



中國移動(香港)有限公司
CHINA MOBILE (HONG KONG) LIMITED

2001 ANNUAL RESULTS

18 March 2002

www.chinamobilehk.com

Agenda



2001 Business Overview

2001 Operating Results

2001 Financial Results

2001 Business Overview



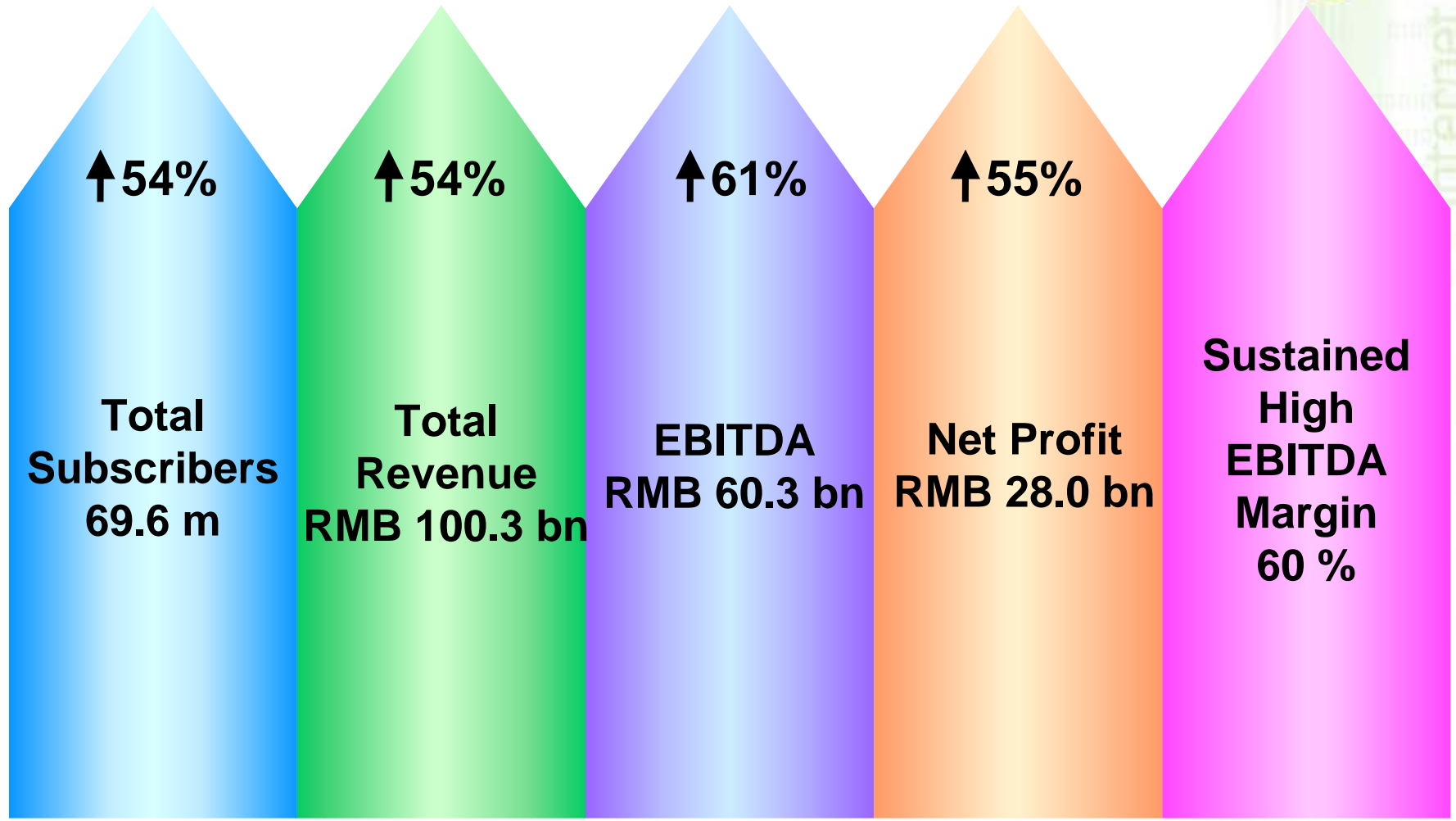
**Satisfactory
Operating
Performance**

**New Businesses
Taking-off**

**Increasingly
Efficient
Operations**

Promising Future

