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

2005 Annual Results

中国移动通信
CHINA MOBILE

2005 Annual Results

China Mobile (Hong Kong) Limited

16 March 2006

Management

Mr. WANG Jianzhou	Chairman & CEO
Mr. LU Xiangdong	Executive Director & Vice President
Mr. XUE Taohai	Executive Director, Vice President & CFO
Madam XIN Fanfei	Executive Director & Vice President

Agenda

Overall Performance for 2005

Financial Results for 2005

Overall Performance for 2005

Highlights

中国移动通信 CHINA MOBILE

Commendable operating results

Revenue ↑26.3%
Net profit ↑28.3%

Robust growth in new businesses

Accounting for 20.6% of total revenue

Continuing rapid subscriber growth

Average monthly net adds over 3.5 million

Annual dividend of HK$1.02 per share

Full year payout ratio of 39%

Acquisition of China Resources Peoples Telephone

Overall Operating Performance

	2004	2005	Change
Subscribers (Million)	204.292	246.652	20.7%
Revenue (RMB Billion)	192.381	243.041	26.3%
EBITDA (RMB Billion)	106.832	133.338	24.8%
EBITDA Margin (%)	55.5%	54.9%	-0.6ppt
Net Profit (RMB Billion)	41.749	53.549	28.3%
Basic Earnings per Share (RMB)	2.12	2.71	27.8%

Note1: All financial data in this presentation has fully reflected the impact of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), (HKFRSs, which term collectively included HKASs and Interpretations) adopted by the Group since 2005.

Note2: The detailed impacts after the adoption of HKFRSs on the financial data of 2004 and 2005 are set out in Appendix III.

Overall Operating Performance (Combined Data of 31 Subsidiaries)

	2004 31 Subsidiaries Combined	2005	Change
Subscribers (Million)	204.292	246.652	20.7%
Revenue (RMB Billion)	203.993	243.041	19.1%
EBITDA (RMB Billion)	112.646	133.338	18.4%
EBITDA Margin (%)	55.2%	54.9%	-0.3ppt
Net Profit (RMB Billion)	42.952	53.549	24.7%

Note: For comparative analysis purpose only, all combined data of 31 subsidiaries in this presentation is based on the assumption that the group structure (including 31 subsidiaries) existed throughout the relevant period.

Continuous Expansion of Subscriber Base

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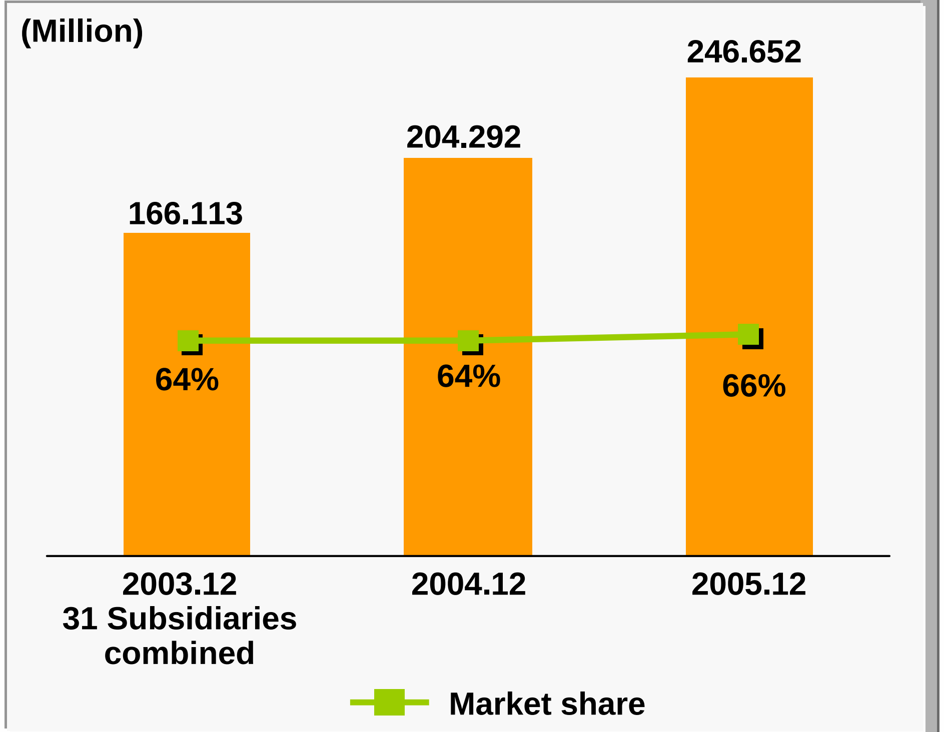
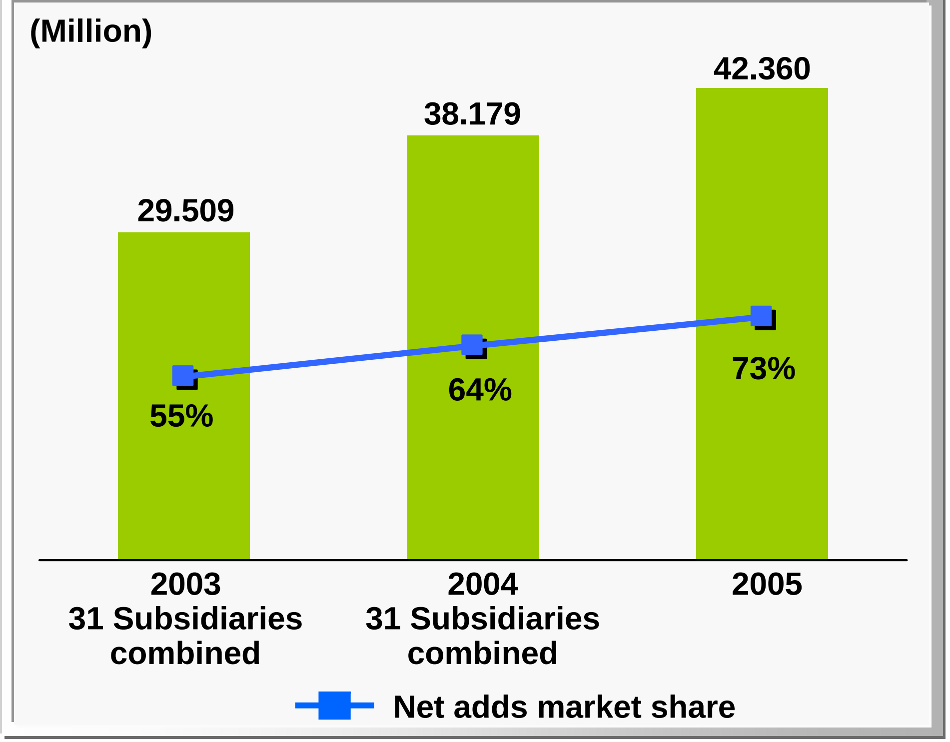
Total Subscribers



Net Additional Subscribers



- Subscriber base in Eastern region further expanded
- Favorable growth momentum in Central and Western regions
- Change in geographical distribution of subscriber growth was encouraging
- Remarkable performance in corporate customer development

Remarkable Result in Rural Market Business Development

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Relatively low penetration in rural areas indicating huge potential

State's supportive rural policy stimulating potential demand in rural market

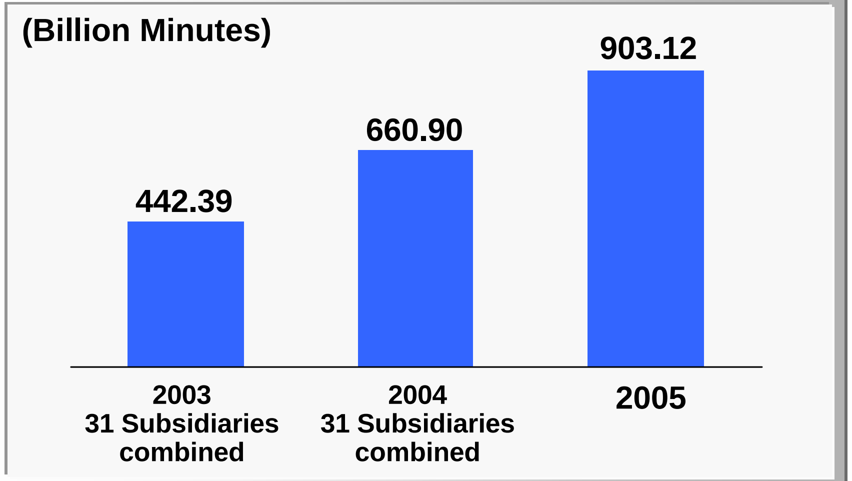
Mobile telecommunications possessing cost advantage in rural areas

- **Design customized products and sales packages in response to the unique rural consumption characteristics**
  - Informative products, such as agricultural information, sales information, etc.
  - Intra-region and intra-group usage discount, etc.
- **Utilizing existing resources in rural areas to build sales and marketing service network at low cost**
  Village committees, village convenience stores and village direct sales team, etc.
- **Tailored services to fulfill peasant customer needs**
  Small denomination top-up, over-the-air recharging, etc.
- **Using low cost technology and solutions to build network**
  Adopting simplified base stations and appropriate transmission technology to match environmental landscape
- **Guiding handset vendors to launch low price products with moderate functions to lower entry threshold**

