China Mobile (Hong Kong) Limited

2000 Interim Results

China Mobile (Hong Kong) Limited

August 31, 2000

Management

- **Mr. Wang Xiaochu Chairman and CEO**
- **Mr. Li Zhenqun Vice Chairman and COO**
- **Mr. Ding Donghua Director and CFO**

Agenda

Performance Highlights for the First Half of 2000

Operating Results for the First Half of 2000

Financial Results for the First Half of 2000

Major Achievements

Rationalized Corporate Structure

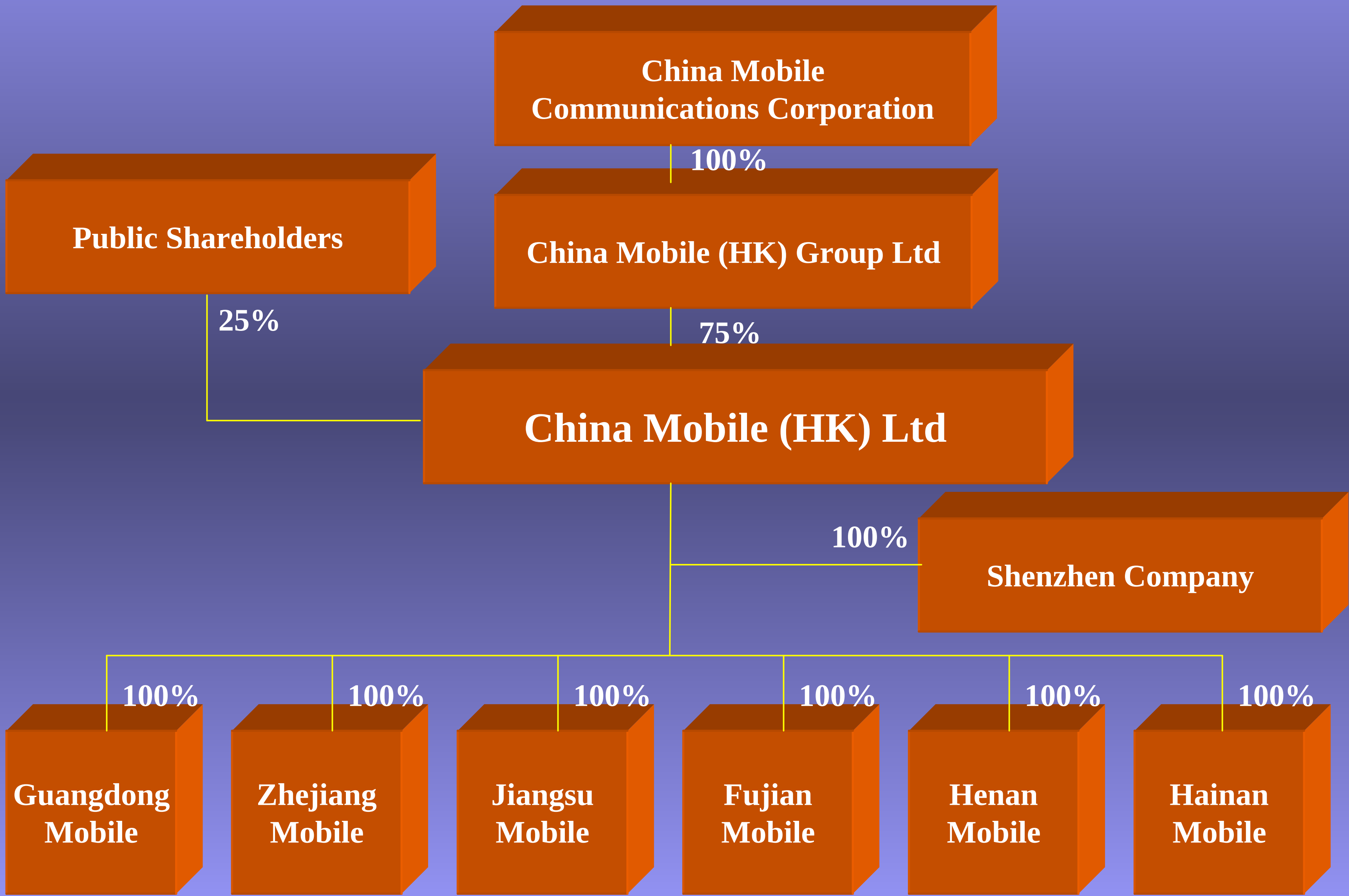
Broader Use of Employee Stock Options

1H 2000

Subscriber Base Exceeded 20 m

New Product Initiatives

Ownership Structure



Shenzhen Company

Structure

- Profit management center
- Roaming and interconnection clearing house
- Wireless data research and development center

Functions

- Monitors and manages subsidiaries’ profitability and financial performance
- Vehicle for Renminbi debt capital raising
- Performs interconnection and roaming settlement among subsidiaries and between our subsidiaries and other parties
- Conducts R&D for wireless data communications

Enhanced Management Initiatives

- Broader use of employee stock options
- Employee performance assessment
- Comprehensive performance assessment system for subsidiaries
- Performance-based compensation plan
- Enhanced internal control mechanisms

Rapid Business Growth

- **Total subscribers 21.638 million**
- **Total minutes of usage 35.452 billion**
- **Total revenue RMB28.897 billion**
- **EBITDA RMB16.817 billion**
- **Net income RMB8.724 billion**

Further Improved Operating Fundamentals

- Achieved integration synergies
- Effective control over bad debts
- Increased network utilization and employee productivity
- Enhanced internal management information system