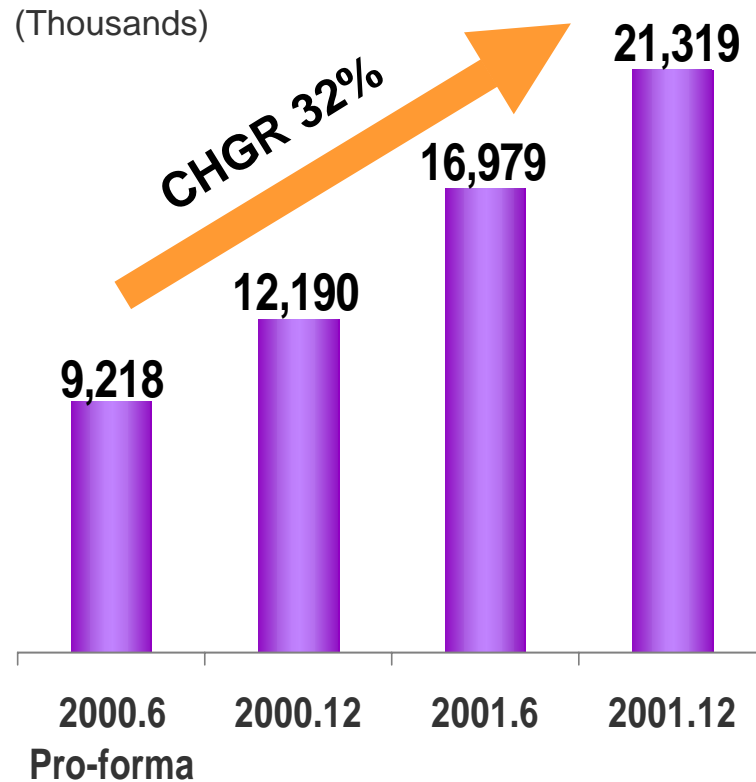
Key Performance Indicators



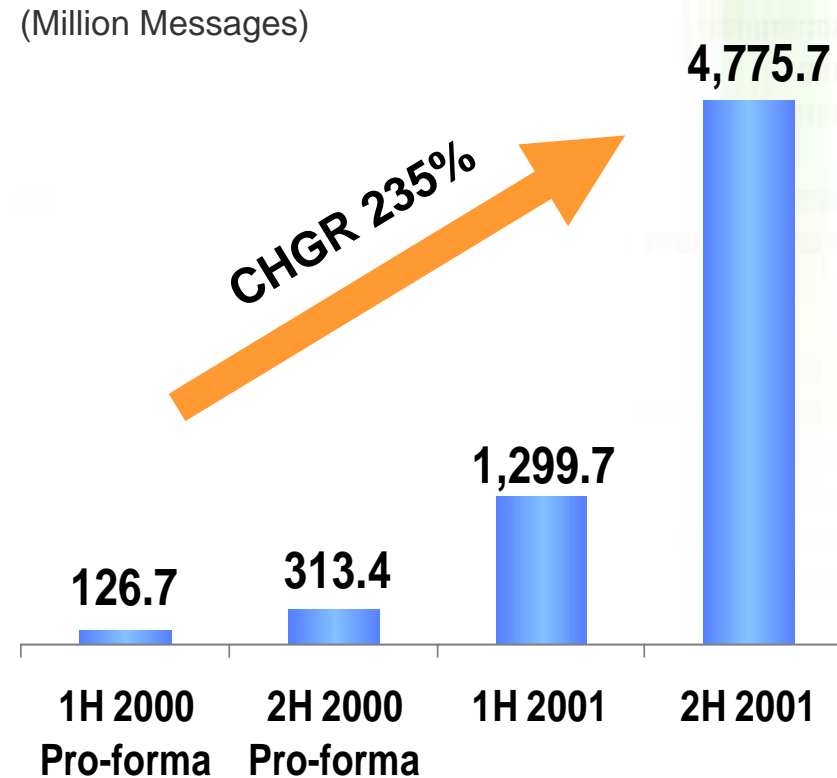
New Businesses Taking-off



Data Subscribers



SMS Usage



Note: (1) CHGR - Average Compound Half-yearly Growth Rate
 (2) Pro-forma figures have been prepared on the assumption that the current group structure (including 13 operating subsidiaries) had existed throughout the relevant period