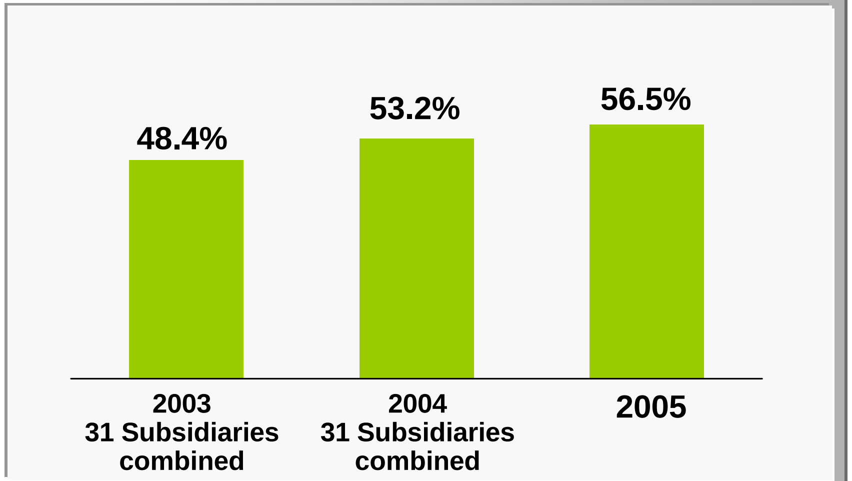
MOTO C139 | BIRD S198 | NOKIA N1110 | NOKIA 1100 | AMOI A210

Stable Growth in Voice Usage

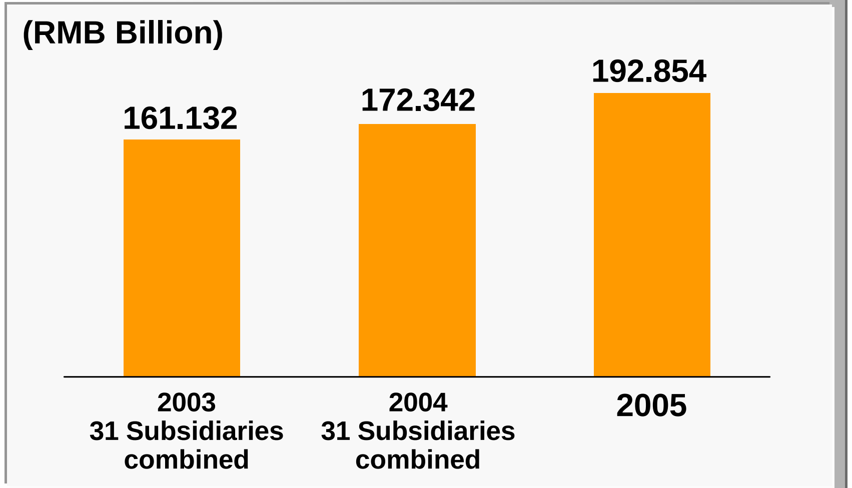
Total Voice Usage



Proportion of Intra-network Usage

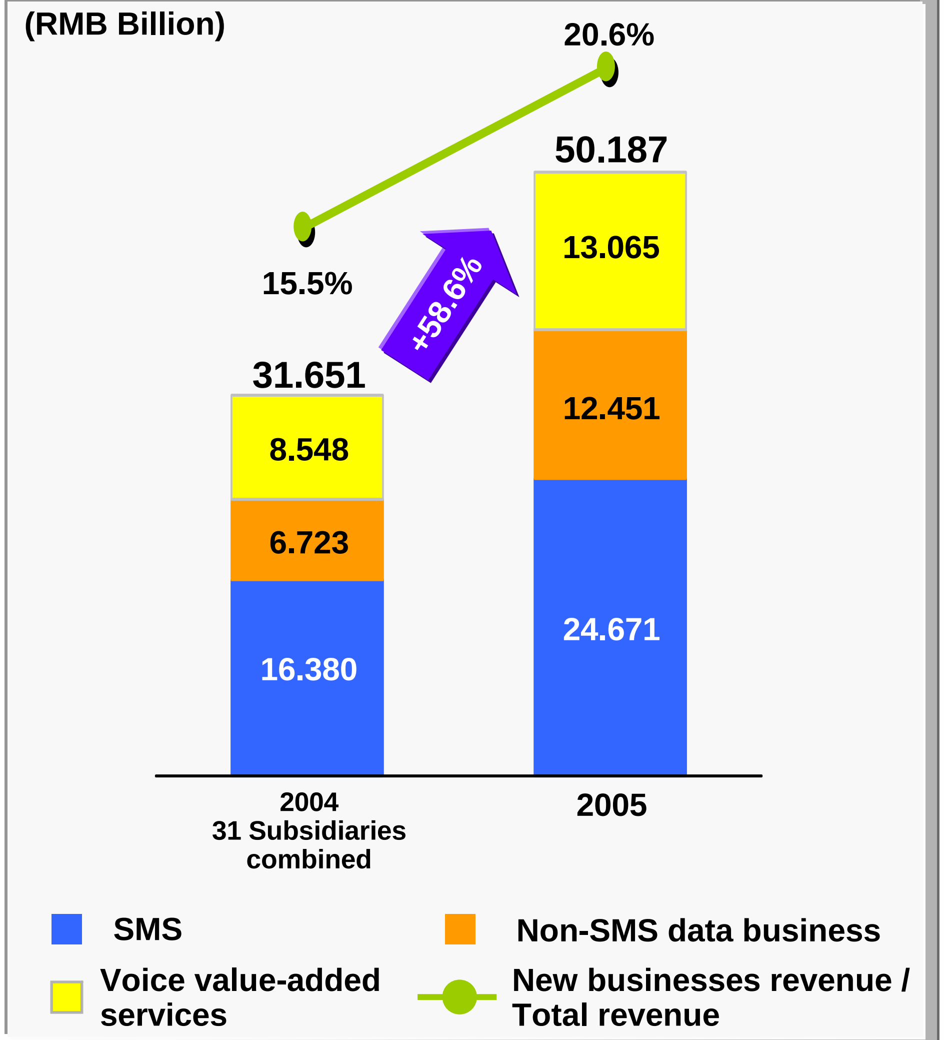


Voice Business Revenue

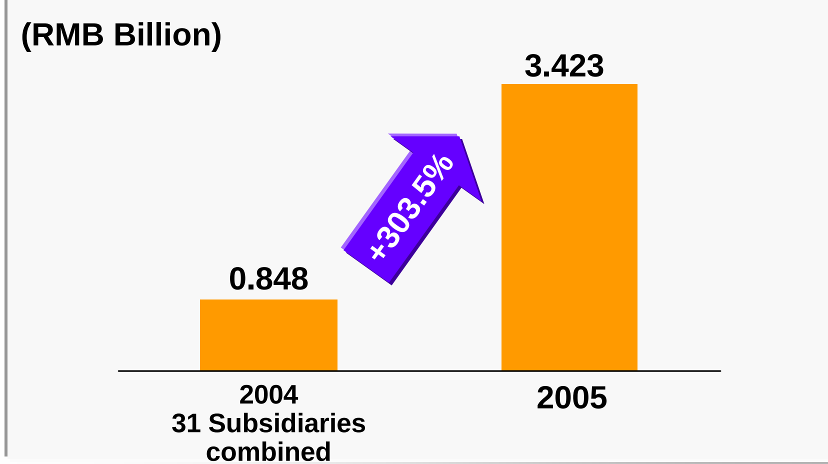


Accelerating Growth in New Businesses

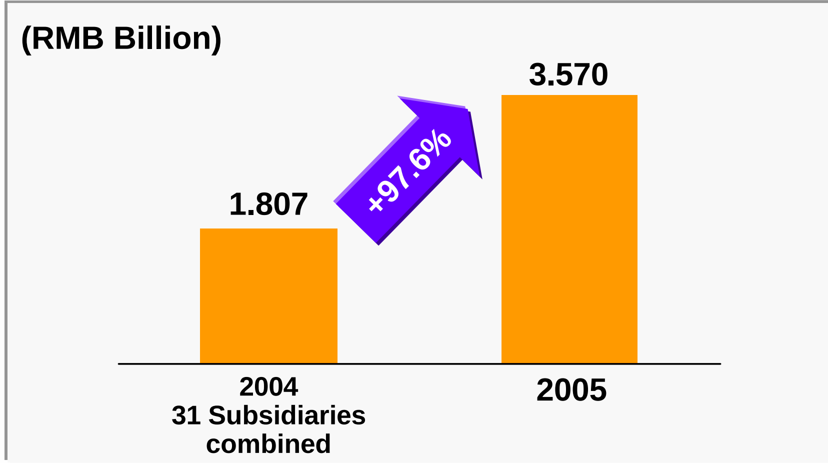
New Businesses Revenue



Color Ring Revenue



WAP Revenue



Thriving Data Business

Continuous growth in SMS business

Annual usage growth for the year exceeded 70 billion messages

Prosperous development of "Color Ring" and WAP businesses

"Color ring" and WAP businesses contributed to 30.9% of incremental data business revenue

MMS and IM are showing vitality with subscriber growth in multiples

Expanding industry-specific applications to different sectors to service corporate customers

Developed and promoted nearly 300 products and functions for over 20 sectors, achieving more than 1,000 successful application cases

Emergence of Potential in Mobile Music Business

- Mobile music opening up a brand new earnings model
- Extensive participation exhibiting market vibrancy

- Mobile music creates a new source of revenue growth
- Establish and take the lead in the mobile music value chain and foster “win-win” co-operations
- Continuous product innovation to drive the development of related data business
- Building a brand of mobile music and cultivating consumption patterns

