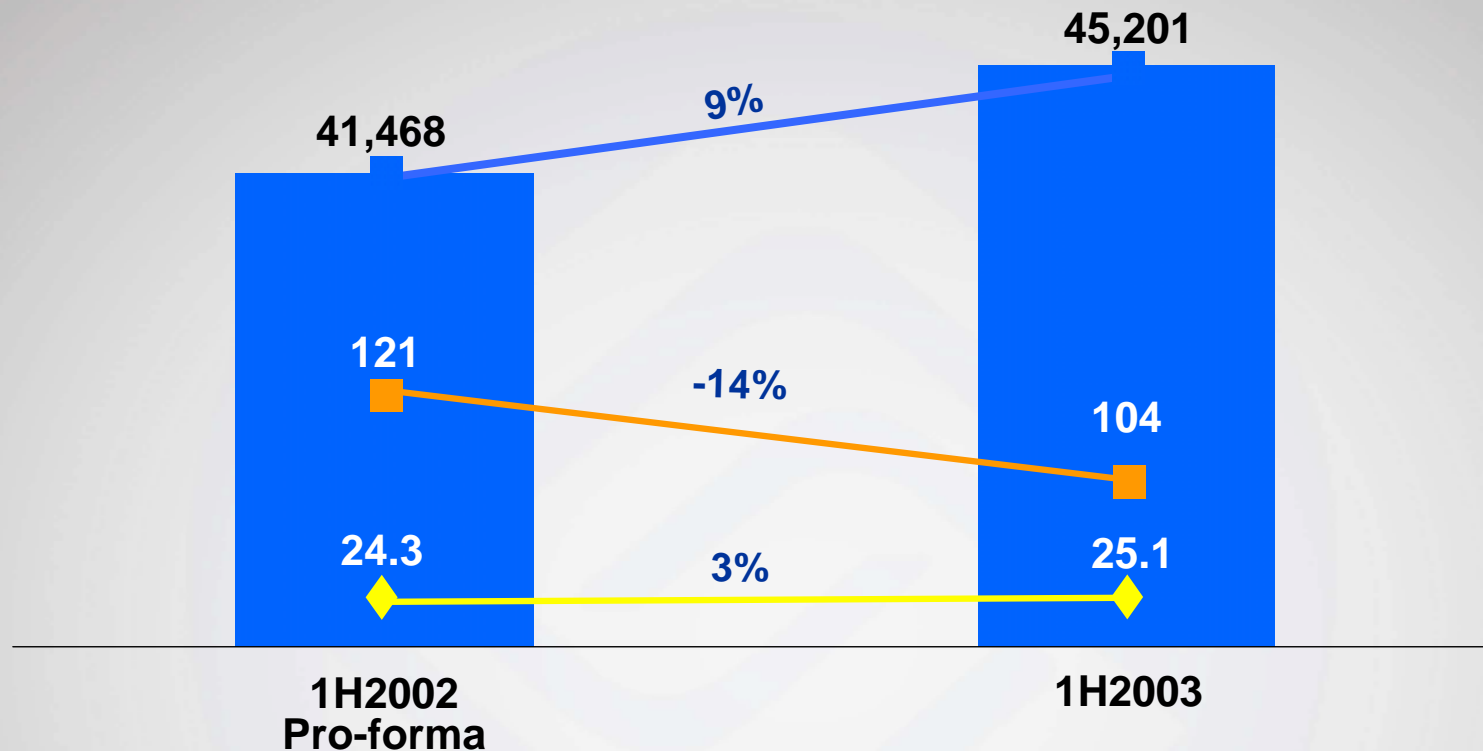
Robust Bad Debt Control



Bad Debt Ratio



Effective SG&A Control Contributing to Sustained Favorable Profit Growth



■ EBITDA (RMB Millions)

■ ARPU (RMB)

◆ Monthly SG&A / Subscriber (RMB)

Rational and effective competitive strategies

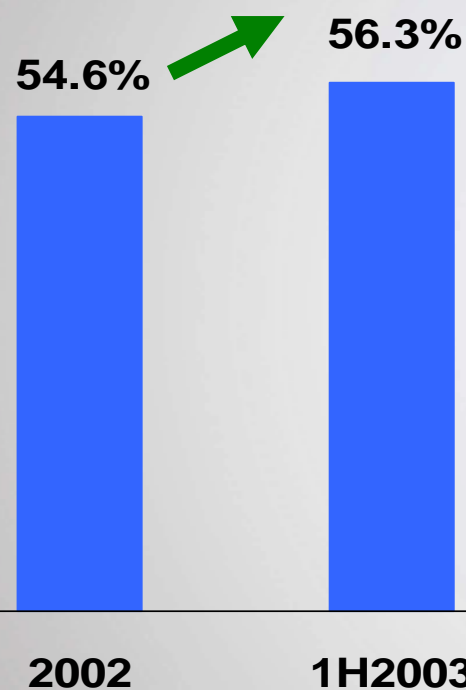
- Sustained favorable growth in subscribers and revenue
- Effective SG&A control