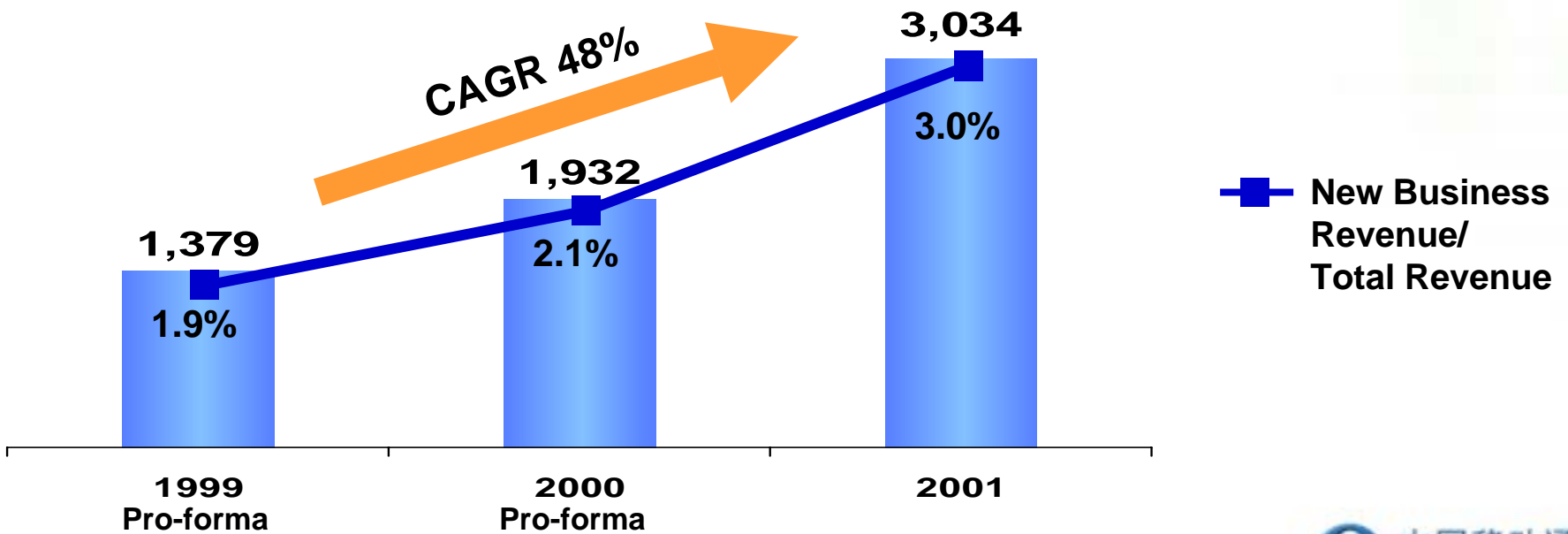
New Businesses Driving Growth



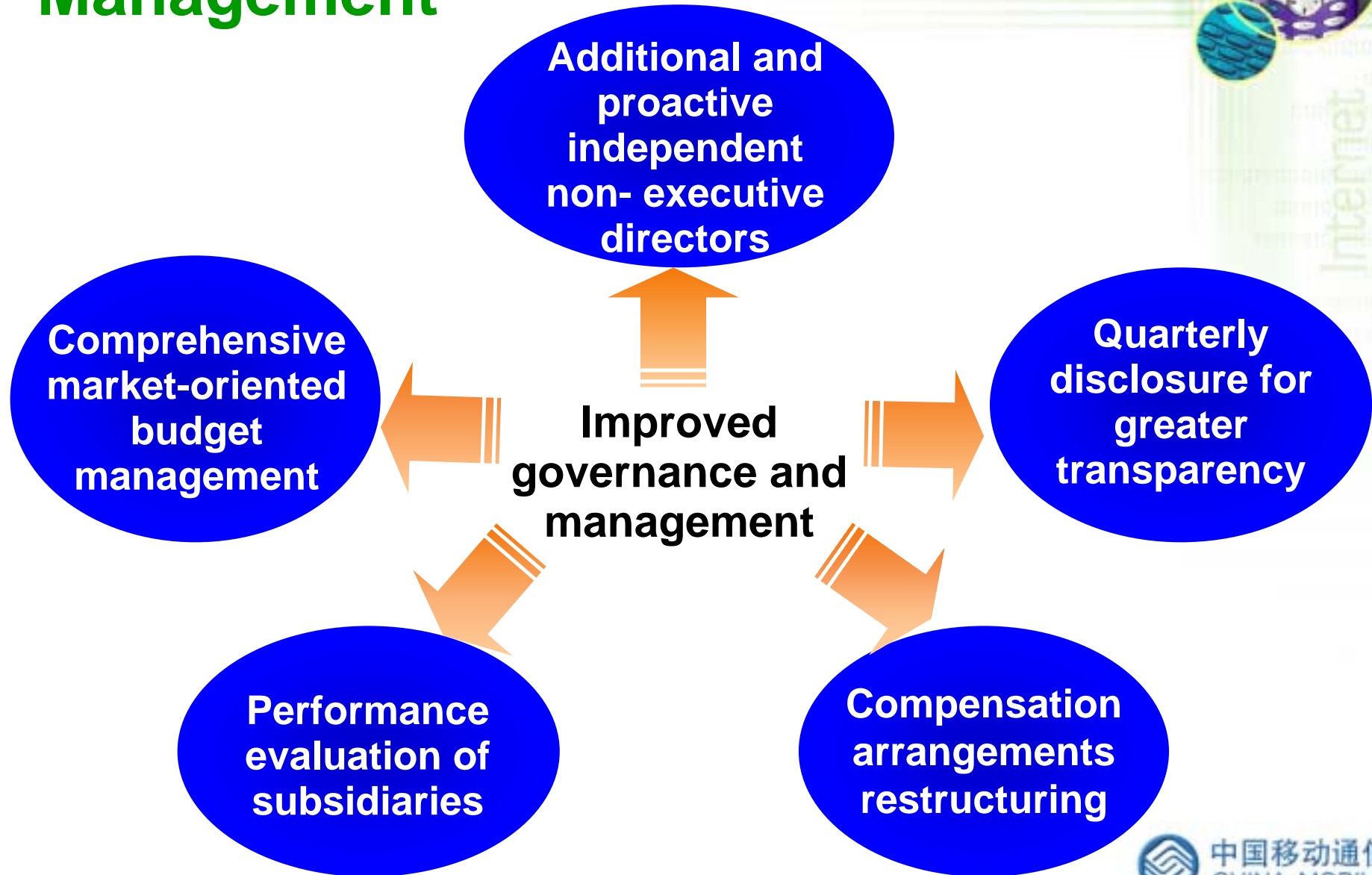
- ◆ “Monternet”: wide market acceptance
- ◆ MISC platform: assuming scale
- ◆ HP and Vodafone join forces with CMHK in mobile data
- ◆ New business revenue vs Total revenue continues to rise

Rapid Revenue Growth of New Businesses

(RMB Millions)