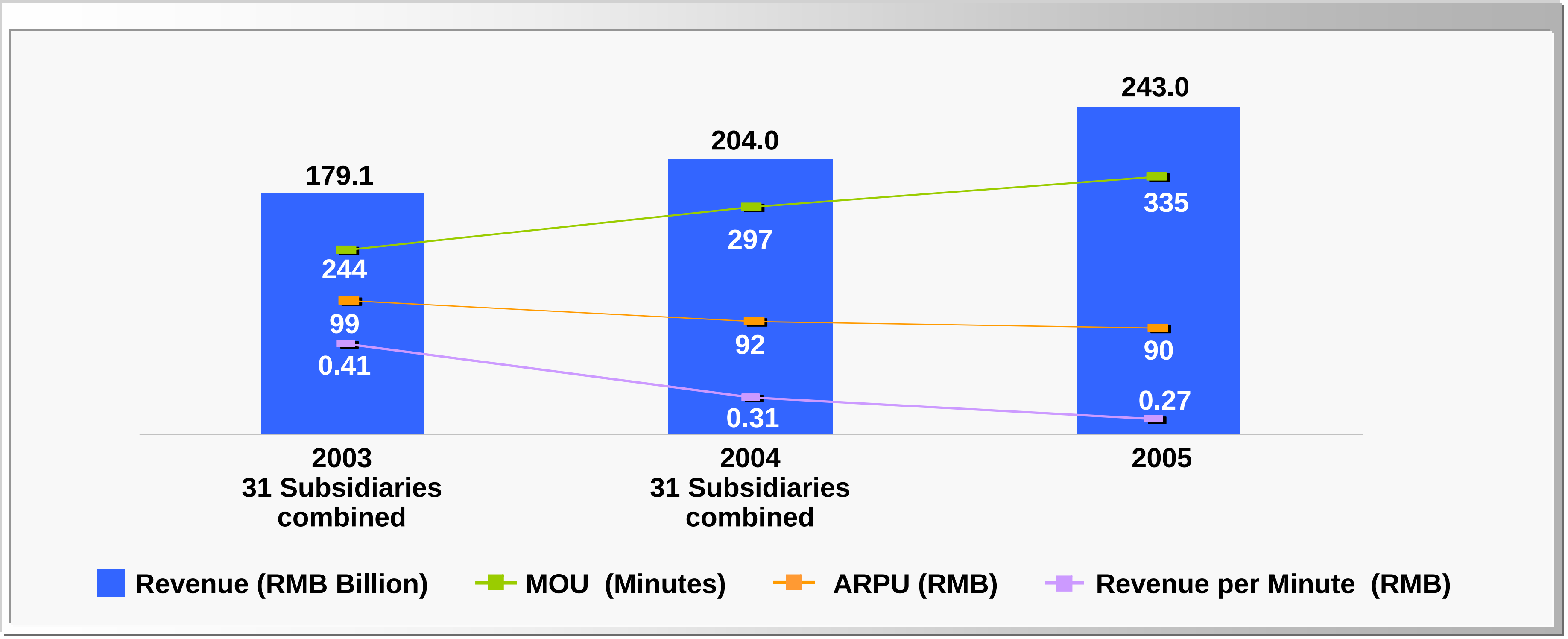
- Gradually increasing product recognition
- Strong demand for musical products

- Ring-back tone downloaded over 300 million times in the year
- Ringtone download and IVR for mobile music exhibiting strong development

“Wireless Music Rank” Apr. – Dec. 2005

Ranking	Name	“Color ring” Download (Million times)
1	你到底爱谁	15.88
2	两只蝴蝶	12.07
3	童话	6.21
	……	

Growing Operating Revenue



- Growth in subscribers and voice usage
- Favorable drive from new businesses

- Continuous increase in MOU
- ARPU remained generally stable
- Decline in average revenue per minute kept under control

Continuous revenue growth

Prominent Advantages in Brand, Channel and Service

Leveraging brand advantage to enhance customer loyalty

Offering privileged services exclusively to mid- and high-end customers such as, “Cross Region Service”,“Airport VIP Service”, “Hospital VIP Service”, “Golf Club”, “Handset Service Club”

Strengthening channel advantage to improve sales and marketing service capability

Expanded scale of proprietary sales outlet network, forming a comprehensive sales and marketing service system with significant enhancement in channel control and new business promotion capability

Enhancing service advantage to increase customer satisfaction

Customer satisfaction rate reached 75%, increased by 0.86 percentage points over 2004

Strengthened Advantages in Network and Support Systems

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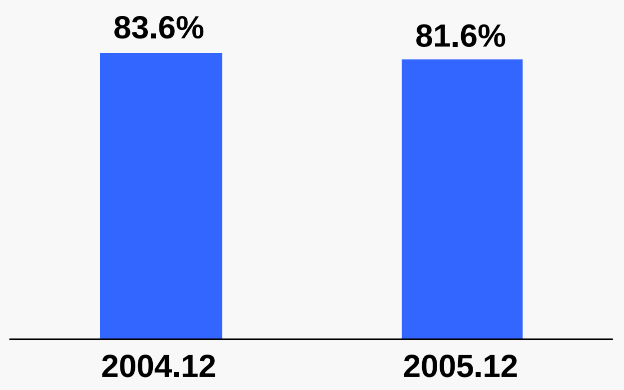
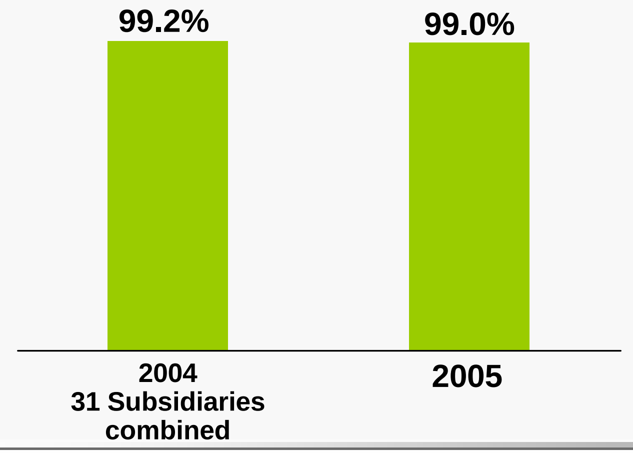
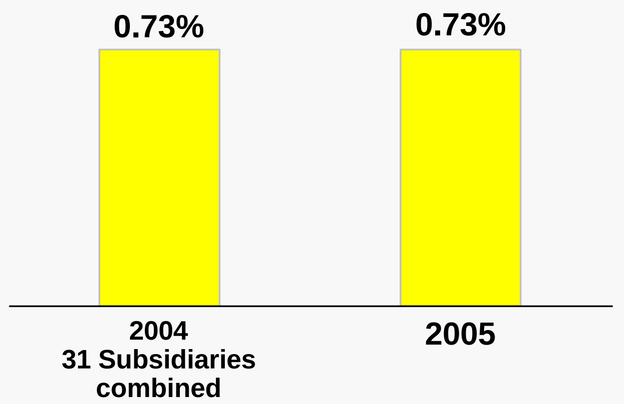
Network Utilization Rate



