

Thursday, 20 October 2005

For Immediate Release

Voluntary Conditional Cash Offer for China Resources Peoples Telephone

China Mobile (Hong Kong) Limited ("CMHK") announced today that it will make a voluntary conditional cash offer (the "Offer") of HK\$4.55 per share to acquire all of the issued and outstanding shares of China Resources Peoples Telephone Company Limited ("Peoples"), valuing the entire issued share capital of Peoples at approximately HK\$3,384 million.

This announcement follows the execution of a non-binding memorandum of understanding ("MoU") between CMHK and China Resources (Holdings) Company Limited ("China Resources") and Mr. Michael Leung on 4 October 2005 in connection with a possible acquisition of their respective 48.31% and 17.94% stakes in Peoples for HK\$4.55 per share in cash. CMHK has since received irrevocable undertakings from China Resources and Mr. Michael Leung to accept the Offer with respect to their entire shareholdings in Peoples, representing in aggregate 66.24% of Peoples' outstanding share capital.

The offer price of HK\$4.55 per share represents a premium of approximately 17% over the closing price of HK\$3.90 prior to the announcement of the MoU, a premium of approximately 27% over the average closing price of HK\$3.592 for the last 30 trading days up to the date of this release, and a premium of approximately 46% over the average closing price of HK\$3.123 for the three months up to the date of this release.

Peoples is the one of the major mobile service providers in Hong Kong with approximately 1.21 million subscribers as of 30 June 2005 and extensive retail networks. For the year ended 31 December 2004, Peoples reported revenues and EBITDA of HK\$1,682 million and HK\$535 million, respectively, representing an EBITDA margin of 31.8%.

It is the intention of CMHK to retain Peoples' existing senior management team to continue to manage Peoples following the completion of the Offer.

The Offer will be fully funded through CMHK's internal resources. CMHK does not expect any significant impact on its leverage as a result of the Offer.

The completion of the Offer is conditional upon, amongst other customary closing conditions, valid acceptances of the Offer by no less than 90% of the maximum number of shares to which the Offer relates and approval by OFTA. It is the intention of CMHK to compulsorily acquire those shares not already acquired and to privatize Peoples upon achieving 90% acceptance.

China International Capital Corporation (Hong Kong) Limited and Merrill Lynch (Asia Pacific) Limited are acting as financial advisors to CMHK in connection with the Offer.

Commenting on the Offer, Mr. Wang Jianzhou, Chairman and Chief Executive of CMHK, said:

"The Offer is a well-considered and strategic entry into a market that is culturally, economically, and geographically tied to Mainland China. The successful completion of this acquisition will expand CMHK's footprint and enable CMHK to achieve synergies in areas such as procurement, marketing, and product development."

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