Improved Governance and Management



Enhanced Operational Efficiency (1)

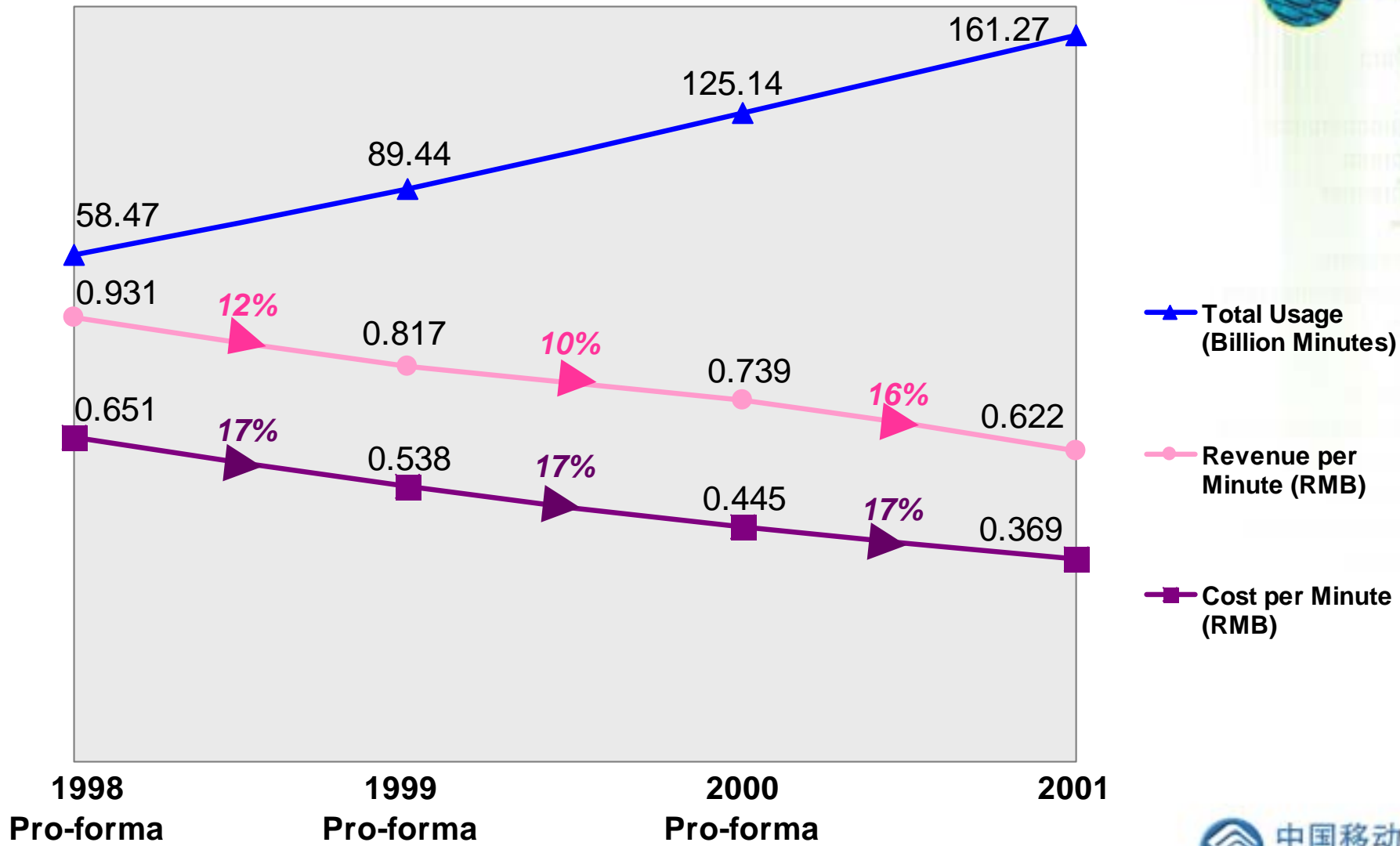
**MOU
ARPU
AEPU**

**Efficient
Operations
Management**

**EBITDA
Net Profit
Cash Flow**



Enhanced Operational Efficiency (2)



