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## CHINA MOBILE (HONG KONG) LIMITED

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

### ANNOUNCEMENT

Following the extensive negotiations between the Company and the other telecommunications network operators, the relevant regulatory authorities decided and notified the Company today, that various sharing and settlement arrangements for telecommunications network interconnection charges will be adjusted for a period of one year, with retrospective effect from 21 March 2001. This announcement summarises the major changes under the new interconnection settlement arrangements that are relevant to the Group, including the changes to the settlement arrangements for local network calling charges, domestic long distance calling charges and international long distance calling charges. Based on the combined actual call traffic recorded by the Group (including the Company's existing 13 operating subsidiaries) in the full year of 2000, the Board estimates that the changes under the new interconnection settlement arrangements will not have a material effect on the Group's operations and financial position.

The board of directors (the "**Board**") of China Mobile (Hong Kong) Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces that following the extensive negotiations between the Company and the other telecommunications network operators, the relevant regulatory authorities decided and notified the Company today, that various sharing and settlement arrangements for telecommunications network interconnection charges will be adjusted for a period of one year, with retrospective effect from 21 March 2001 (the "**Effective Date**").

#### **Major changes under the New Interconnection Settlement Arrangements that are relevant to the Group**

The table below sets out the relevant existing and new settlement arrangements between the Group and the other telecommunications network operators in respect of: (1) local network calling charges, (2) domestic long distance calling charges and (3) international long distance calling charges:

Type of Calls	Existing Arrangement	Settlement	New Settlement Arrangement
<b>Settlement of local network calling charges</b>			
The Group's mobile subscriber calling fixed line network subscriber	The Group pays the fixed line network operator a charge of RMB 0.05 per minute		The Group pays the fixed line network operator a charge of RMB 0.06 per minute
Fixed line network subscriber calling the Group's mobile subscriber	No revenue sharing or settlement		The existing arrangement remains unchanged

Type of Calls	Existing Settlement Arrangement	New Settlement Arrangement
Subscriber of a mobile network calling subscriber of another mobile network	If the two mobile networks interconnect directly, there is no settlement of charges. If the two mobile networks interconnect through a third party local fixed line network, the originating mobile network operator pays a calling charge of RMB 0.05 per minute to the local fixed line network operator. There is no settlement of charges between the fixed line network operator and the operator of the receiving mobile network.	If the two mobile networks interconnect directly, the network operators will negotiate whether there is any settlement of charges and if so, the details of the settlement of charges. If the two mobile networks interconnect through a third party local fixed line network and using the exchanges of the fixed line network, the originating mobile network operator pays a calling charge of RMB 0.03 per minute to the local fixed line network operator. There is no settlement of charges between the fixed line network operator and the operator of the receiving mobile network.
<b>Settlement of domestic long distance calling charges</b>		
The Group's mobile subscriber calling fixed line network subscriber (through the transmission lines of the fixed line network operator)	The Group retains RMB 0.14 per minute of the domestic long distance calling charges and pays the remaining portion to the fixed line network operator	The Group retains RMB 0.06 per minute of the domestic long distance calling charges and pays the remaining portion to the fixed line network operator
The Group's mobile subscriber calling fixed line network subscriber (through the Group's IP network)	The Group pays the fixed line network operator a calling charge of RMB 0.05 per minute.	The Group pays the fixed line network operator a calling charge of RMB 0.06 per minute.
Fixed line network subscriber calling the Group's mobile subscriber (through the Group's transmission lines)	The fixed line network operator retains RMB 0.14 per minute of the domestic long distance calling charges and pays the remaining portion to the Group	The fixed line network operator retains RMB 0.06 per minute of the domestic long distance calling charges and pays the remaining portion to the Group
Subscriber of one mobile network calling subscriber of a different mobile network (through the transmission lines of the operator of the receiving mobile network)	The operator of the originating mobile network retains RMB 0.14 per minute of the domestic long distance calling charges and pays the remaining portion to the operator of the receiving mobile network ( <i>Note</i> )	The operator of the originating mobile network retains RMB 0.06 per minute of the domestic long distance calling charges and pays the remaining portion to the operator of the receiving mobile network ( <i>Note</i> )