Promising Opportunities

Moving up the value chain

- Mobile Commerce Solution
- MISC

Wireless Portal Mobile Commerce and Content Aggregation

- WAP
- GPRS
- 3G

Wireless Broadband Internet Access/ Services

- VoIP
- VPN
- IDC
- Internet Access

IP Based Voice and Data Services

- IN
- Voice
- SMS
- VAS

Core Mobile Communications Services

Mission and Strategy

Mission : **A World-class global wireless multimedia services provider**

Strategy : **Maximize enterprise value and shareholder return through organic and external growth**

Operating Performance

Overview of Operations

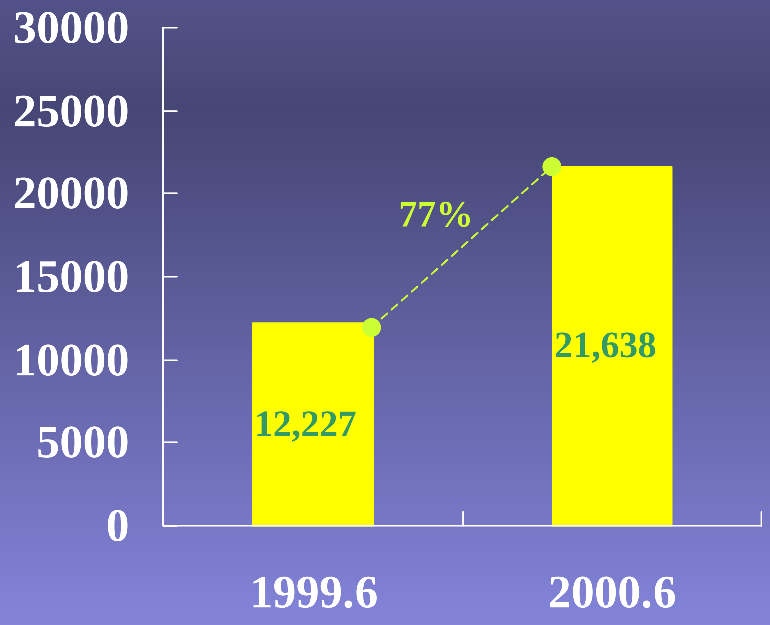
Operating Statistics	June 2000	June 1999
Total number of subscribers (m)	21.638	12.227
Contract subscribers	19.142	12.227
Prepaid subscribers	2.496	-
Market share	83.0%	93.0%
Total Minutes of Usage (bn mins)	35.452	24.000
MOU (mins)	320	378
ARPU (Rmb)	261	339
Nominal Network Capacity (m)	20.081	15.282
Penetration	8.0%	4.1%

Note: Above data is proforma

Rapid Growth

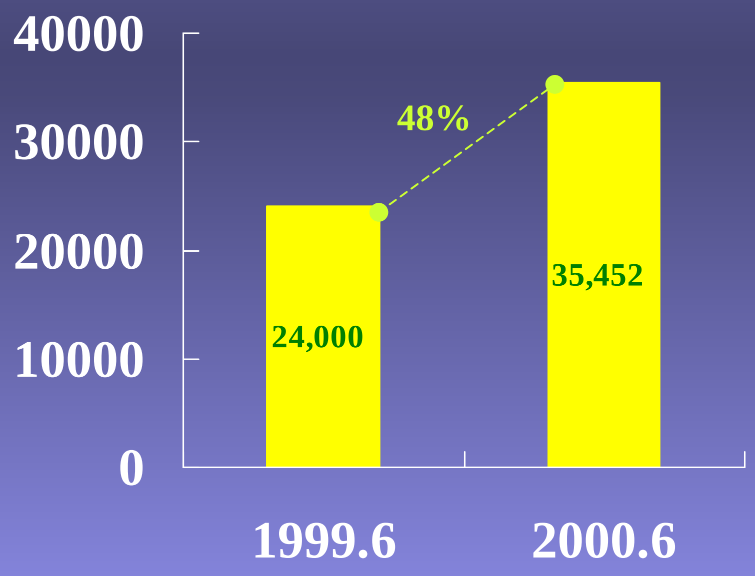
Total Subscribers

(' 000)



Total MOU

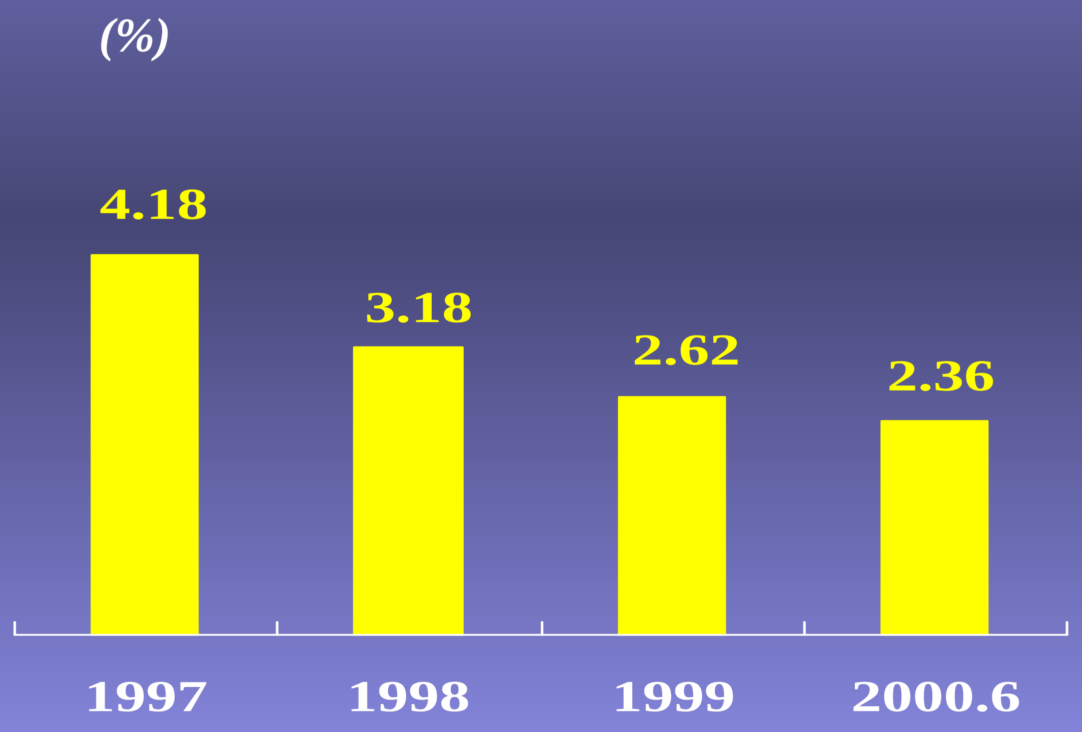
(Million mins)