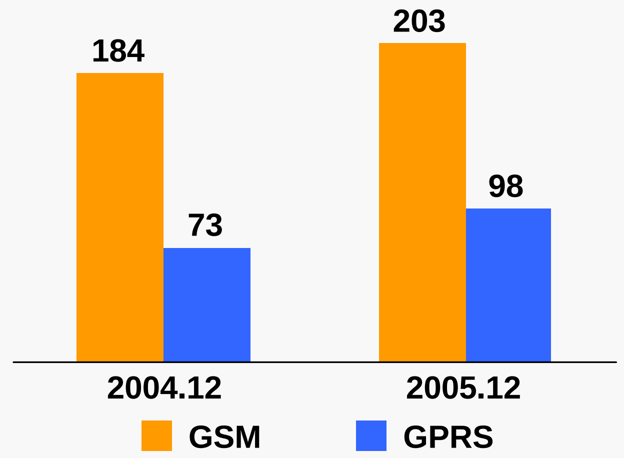
Wireless Connection Rate



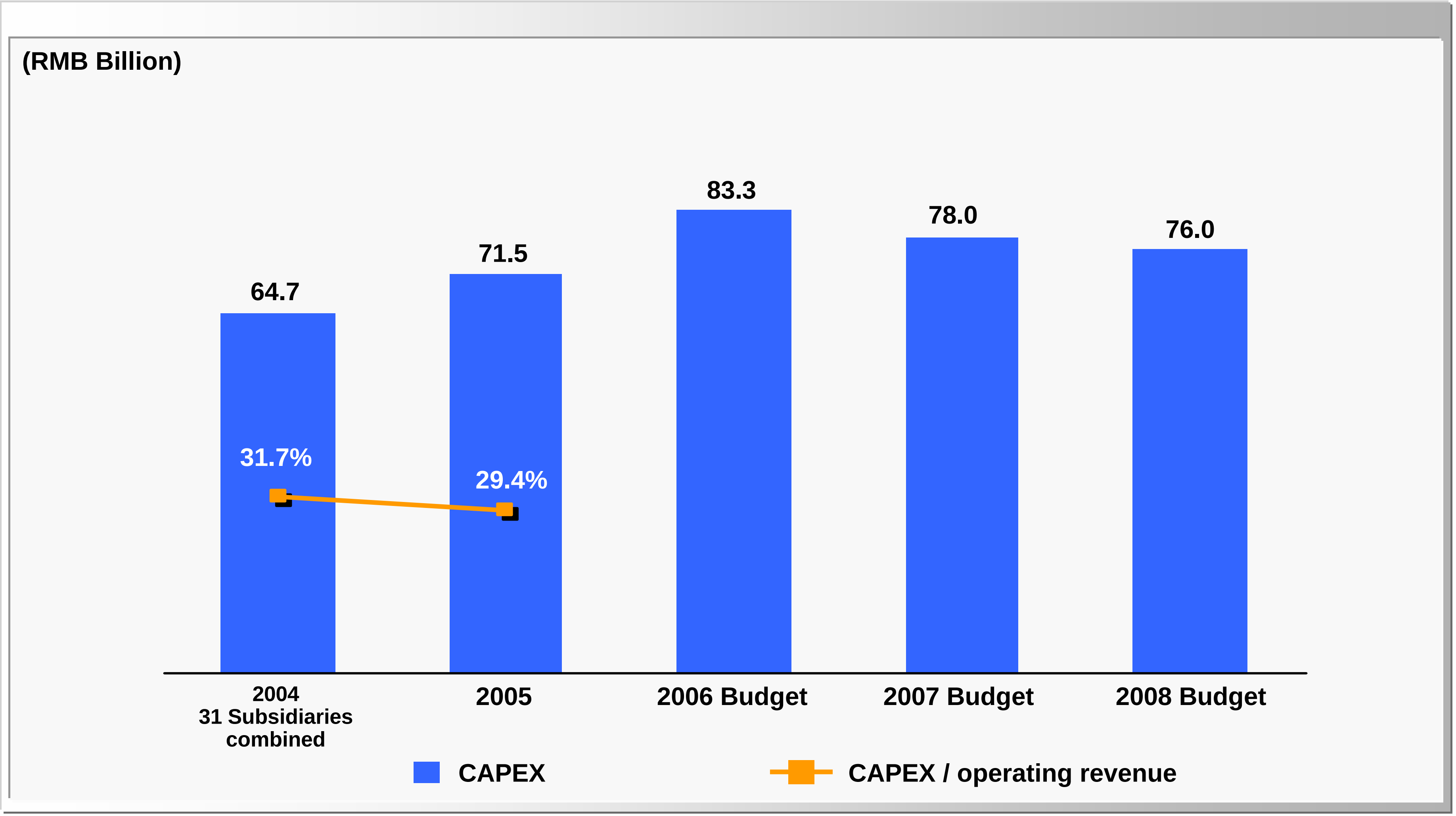
Call Drop Rate



Roaming Countries/Regions



Capital Expenditure

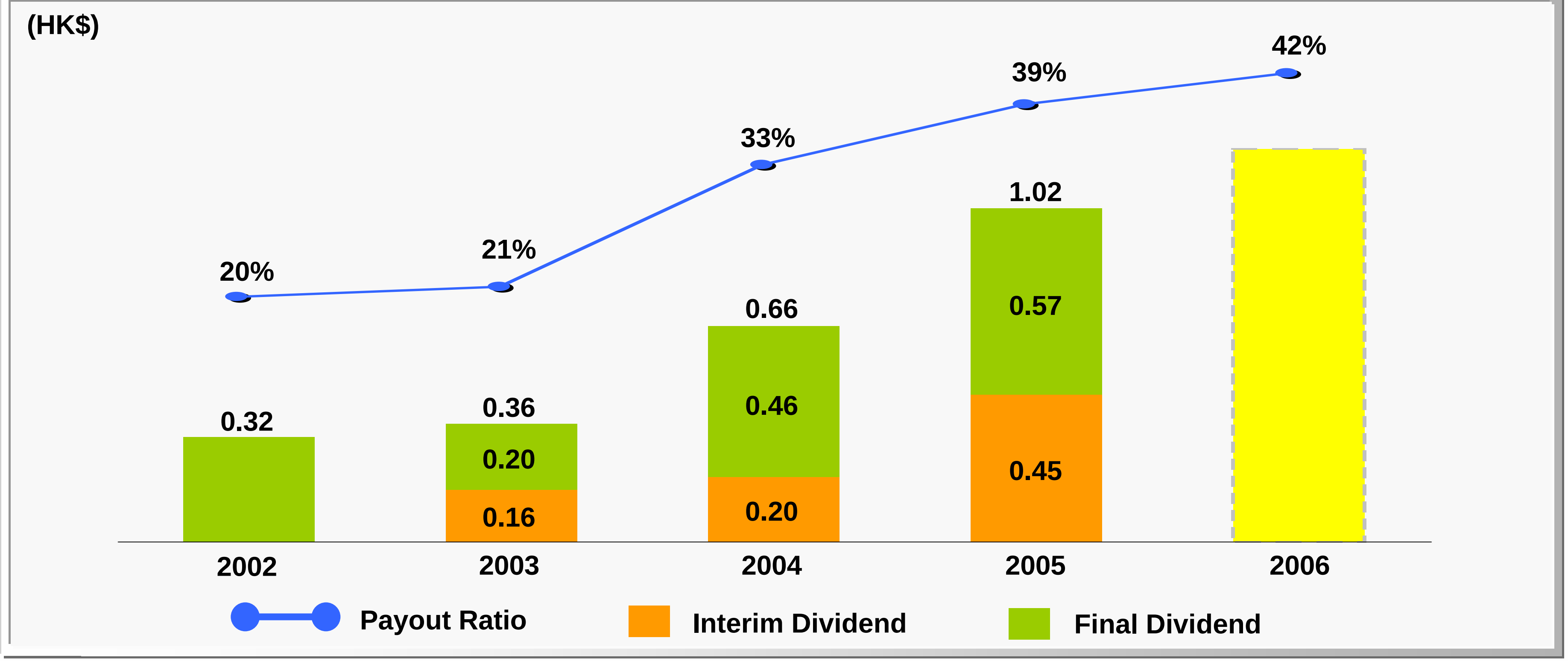


Note：The above CAPEX budgets currently do not include investment of 3G construction

Continued Dividend Growth

- Annual dividend for 2005 was HK$1.02 per share (including the interim dividend payout of HK$0.45 per share) , with a payout ratio of 39%
- The proposed dividend payout ratio for the full year of 2006 is 42%
- Endeavour to achieve a long-term sustainable, steadily increasing dividend, with a view to generating the best possible return for shareholders

Dividend and Payout Ratio



3G

- Adhering to the principle of integrated planning and gradual implementation, with initial coverage focusing on urban areas and regions with 3G demand
- Actively carrying out preparation of planning and construction to ensure the building of a quality network at low cost, with high efficiency and in the least possible time
- Earnestly conducting marketing strategy research and preparing new products and services to fully gear up for 3G commercialization
- Fully utilize 2G resources to realize a smooth migration from 2G to 3G and their long term co-existence on our network

Acquisition of China Resources Peoples Telephone

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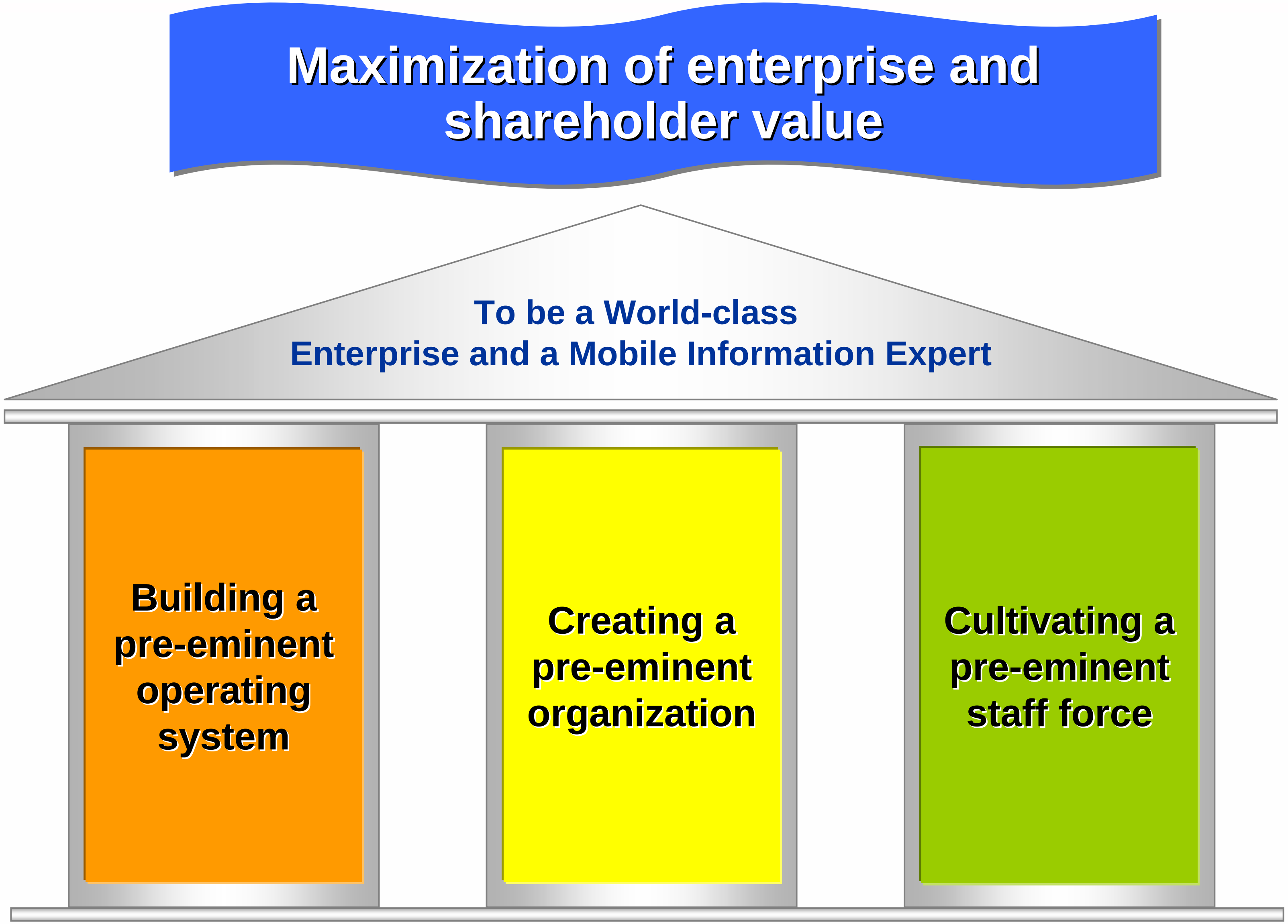
PEOPLES