Settlement of international long distance calling charges		
Type of Calls	Existing Arrangement	Settlement New Settlement Arrangement
Outgoing calls from the Group's subscriber	The Group retains RMB 0.20 per minute of the international long distance calling charges and pays the remaining portion to international telecommunications operator	The Group retains RMB 0.06 per minute or RMB 0.54 per minute of the international long distance calling charges (depending on whether the call is routed through the Group's domestic long distance transmission lines) and pays the remaining portion to international telecommunications operators
Incoming calls to the Group's subscriber	The Group receives from international telecommunications operator a charge of RMB 0.07 per minute or RMB 0.63 per minute (depending on whether the call is routed through the Group's domestic long distance transmission lines)	The Group receives from international telecommunications operator a charge of RMB 0.06 per minute or RMB 0.54 per minute (depending on whether the call is routed through the Group's domestic long distance transmission lines)

*Note: The existing arrangement that there is no settlement for non-roaming calls between the subscribers of the Group's mobile network and the mobile network of China Mobile Communications Corporation remains unchanged.*

#### **Changes to the settlement of local network calling charges**

According to the new settlement arrangements for local network calling charges, the Group will pay an additional calling charge of RMB0.01 per minute to fixed line network operator where the mobile subscriber of the Group originates the telephone call. Based on the combined actual call traffic recorded by the Group (including the Company's existing 13 operating subsidiaries) in the full year of 2000 (the "Combined Call Traffic"), and assuming that the new settlement arrangements for local network calling charges were effective from 1 January 2000, the Board estimates that the Group's pro-forma combined profit after tax (including the Company and its existing 13 operating subsidiaries' full year combined results) for 2000 will be reduced by approximately RMB200 million (equivalent to approximately HK\$188 million) as a result of the new settlement arrangements for local network calling charges. This represents a reduction of 0.8 per cent. of the pro-forma combined profit after tax of the Company of RMB24.7 billion (equivalent to approximately HK\$23.3 billion) for 2000 as disclosed in the Company's results announcement dated 9 April 2001.

#### **Changes to the settlement of domestic long distance calling charges**

Apart from the new settlement arrangements of the relevant domestic long distance calling charges as set out in the table above, the settlement unit of domestic long distance calling charges will from the Effective Date be changed to six seconds (and any part thereof shall be rounded up to the nearest six seconds), in conjunction with the change of billing unit of domestic long distance tariffs to six seconds. Under the new arrangement, domestic long distance calling charges collected by the Group may be increased or decreased (depending on whether the mobile

subscriber of the Group is the originating party or the receiving party). Based on the Combined Call Traffic, the above-mentioned impacts to the charges collected by the Group will offset one another, and hence the Board estimates that such changes will not have a material effect on the Group's pro-forma combined profit after tax.

#### **Changes to the settlement of international long distance calling charges**

Apart from the new settlement arrangements of the relevant international long distance calling charges as set out in the table above, the settlement unit of international long distance calling charges will from the Effective Date be changed to six seconds (and any part thereof shall be rounded up to the nearest six seconds), in conjunction with the change of billing unit of international long distance tariffs to six seconds. As the international long distance call operation has not been a major contributing component to the Group's overall revenue and based on the Combined Call Traffic, the Board estimates that the above-mentioned new settlement arrangements in relation to international long distance calling charges will not have a material effect on the Group's pro-forma combined profit after tax.

#### **Impact of the various changes**

According to the new interconnection settlement arrangements as set out in this announcement and based on the Combined Call Traffic, the Board estimates that these various changes will not have a material effect on the Group's operations and financial position.

**In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.**

For your convenience, this announcement contains translation between Renminbi amounts and Hong Kong dollars at RMB1.06 = HK\$1.00. The translations are not representations that the Renminbi and Hong Kong dollar amounts could actually be converted at this rate, or at all.

By order of the Board  
**CHINA MOBILE (HONG KONG) LIMITED**  
**Wang Xiaochu**  
*Chairman*

Hong Kong, 23 April 2001