Note: Above data is proforma

Effective Control of Bad Debt

Bad Debt Ratio

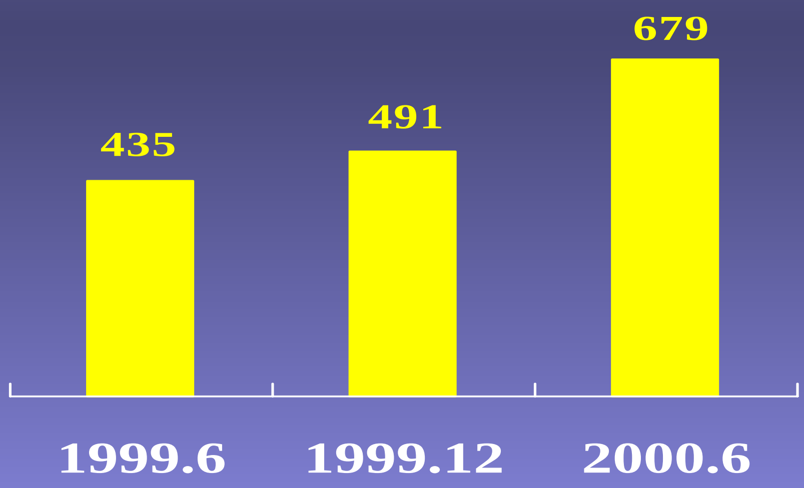


Note: Above data is proforma
Bad debt ratio is calculated by dividing bad debt provision by revenue (excluding connection fees)

Post-acquisition Performance of the New Subsidiaries

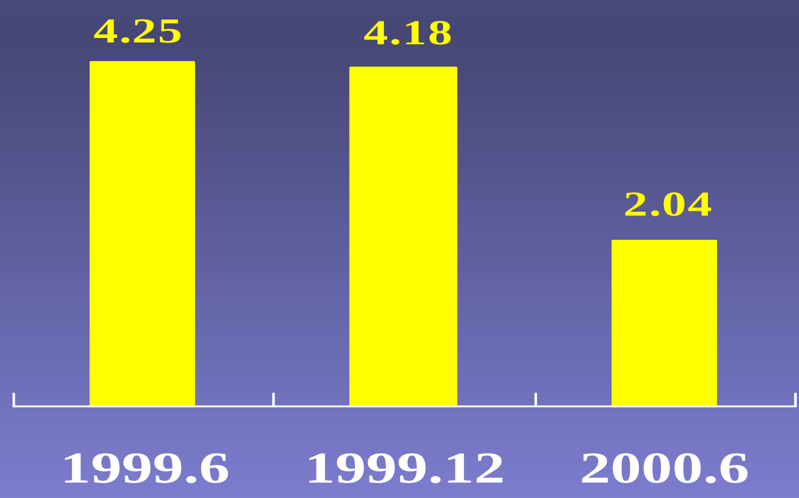
Employee Productivity

(Number of subscribers/employee)