Acquiring China Resources Peoples Telephone Company Limited at a reasonable price

- **Provide better services to the customers in Mainland China and Hong Kong**
- **Leverage on the experience of both companies to enhance the business and service standards of Peoples Telephone**
- **Integrate network equipment and support systems, and gradually implement centralised procurement and united management to lower cost and raise quality**

Striding from Good to Great

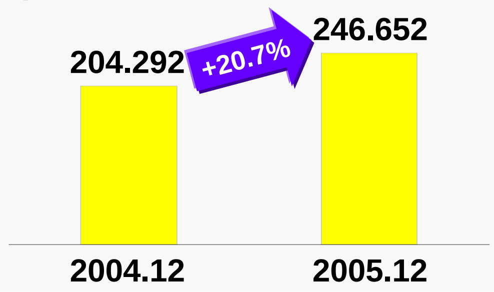


Financial Results for 2005

Remarkable Growth of Operating Revenue

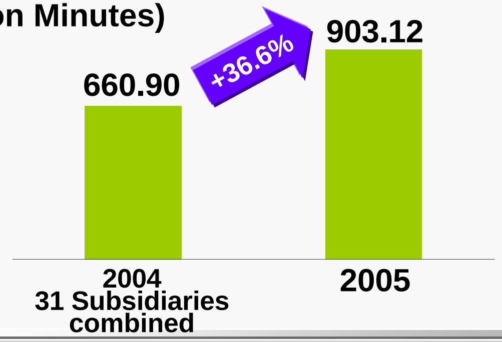
Subscribers

(Million)



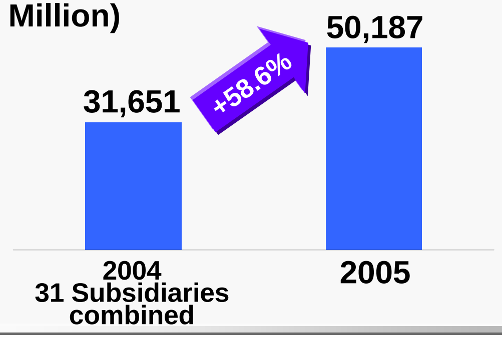
Total Voice Usage

(Billion Minutes)



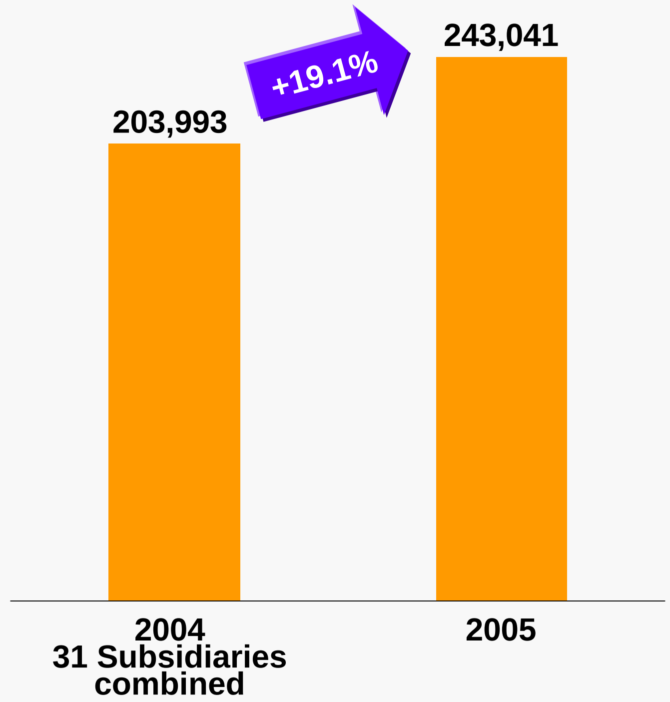
New Businesses Revenue

(RMB Million)



Operating Revenue

(RMB Million)



Note1: All financial data in this presentation has fully reflected the impact of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), (HKFRSs, which collective term includes HKASs and Interpretations) adopted by the Group since 2005.

Note2: For comparative analysis purpose only, all combined data of 31 subsidiaries in this presentation is based on the assumption that the group structure (including 31 subsidiaries) existed throughout the relevant period.

Continuous Favorable Growth of Net Profit

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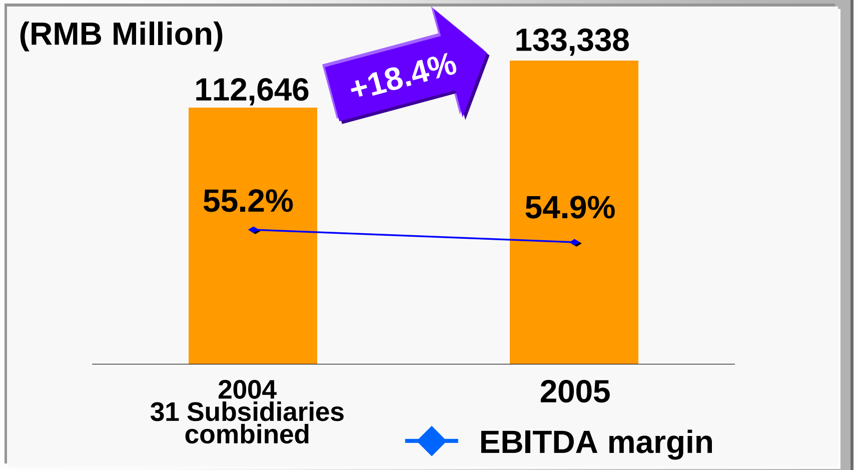
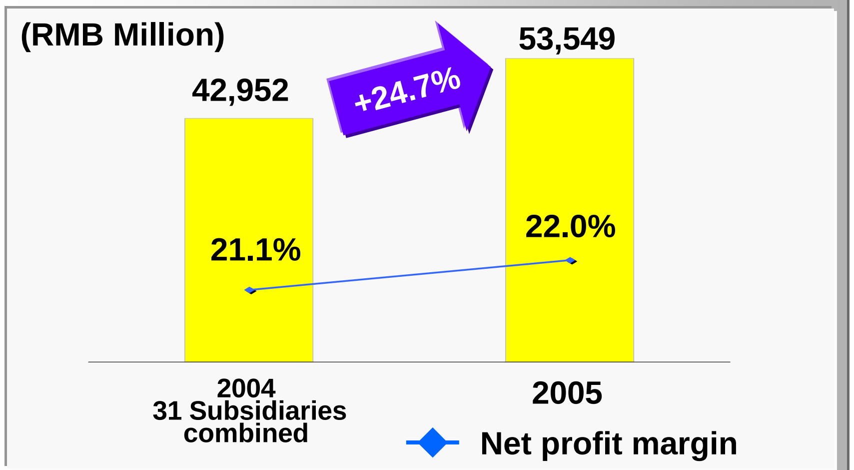
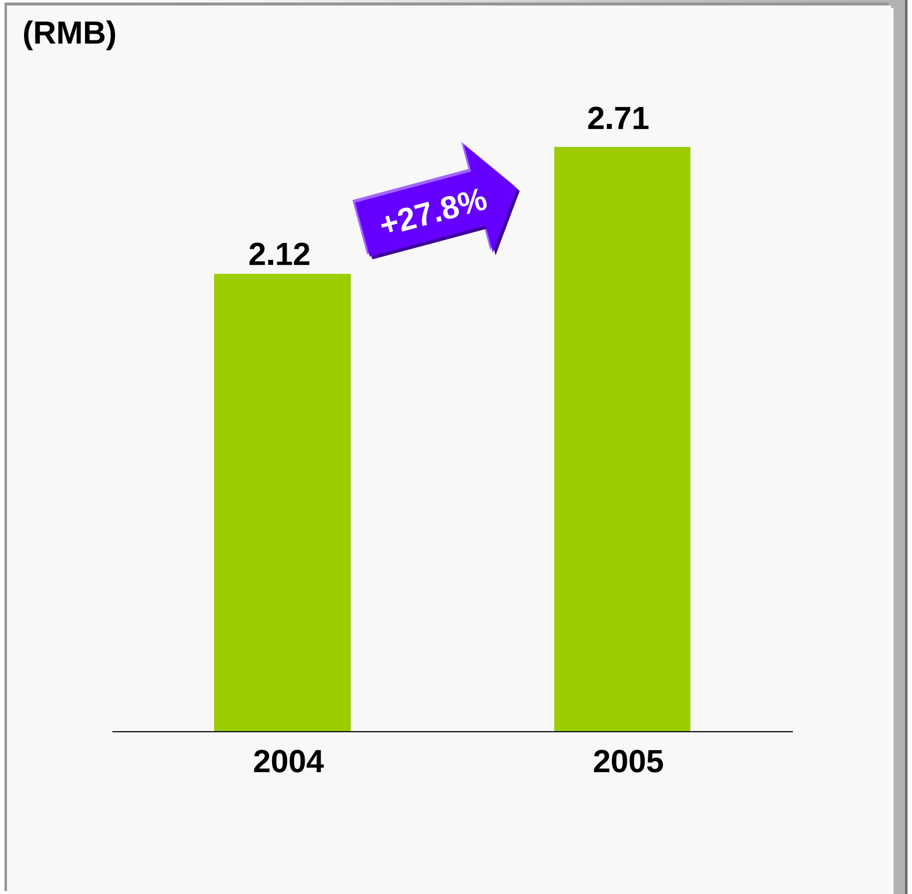
EBITDA