Sustained favorable profit growth

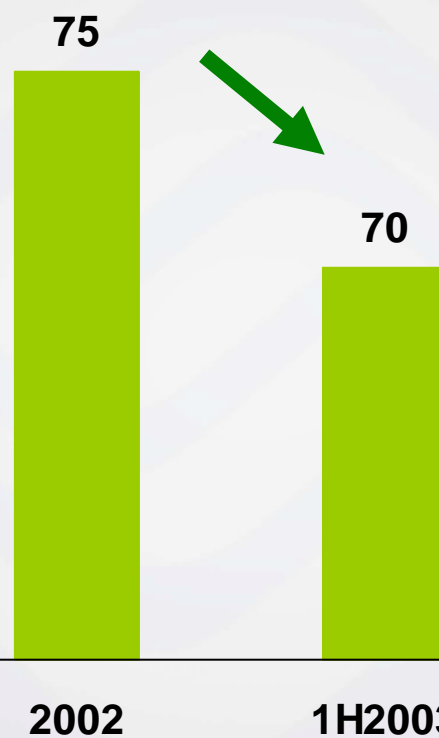
Further Realization of Integration Benefits from Eight Subsidiaries



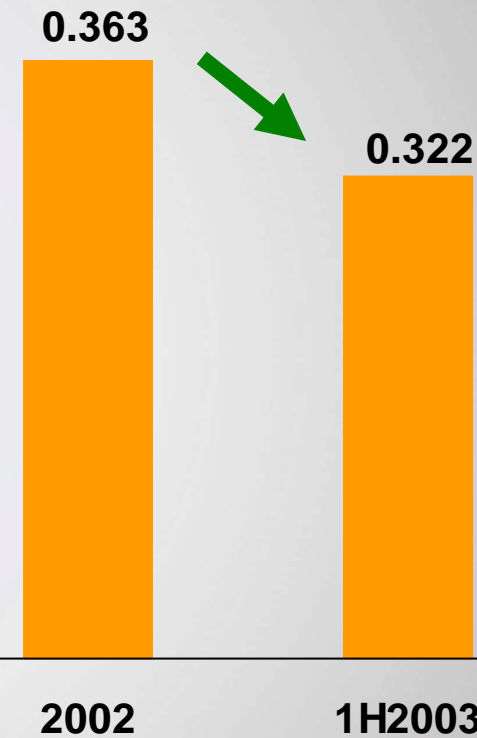
EBITDA Margin



Average Monthly Expenditure per Subscriber (RMB)



Average Expenditure per Minute (RMB)



Solid Capital Structure



(RMB Millions)	2002.12	2003.6
Short Term Debt	9,456	14,329
Long Term Debt	51,524	43,061
Total Debt	60,980	57,390
Shareholders' Equity	173,265	184,055
Total Book Capitalization	234,245	241,445
Total Debt / Total Capitalization	26.0%	23.8%
Cash & Bank Deposits	43,644	57,968
Net Cash / (Net Debt)	(17,336)	578
Interest Coverage	27X	25X

The Only Operator in Mainland China Exclusively Specialized in Mobile Telecommunications



THANK YOU

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China Mobile (Hong Kong) Limited
www.chinamobilehk.com

Extract from unaudited consolidated profit and loss account for the 6 months ended 30 June 2003 – Appendix I



(RMB Millions)	1H2002	1H2003
Operating Revenue		
Usage Fees	40,875	54,528
Monthly Fees	6,940	10,075
New Business	3,002	6,392
Others	4,329	5,662
	<u>55,146</u>	<u>76,657</u>
Operating Expenses		
Leased Lines	2,767	2,655
Interconnection	6,615	7,510
Depreciation	10,465	16,907
Personnel	3,002	3,900
Others	10,184	18,488
	<u>33,033</u>	<u>49,460</u>
Operating Profit	<u>22,113</u>	<u>27,197</u>

	1H2002	1H2003
Operating Profit	22,113	27,197
Amortization of Goodwill	-	(936)
Other Net Income	855	1,097
Non-operating Net Income	474	222
Interest Income	235	325
Finance Cost	(664)	(1,088)
Taxation	(7,564)	(9,355)
Profit from Ordinary Activities after Taxation	<u>15,449</u>	<u>17,462</u>
Minority Interest	2	7
Net Profit	<u>15,451</u>	<u>17,469</u>

* As required by revised SSAP 12 regarding the change in accounting treatment of deferred taxation, retrospective adjustments had been made to the relevant financial data of 2002.

Extracted from unaudited consolidated balance sheet at
30 June 2003 – Appendix II



(RMB Millions)	Audited at 2002.12.31	Unaudited at 2003.6.30
Current Assets	56,102	71,271
Non-current Assets	229,919	227,656
Total Assets	<u>286,021</u>	<u>298,927</u>
Current Liabilities	(60,114)	(70,892)
Non-current Liabilities	(52,451)	(43,796)
Total Liabilities	<u>(112,565)</u>	<u>(114,688)</u>
Minority Interest	(191)	(184)
Net Assets	<u><u>173,265</u></u>	<u><u>184,055</u></u>

* As required by revised SSAP 12 regarding the change in accounting treatment of deferred taxation, retrospective adjustments had been made to the relevant financial data of 2002.

Forward-looking Statements



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.