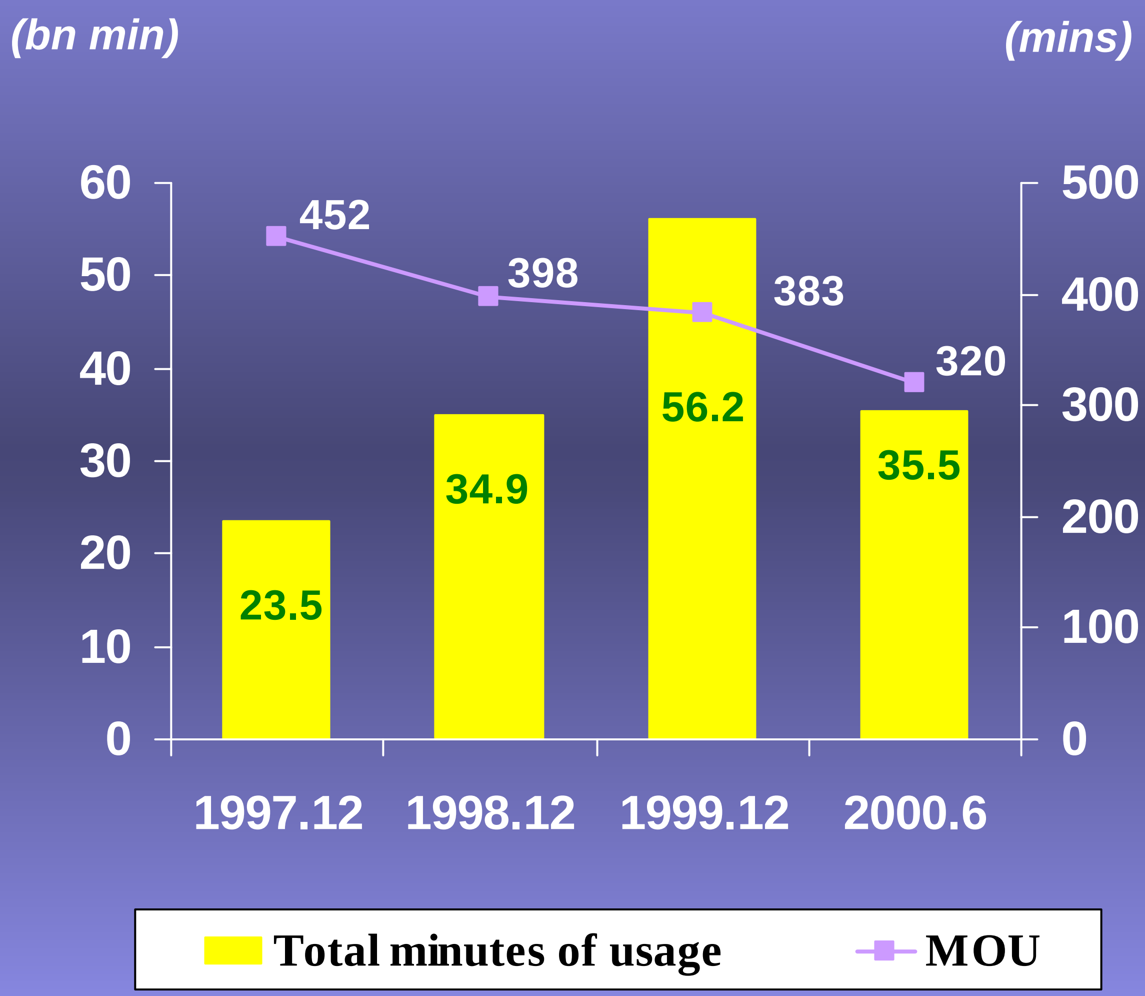
Bad Debt Ratio

(%)



Note: Above data is proforma

Total Minutes of Usage / MOU



Note: Above data is proforma

New Product Initiatives

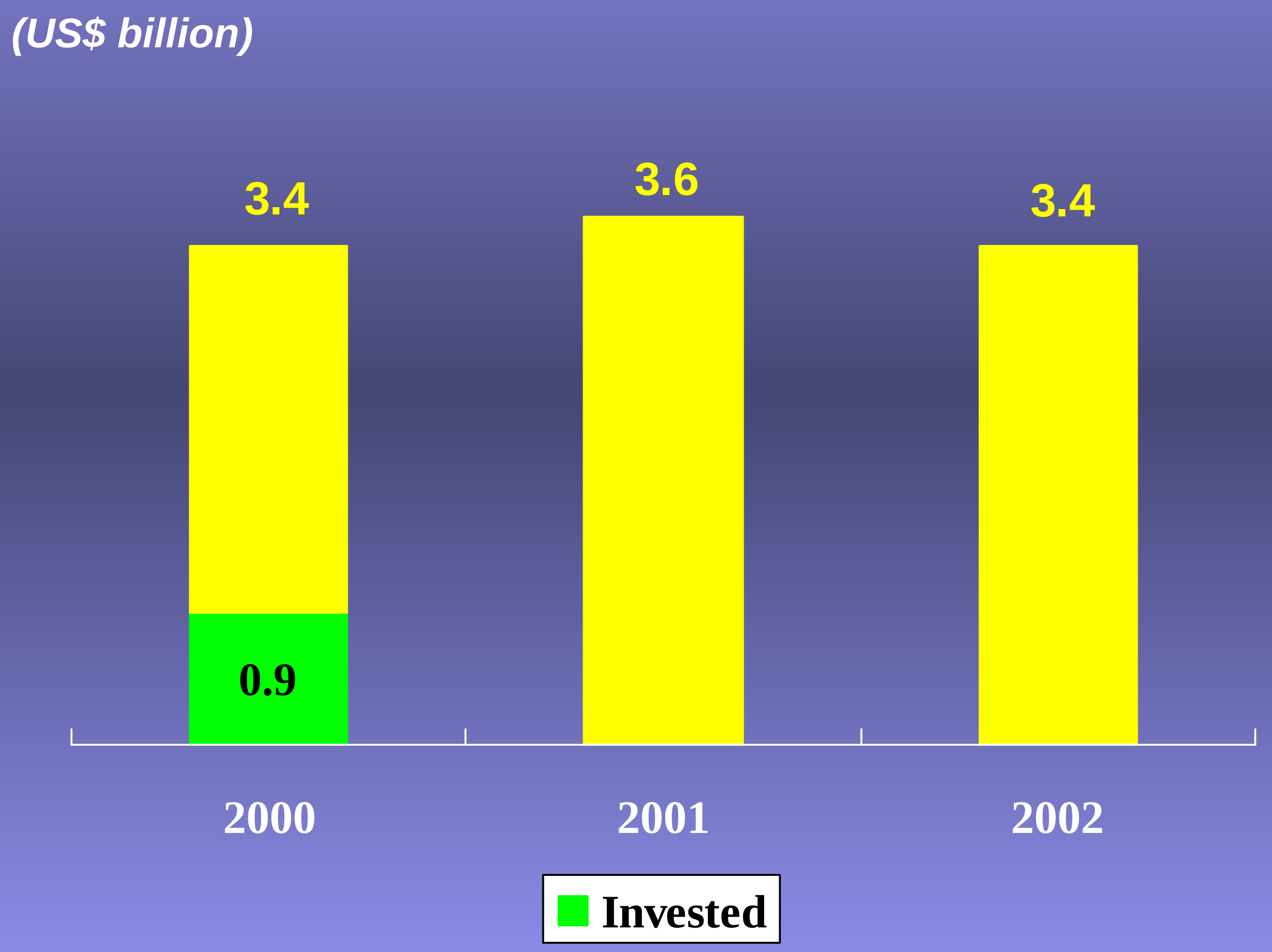
- SMS-based services have achieved considerable scale
- Substantial growth in IP long-distance services
- Increasing popularity of WAP services
- Significant progress made with experiments in GPRS mobile communications technology