Outpacing the Competition (1)



High-value customer retention and acquisition



Highlight premium brand and custom services



Brand repositioning and product differentiation



Stimulate usage

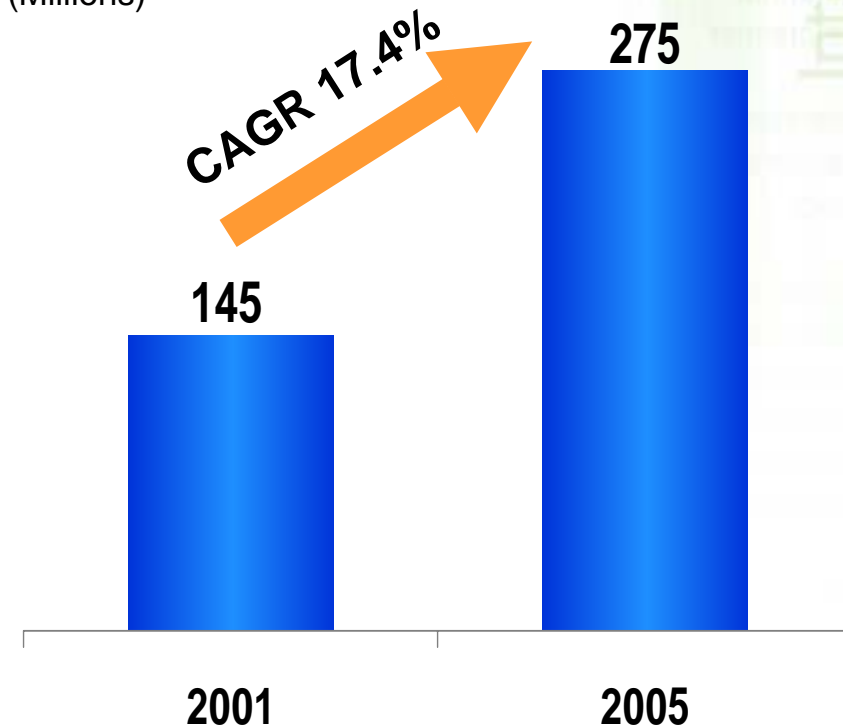
Outpacing the Competition (2)



- ◆ **Subscriber interests:**
services, quality and prices
- ◆ **GSM and CDMA**
 - ◆ Currently, GSM enjoys far wider acceptance in China
 - ◆ International roaming:
GSM users enjoy far wider global network access
- ◆ “Xiaolingtong” affects low-end market
- ◆ Management intent on keeping the lead

Mobile Users in Mainland China

(Millions)