Net Profit

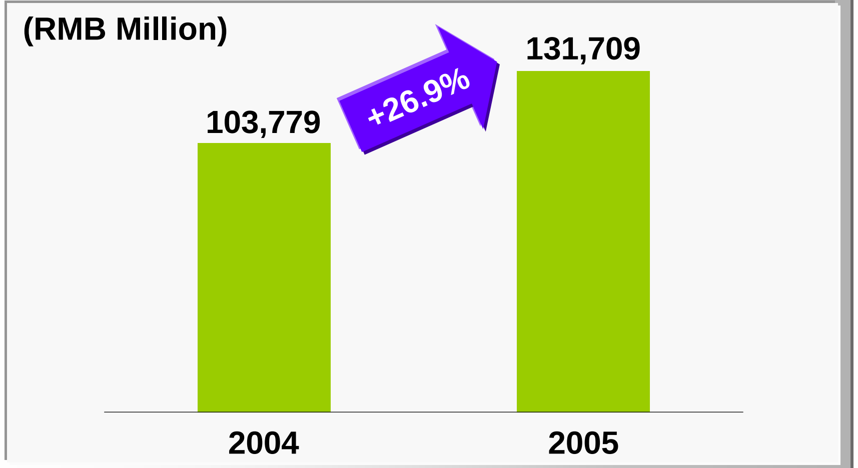


Basic EPS

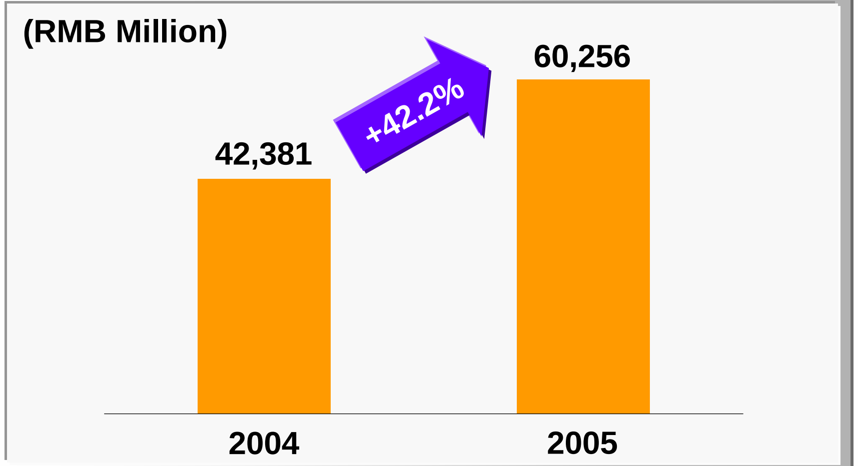


Strong Cash Flow

Net Cash Generated from Operating Activities



Free Cash Flow

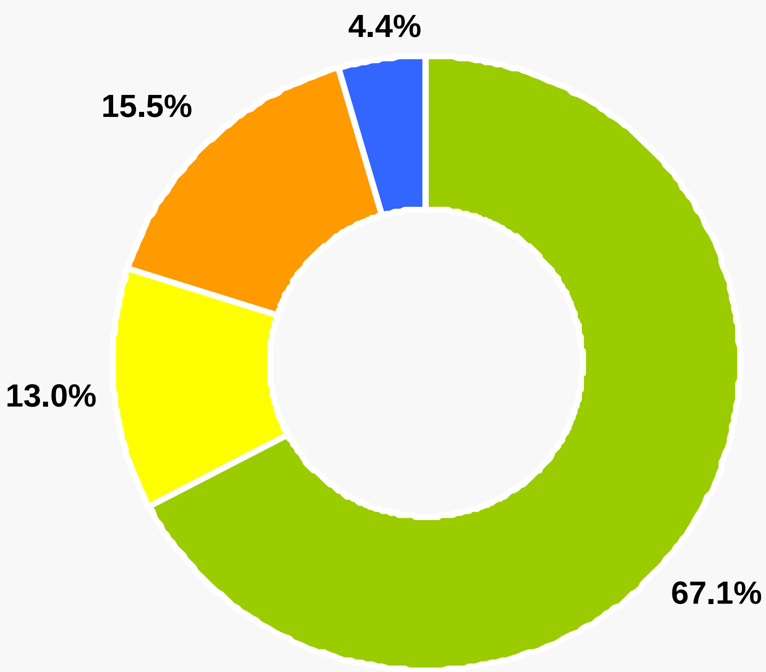


- Continued favorable business growth and economies of scale
- Newly acquired companies in previous year contributed to the growth of operating cash flow

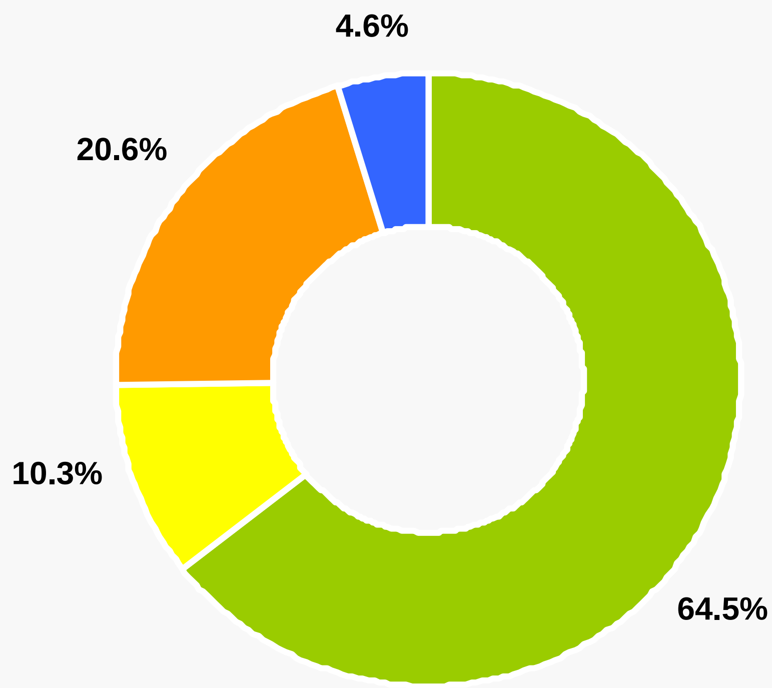
- Providing a solid foundation for the sustainable healthy development of the Company

Revenue Composition

2004 (31 Subsidiaries Combined)