Network Upgrading

Current : Transition from 2G to 2.5G with minimum investment to provide low- to medium-speed wireless data services

Next Steps : Monitor developments in 3G technologies to progressively introduce such technologies on a market-driven basis

Capital Expenditure

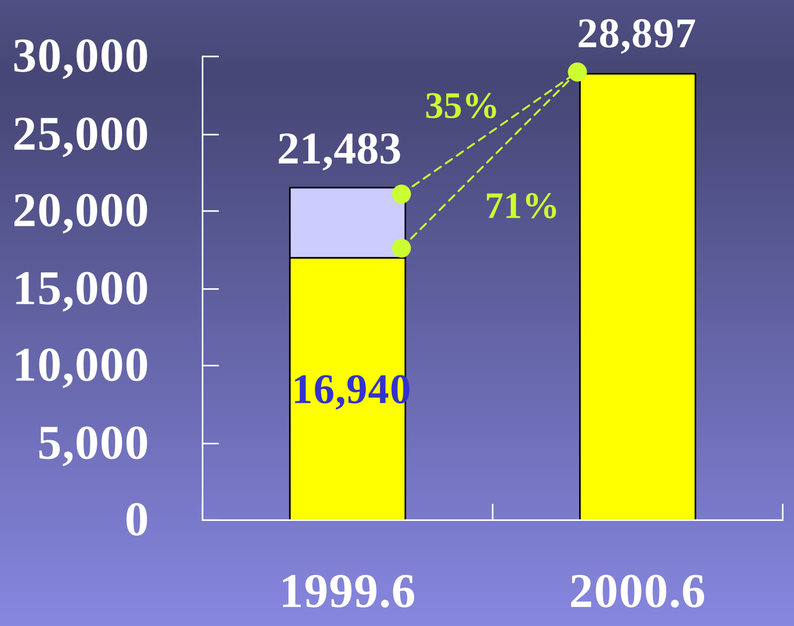


Financial Results

Revenue and EBITDA

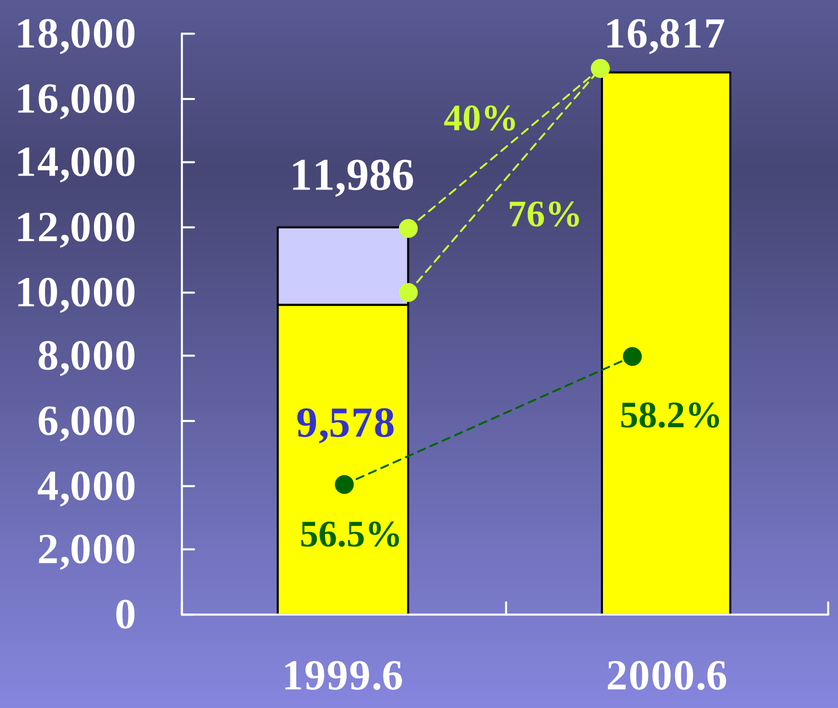
Revenue

(RMB Million)



