

China Mobile (Hong Kong) Limited Announced its 2000 Interim Results Today.

The Group enjoyed rapid business growth during the first six months of 2000, and the financial results for the first half-year are impressive. Consolidated turnover was RMB 28.897 billion, EBITDA was RMB 16.817 billion, and net profit totaled RMB 8.724 billion, representing growth rates of 71 per cent., 76 per cent., and 118 per cent., respectively, over the same period last year; and earnings per share were RMB 0.64. At the end of June 2000, the Group's aggregate subscriber base reached 21.638 million, including 2.496 million pre-paid card users. This represents an increase of 6.017 million and a growth rate of 38.5 per cent. from the subscriber base at the end of 1999. As of 30 June 2000, the Group's aggregate market share in the provinces in which we operate stood at 83.0 per cent.

The Group's average minutes of usage per subscriber per month (MOU) was 320 minutes during the six months ended 30 June 2000, lower than the average MOU at year-end 1999. The decrease resulted principally from the increase in pre-paid card users and the rapid addition of new subscribers, most of which were low-usage subscribers. The lower average MOU, however, allowed for increased carrying capacity per network voice channel. During the same period, the total minutes of usage, including pre-paid card usage, increased to 35.452 billion minutes from 17.62 billion minutes for the same period last year, representing an increase of 101 per cent. The Group's average monthly revenue per user was RMB 261 for the six months ended 30 June 2000.

In the year 2000, the Group continued its efforts to develop new applications and rollout new services to secure our position in new markets. Pre-paid card service and IP telephony services have been fully launched in all operating provinces. The Group has been closely following developments in new wireless data technologies. Currently, the Group's mobile data services over the Short Message Service, or SMS, platform have achieved significant scale in terms of subscriber usage as well as service functionality. The Group also closely monitors developments in wireless data and wireless Internet services, and has established an R&D center to focus on research and development of new applications utilizing these technologies. In addition, the Group has conducted testing and trials of WAP services in all six provinces, in anticipation of the full commercial launch of WAP services. Advanced GPRS testing had also been conducted.

The Group believes that such operational achievements are largely attributable to improvements in management mechanisms and enhanced internal controls. The Group launched an operational performance evaluation for its six operating subsidiaries, implemented employee performance assessments, and adopted an employee incentive plan that links incentive awards under the plan to the results of evaluation and assessments. In conjunction with these initiatives, the Group broadened its use of employee stock options. To further enhance operational controls in relation to our subsidiaries in mainland China, the Group established a wholly-owned subsidiary in Shenzhen, China that assists our management in monitoring the profitability and financial performance of our operational subsidiaries and the development of cost control initiatives, as well as managing our newly-established R&D center referred to above. The Group believes that its operational and financial achievements in the first half of 2000 are also attributable to the various measures implemented by the Group following its acquisition of Fujian Mobile, Henan Mobile and Hainan Mobile in November 1999, to maximize synergies.

The Group's most impressive first half-year results are fully in line with the Group's expectations. The management affirmed

their confidence in the Company's bright future. Mr. Wang Xiaochu, Chairman of the Board of the Company, pointed to the vast size and development potential of China's telecommunications market and particularly to the Group's leading role and unique capabilities to expand its business at the forefront of the market. Mr. Wang emphasized that the Group will continue to pursue a developmental strategy emphasizing organic as well as external growth. To achieve further organic growth, the Group will continue to maximize synergies, promote its brand name, control operational costs, expand network capacity and optimize network efficiency, while at the same time developing additional value-added services and new mobile data services utilizing 2G to 3G telecommunication technologies. To achieve further external growth, the Group will continue to pursue acquisitions of quality telecommunications assets in mainland China with an expanded geographical coverage. The Company has commenced preliminary discussions in relation to the acquisitions of the mobile communications businesses in seven provinces, autonomous region and directly administered municipalities of Beijing, Shanghai, Tianjin, Hebei, Liaoning, Shandong and Guangxi in mainland China. Moreover, in today's fast evolving telecommunications environment, where services converge and product upgrades evolve rapidly, external growth strategies assume new significance. The Group will endeavor to develop and expand through external growth into new businesses and into new markets, to further expand its business horizons.

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