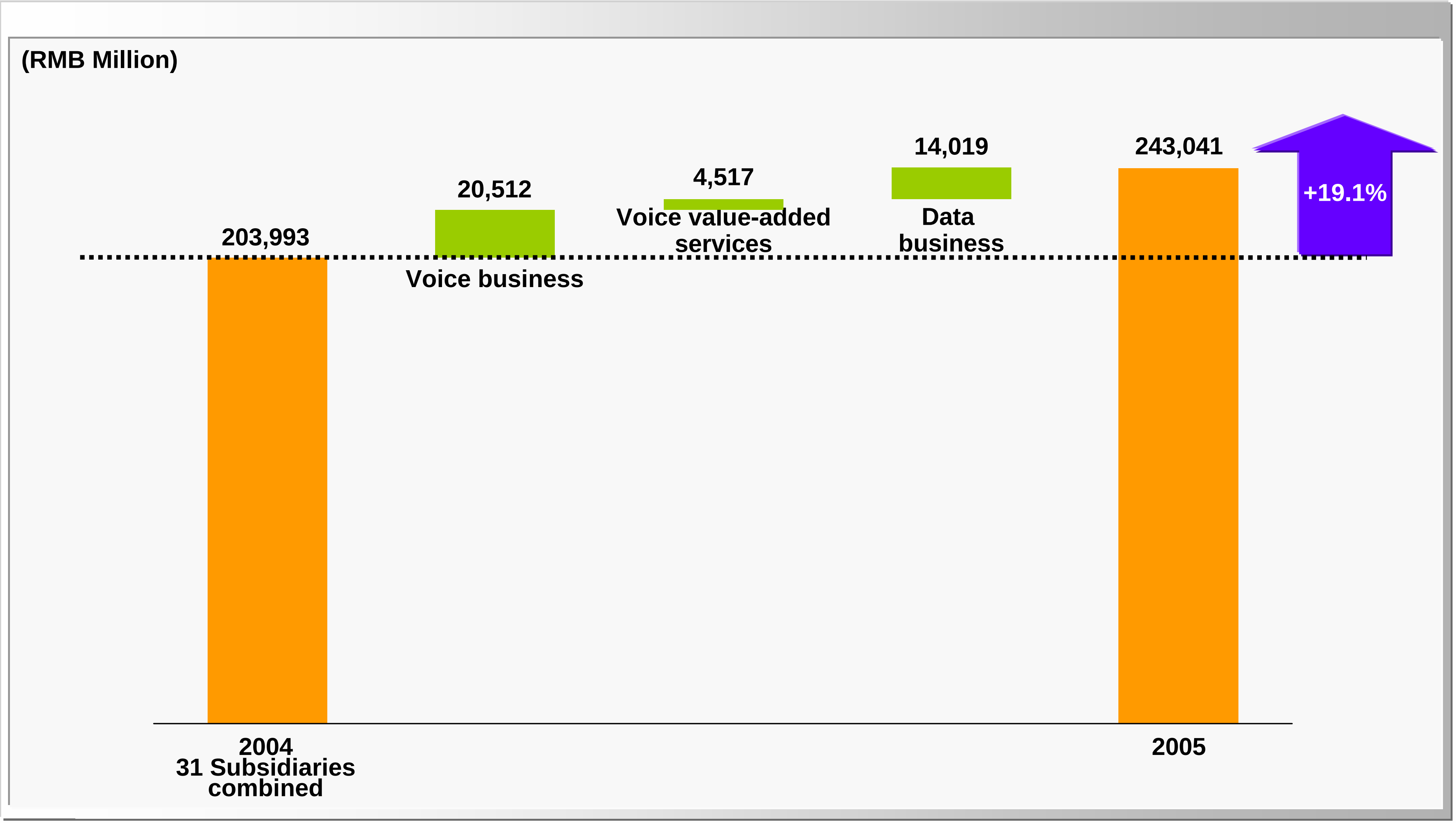


2005



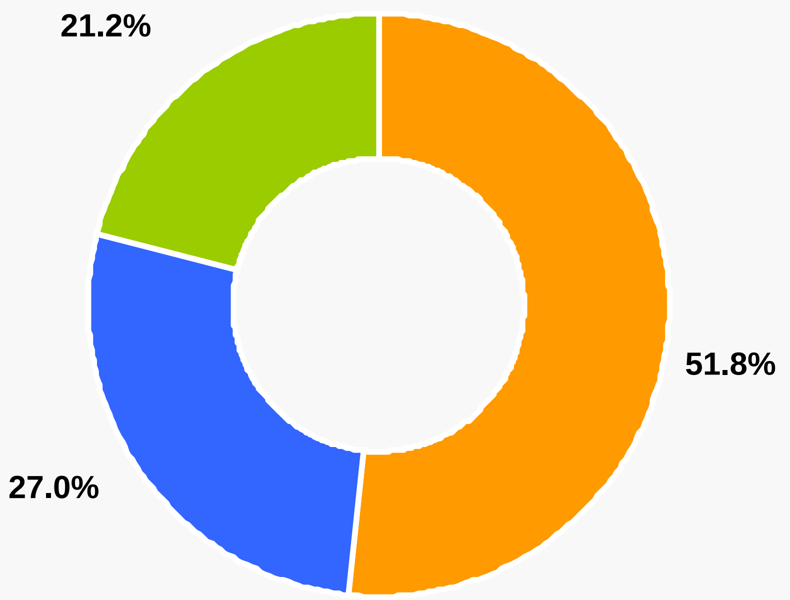
Usage fees | Monthly fees | New businesses | Others

Composition of Revenue Growth

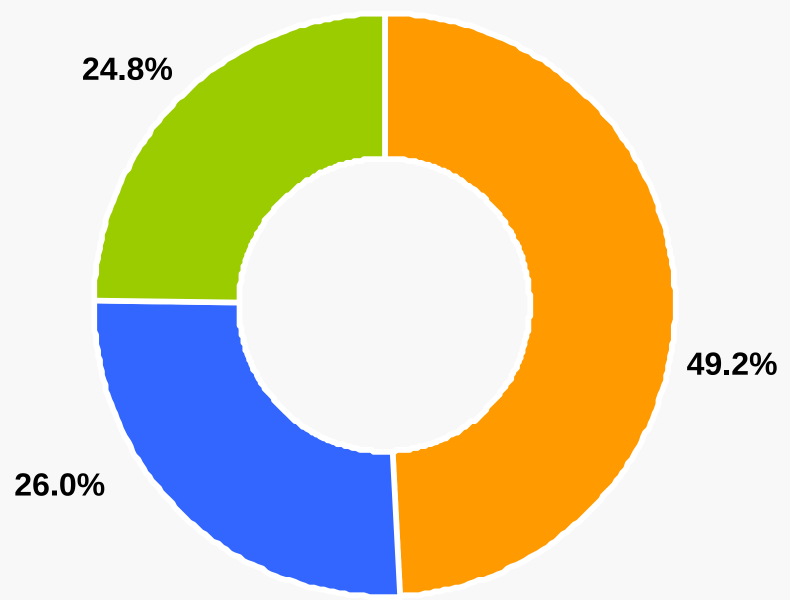


New Businesses Revenue Composition

2004 (31 Subsidiaries Combined)



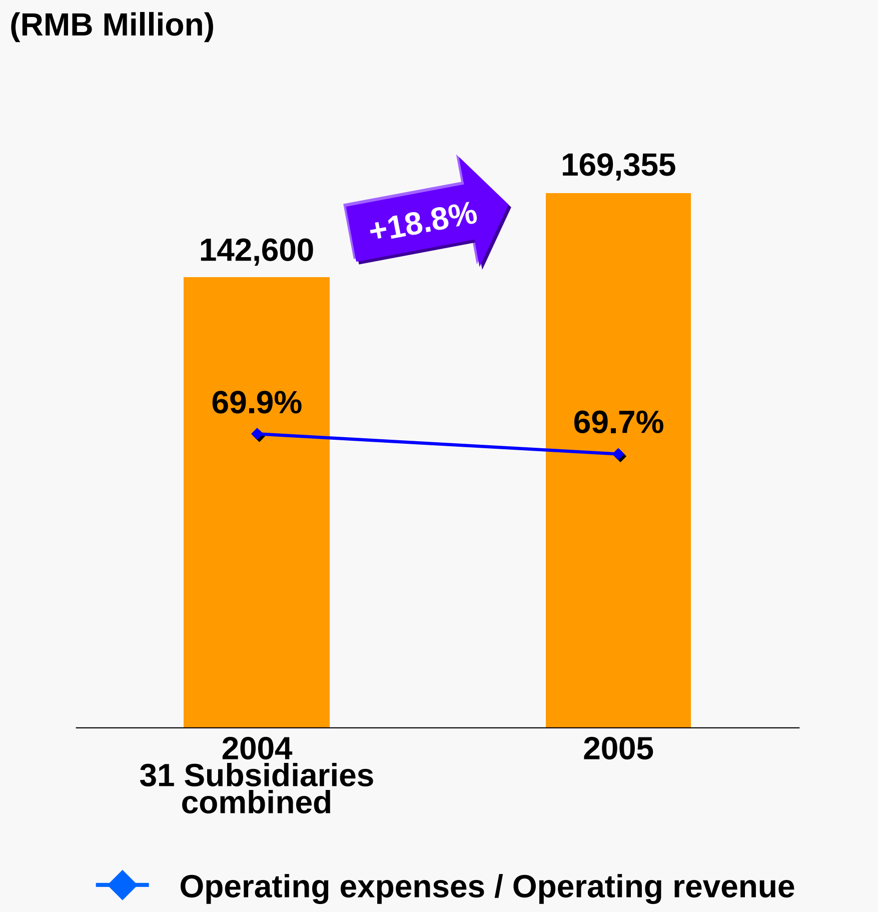
2005



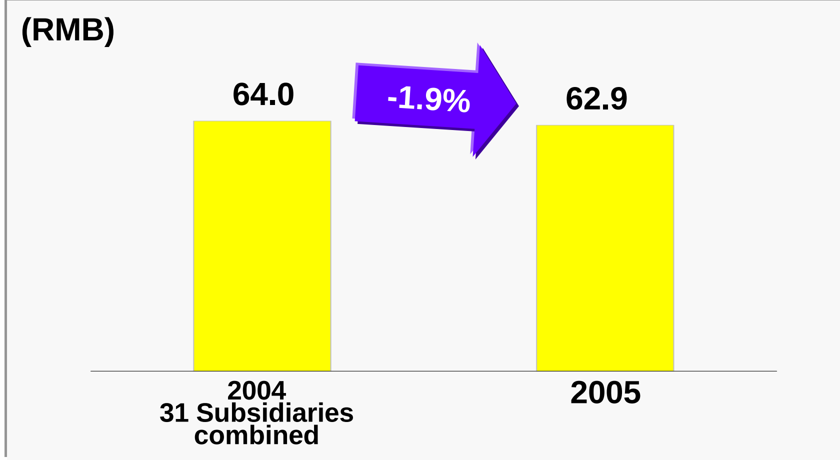
SMS | Voice value-added services | Non-SMS data business