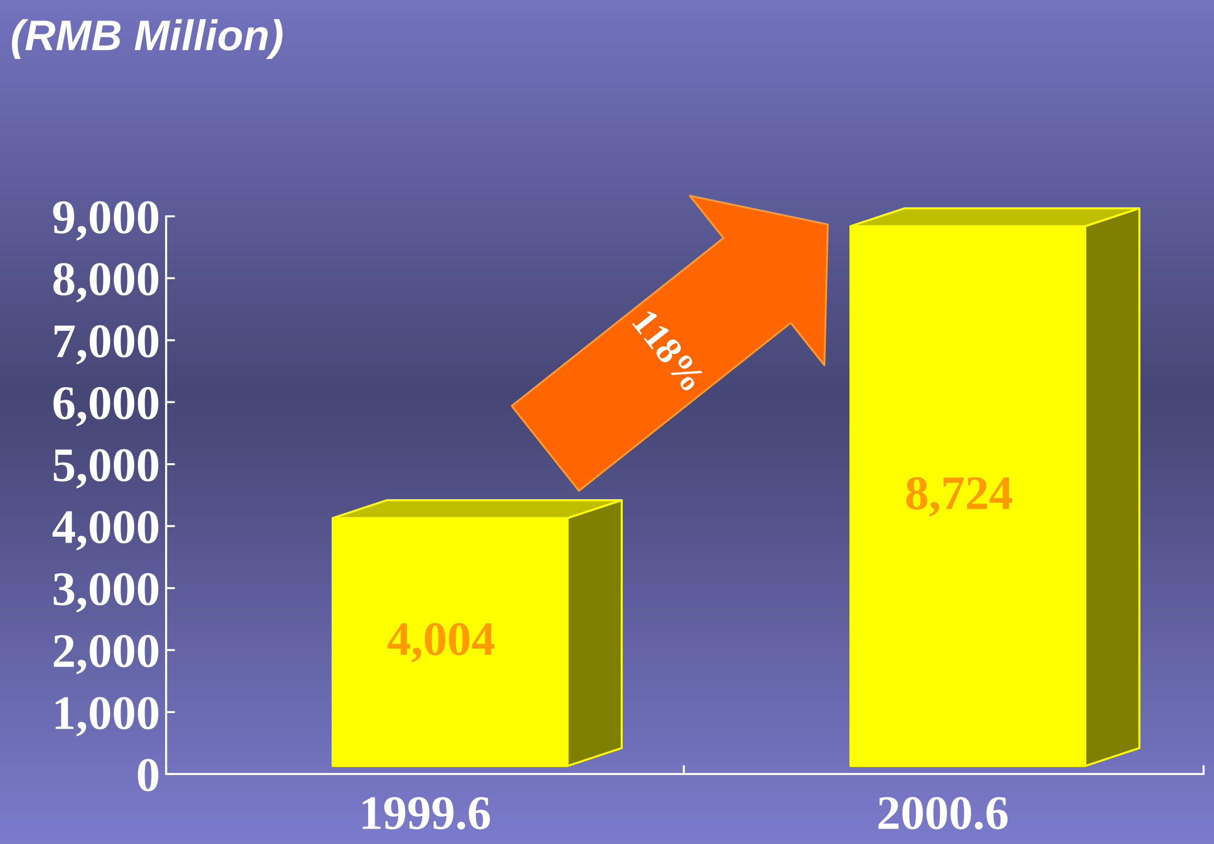
EBITDA

(RMB Million)



Actual Proforma

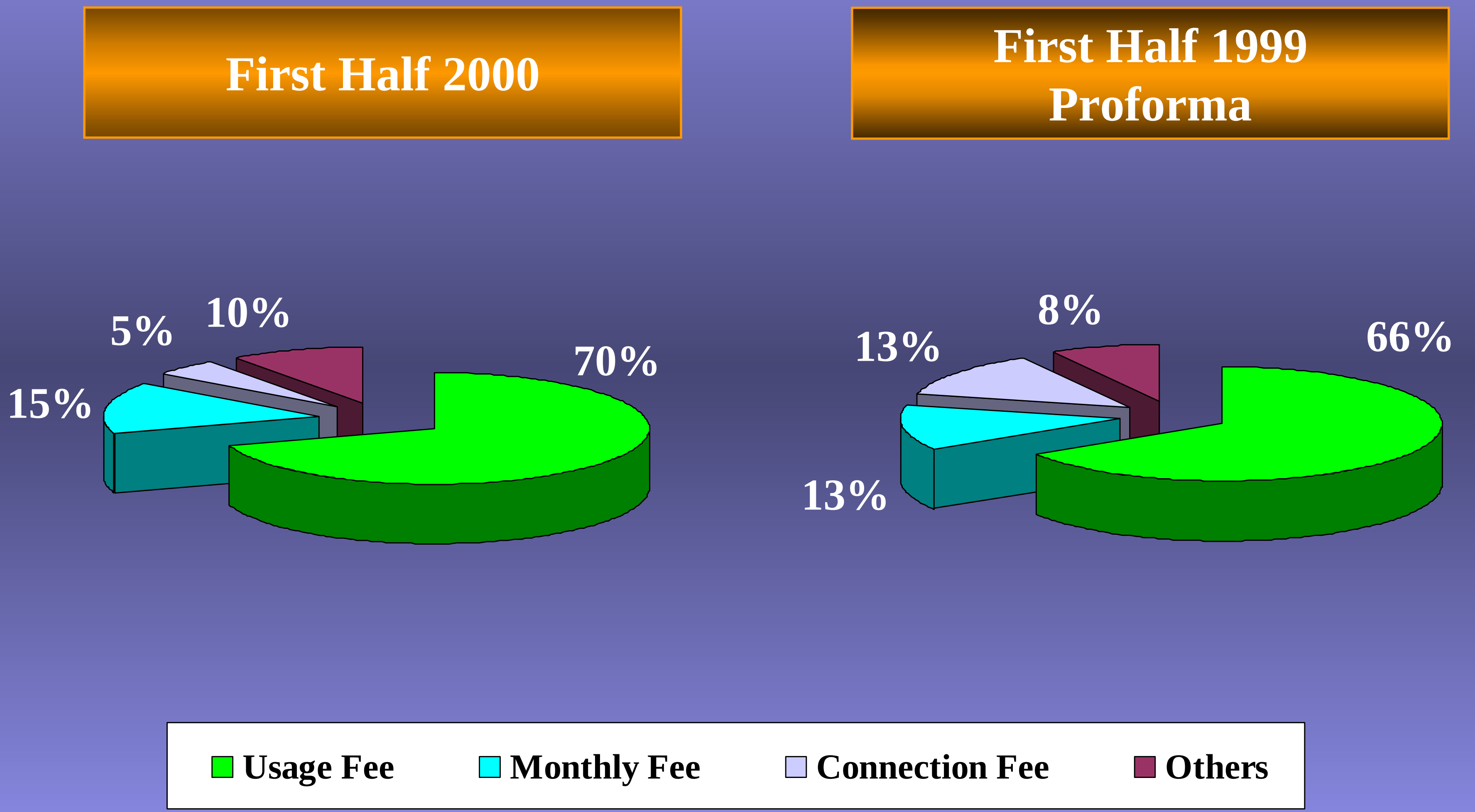
Net Profit


(RMB Million)
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
4,004
8,724
118%
1999.6
2000.6

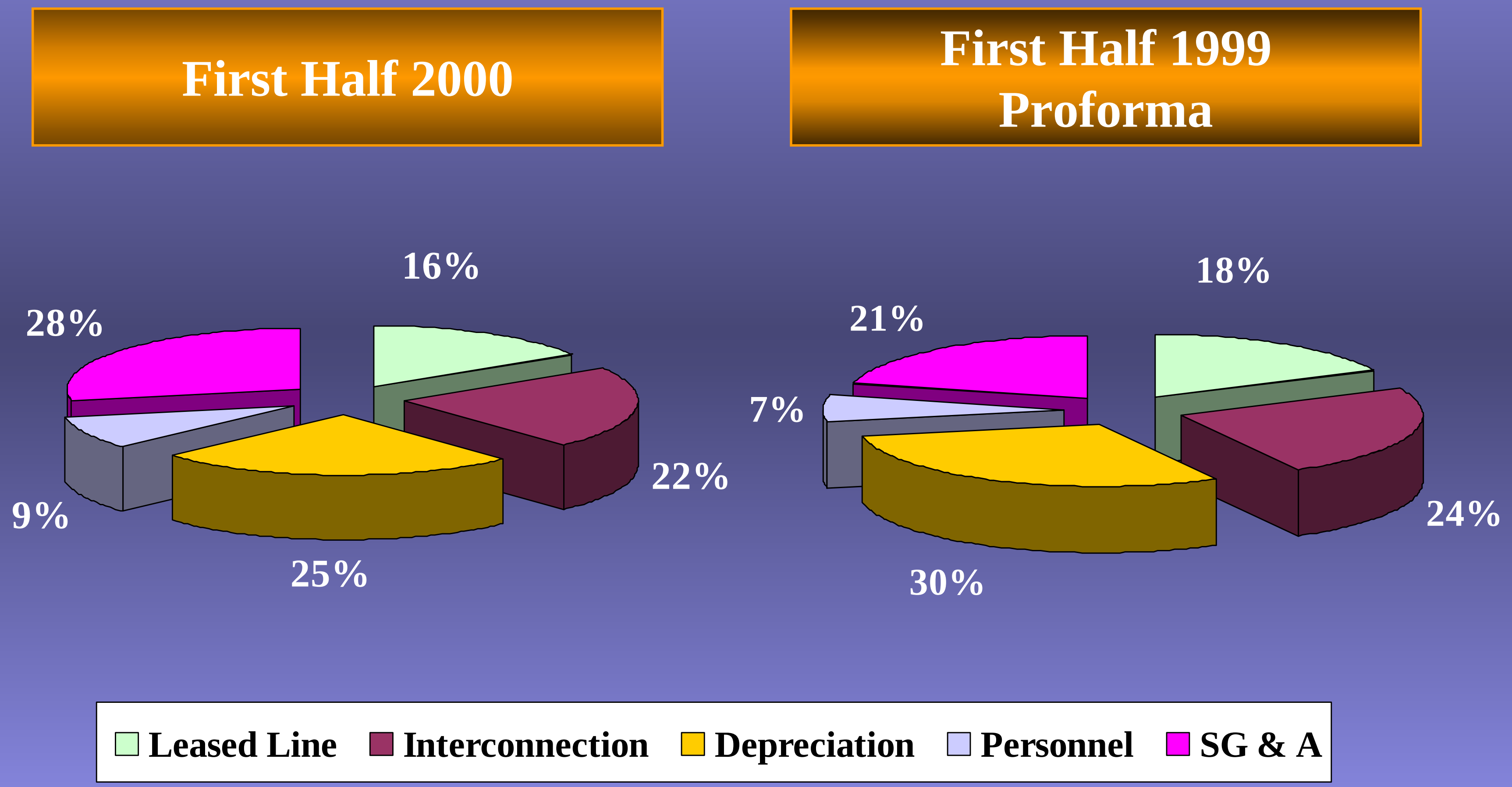
Major Financial Data

	First Half 1999	First Half 2000	Comparison
	Proforma RMB Million	**Actual RMB Million**	**Growth Rate %**
Operating Revenue			
Usage Fee	14,173	20,143	42%
Monthly Fee	2,898	4,250	47%
Connection Fee	2,715	1,532	(44%)
Other Operating Revenue	1,697	2,972	75%
	21,483	28,897	35%
Operating Expenses			
Leased Lines	2,561	2,714	6%
Interconnection	3,426	3,604	5%
Depreciation	4,239	4,165	(2%)
Personnel	931	1,476	59%
SG&A	2,872	4,616	61%
	14,029	16,575	18%
Operating Profit	7,454	12,322	65%

Revenue Composition

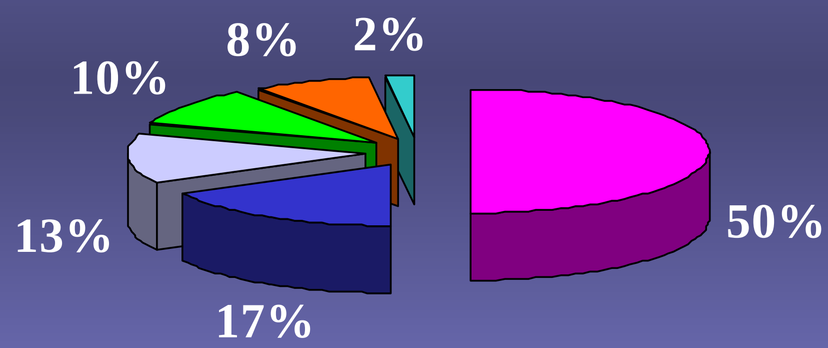


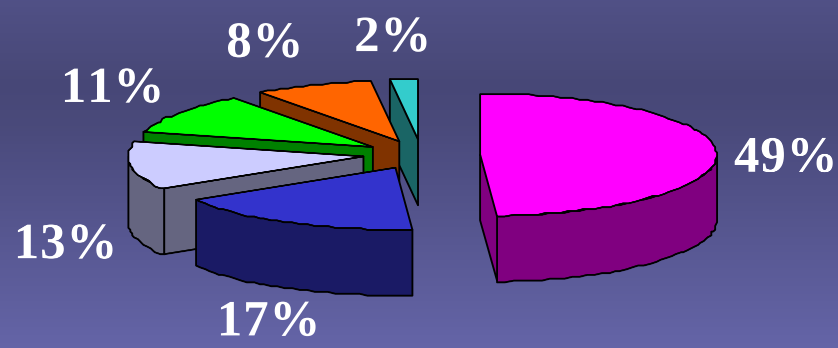
Cost Composition



Contribution by Subsidiary

Percentage contribution of subsidiaries to total revenue	Percentage contribution of subsidiaries to aggregate EBITDA