Effective Cost Control

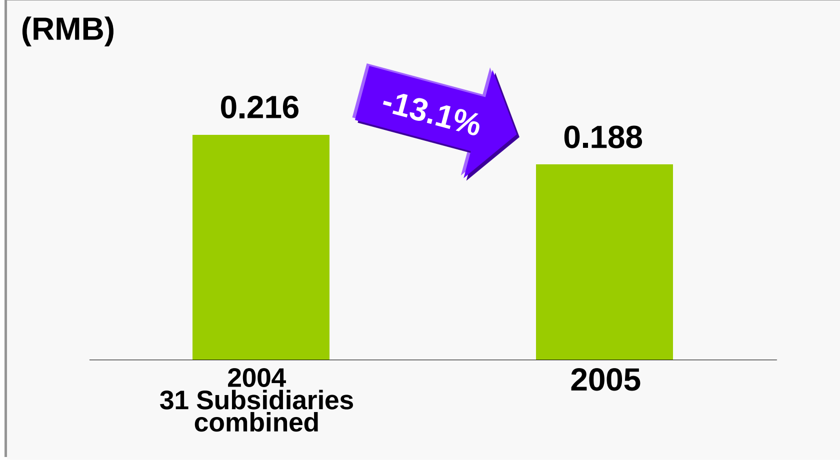
Operating Expenses



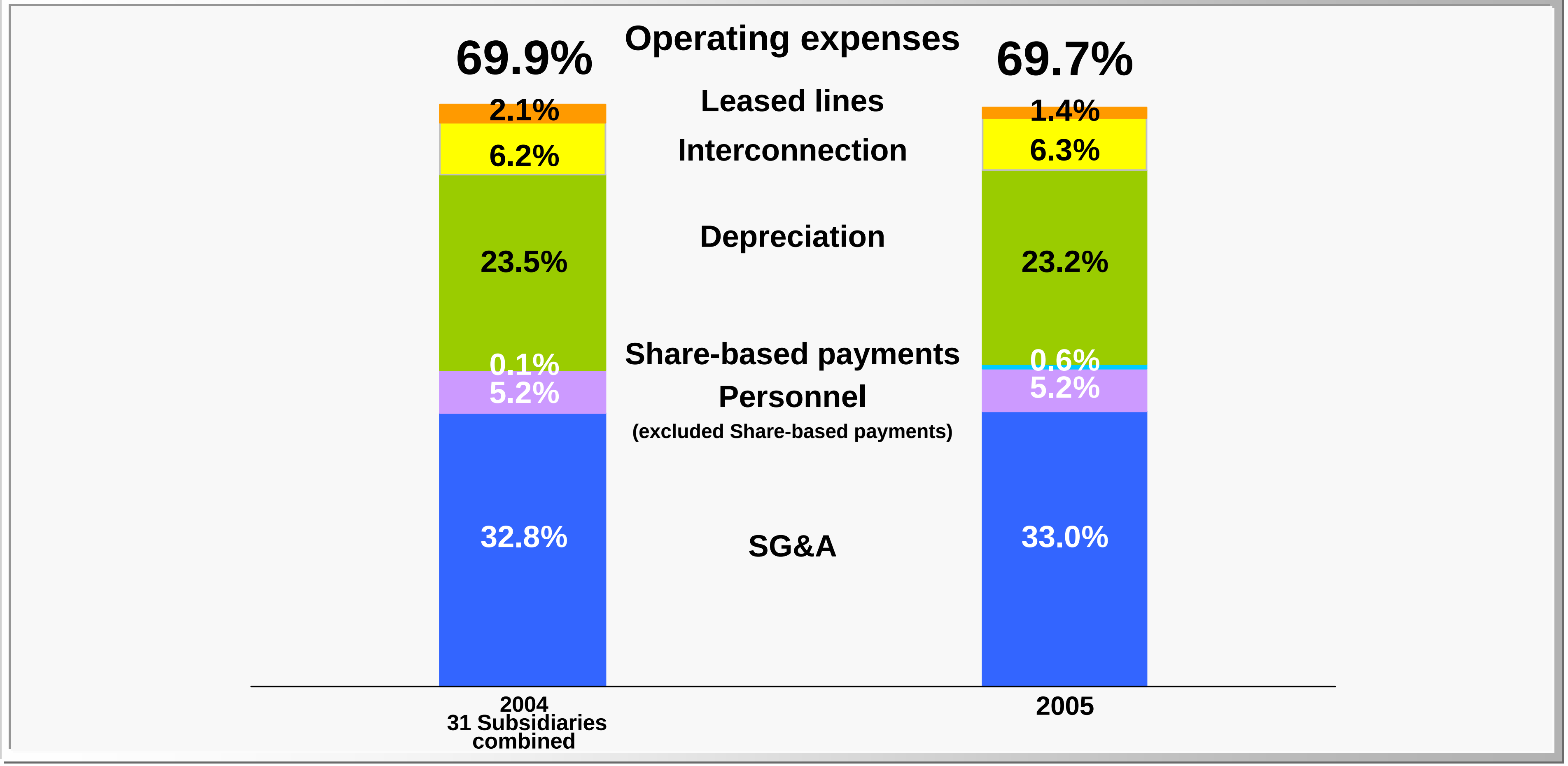
Average Monthly Operating Expenses per Subscriber



Average Operating Expenses per Minute



Further Rationalised Cost Composition



The ratio of depreciation to total operating expenses decreased; the costs structure became more rationalised.

Note: The above data are expressed as a percentage of operating revenue

Solid Capital Structure

(RMB Million)	31.12.2004	31.12.2005
Short Term Debt	9,924	1,427
Long Term Debt	36,633	36,545
Total Debt	46,557	37,972
Total Equity	233,404	273,107
Total Book Capitalization	279,961	311,079
Total Debt / Total Book Capitalization	16.6%	12.2%
Cash & Bank Deposits	65,413	106,386
Net Cash	18,856	68,414
Interest Coverage	37X	58X

Credit Rating		
S&P's	**BBB+ / Positive**	**A- / Positive**
Moody's	**A3 / Positive**	**A2/ Stable**

Note: Net cash represents Cash & Bank Deposits minus Total Debt

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Extracts from audited consolidated income statement for the year ended 31 December 2005 – Appendix I

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(RMB Million)	2004 (restated)	2005
Operating Revenue		
Usage Fees	128,534	156,710
Monthly Fees	24,760	25,055
New Business	30,236	50,187
Others	8,851	11,089
	192,381	243,041
Operating Expenses		
Leased Lines	3,861	3,224
Interconnection	12,072	15,309
Depreciation	44,186	56,368
Personnel	9,972	14,200
Others	62,811	80,254
	132,902	169,355
Operating Profit	59,479	73,686

	2004 (restated)	2005
Operating Profit	59,479	73,686
Amortisation of Goodwill	(1,930)	--
Other Net Income	3,167	3,284
Non-operating Net Income	900	1,025
Interest Income	1,014	1,615
Finance Cost	(1,679)	(1,346)
Taxation	(19,180)	(24,675)
Profit for the year	41,771	53,589
Equity shareholders of the Company	41,749	53,549
Minority Interests	22	40
	41,771	53,589

Note: The Group's financial results for 2005 has recognised the impact upon the adoption of new and revised HKFRSs, and the relevant data of 2004 have been restated accordingly. Detailed information can be found in Note 2 of the audited financial statements in 2005 Annual Report. The resultant impact of adopting new and revised HKFRSs is a net increase of profit attributable to shareholders by RMB 439 million in 2005.

Extracts from audited consolidated balance sheet as at 31 December 2005 – Appendix II

中国移动通信 CHINA MOBILE

(RMB Million)	2004 (restated)	2005
Current Assets	79,909	121,076
Non-current Assets	288,843	299,951
Total Assets	368,752	421,027
Current Liabilities	(97,666)	(109,954)
Non-current Liabilities	(37,682)	(37,966)
Total Liabilities	(135,348)	(147,920)
Net Assets	233,404	273,107

Note: According to revised HKFRSs, minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to shareholders of the Company. Hence, net assets in 2004 has been restated.

Changes In Accounting Policies – Appendix III

The Group has adopted new and revised HKFRSs. In accordance with the standards, the relevant comparatives have been restated for 2004. These impacts are summarised as follows:

(RMB Million)	HKFRS 2	HKFRS 3	HKAS 17	HKAS 39
2004 Impact				
Decrease in depreciation			**134**	
Increase in land lease expense			**(134)**	
Increase in personnel expenses	**(255)**			
2005 Impact				
Decrease in depreciation			**169**	
Increase in land lease expense			**(169)**	
Increase in personnel expenses	**(1,553)**			
Goodwill no longer amortised		**2,001**		
Increase in non-operating net income				**32**
Increase in finance costs				**(41)**

Note: The above positive data represents an increase in net profit.

Operating Data – Appendix IV

	2004 31 Subsidiaries Combined	2005
Contract Subscribers (Million)	59.887	61.311
Prepaid Subscribers (Million)	144.405	185.341
Blended/Contract/Prepaid MOU (Minutes)	297/517/194	335/589/241
Blended/Contract/Prepaid ARPU (RMB)	92/167/56	90/185/55
Average Revenue per Minute (RMB)	0.309	0.269
Mobile Data Users (Million)	156.834	206.682
SMS Usage (Billion Messages)	172.573	249.609
Network Capacity (Million)	244.370	302.403
Network Utilization Rate (%)	83.6%	81.6%
Average Monthly Churn Rate (%)	1.31%	1.87%

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.