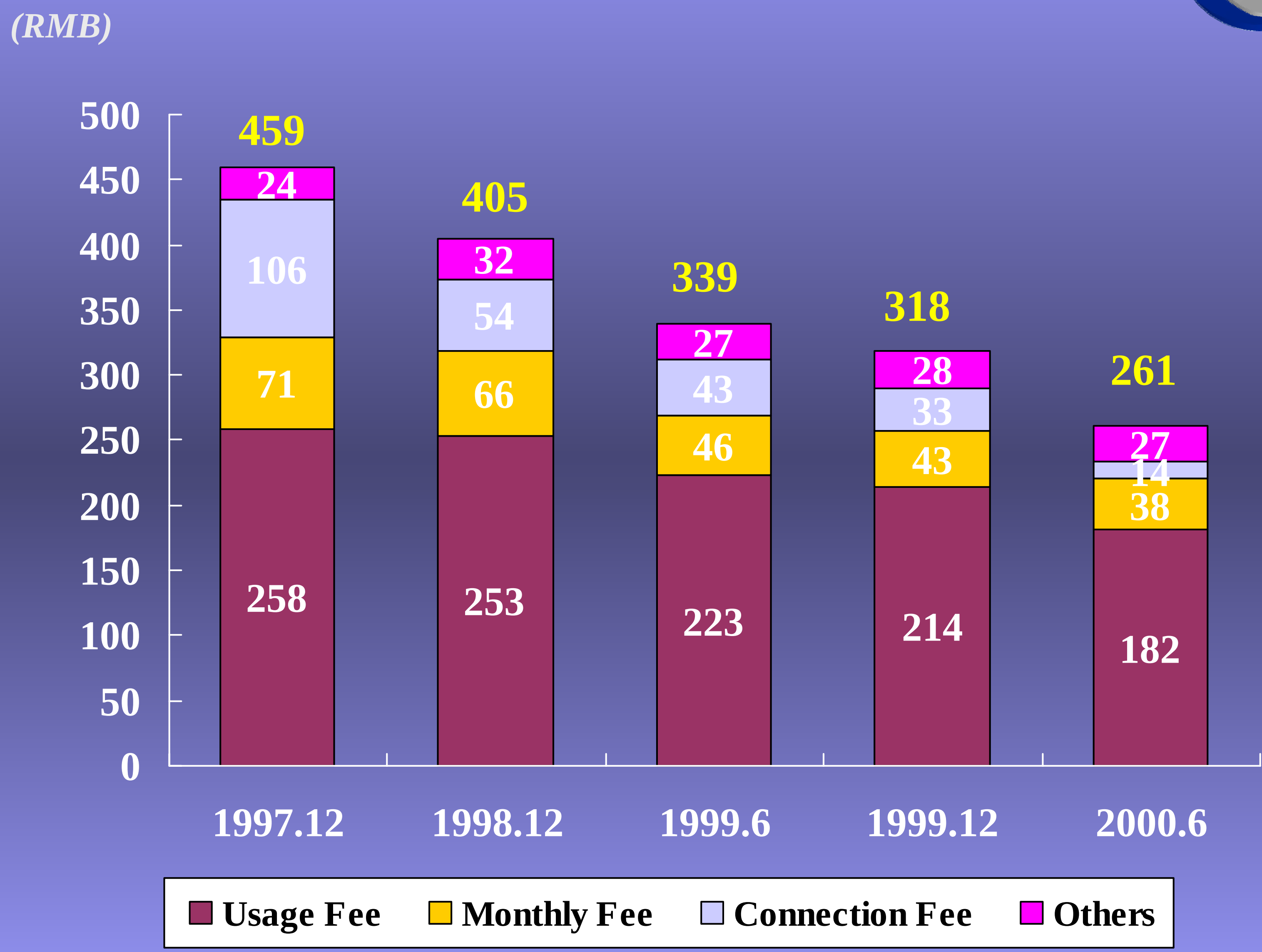




Guangdong Zhejiang Jiangsu Fujian Henan Hainan

Note: Assumes Hong Kong head office expenses are shared by the six subsidiaries on a pro-rata basis

ARPU Analysis



Note: Above data is proforma

Capital Structure

(RMB million)	2000.6	1999.12
Short Term Debt	3,895	6,199
Long Term Debt	7,007	7,285
Total Debt	10,902	13,484
Shareholders' Equity	65,823	57,092
Total book capitalization	76,725	70,576
Total Debt / Total book capitalization	14%	19%
Cash, bank bal. and deposits	34,222	27,576
Net Cash	23,320	14,092

Strong Financial Profile

	2000.6	1999.6
EBITDA / Interest	50.2X	89.8X
EBITDA – CAPEX / Interest Exp	28.0X	46.7X
Total Debt / Capitalization	14%	11%
Total Debt / EBITDA*	0.3X	0.3X

* Calculated from annualized EBITDA

China Mobile (Hong Kong) Limited

A World-Class

Global Wireless Multimedia

Services Provider