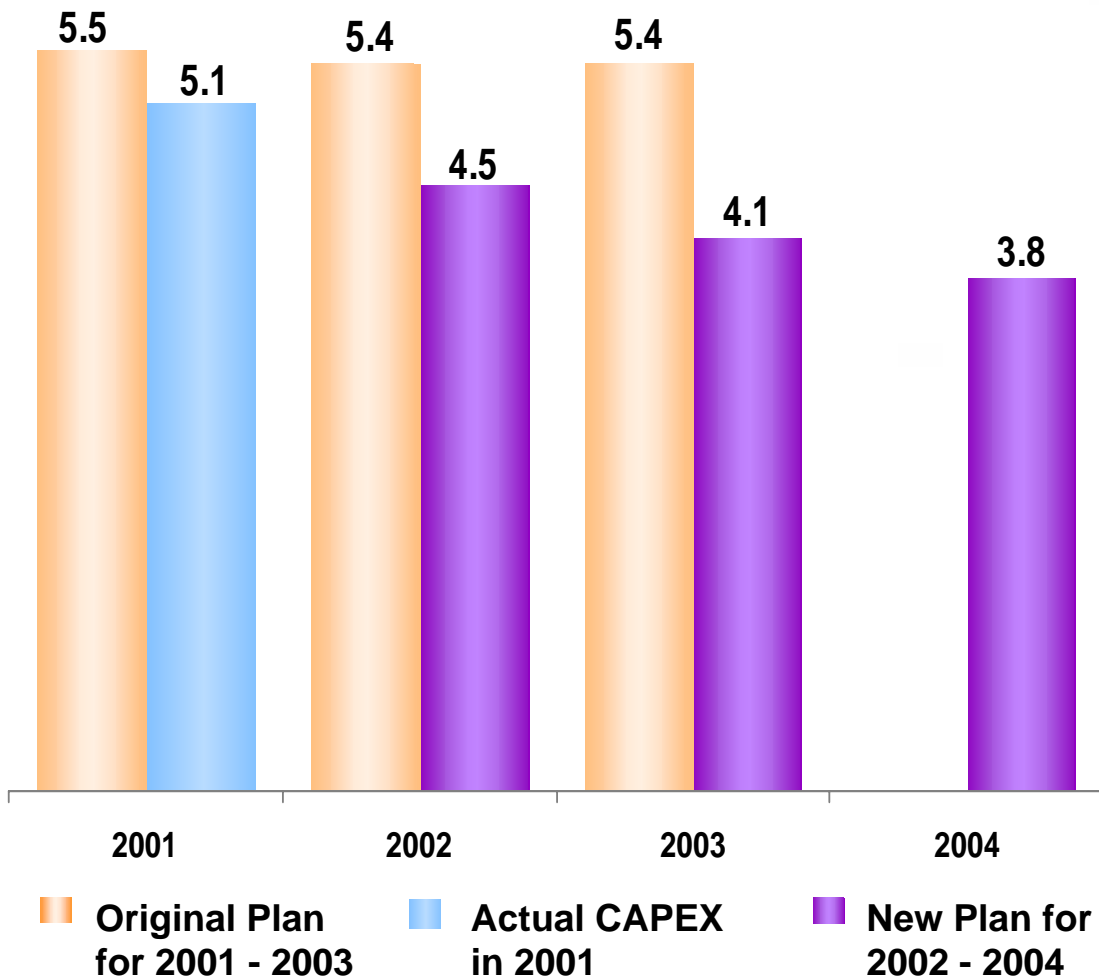


Source: Ministry of Information Industry
forecast 260-290m mobile
subscribers by 2005



Capital Expenditure

(USD Billions)



2001 Network Capacity (Subscribers)

- ◆ Gross Adds: 29m
- ◆ Reduced (mainly TACS closure): 5m
- ◆ Net Adds: 24m

Note: Minimal CAPEX is currently budgeted annually for 3G monitoring and experimentation

Dividend Policy

- ◆ Objective: Maximize return to shareholders
- ◆ **Requires sufficient available financial resources to achieve steady business growth and value-enhancing investments and acquisitions**
- ◆ **Policy will be reviewed and, subject to the above, the Board intends to pay a dividend in subsequent years**



Promising Future



World-class wireless multi-media services provider

Focus on core competencies to maintain market leadership

Rapid economic growth in China

Huge growth potential of China's mobile market

Continuous innovation in technology and business

2001 Operating Results



Key Operating Results (1)



	2000	2001
Total Subscribers (Millions)	45.13	69.64
- Net Additions (Millions)	19.39	24.51
- Market Share	77.5%	72.4%
- Total Usage (Billion Minutes)	125.14	161.27
- MOU (Minutes)	299	233
- ARPU (RMB)	221	145
Contract Subscribers		
- Subscribers (Millions)	32.41	34.01
- MOU (Minutes)	326	329
- ARPU (RMB)	241	199
Prepaid Subscribers		
- Subscribers (Millions)	12.73	35.63
- MOU (Minutes)	125	103
- ARPU (RMB)	87	72
Churn Rate	5.4%	6.6%

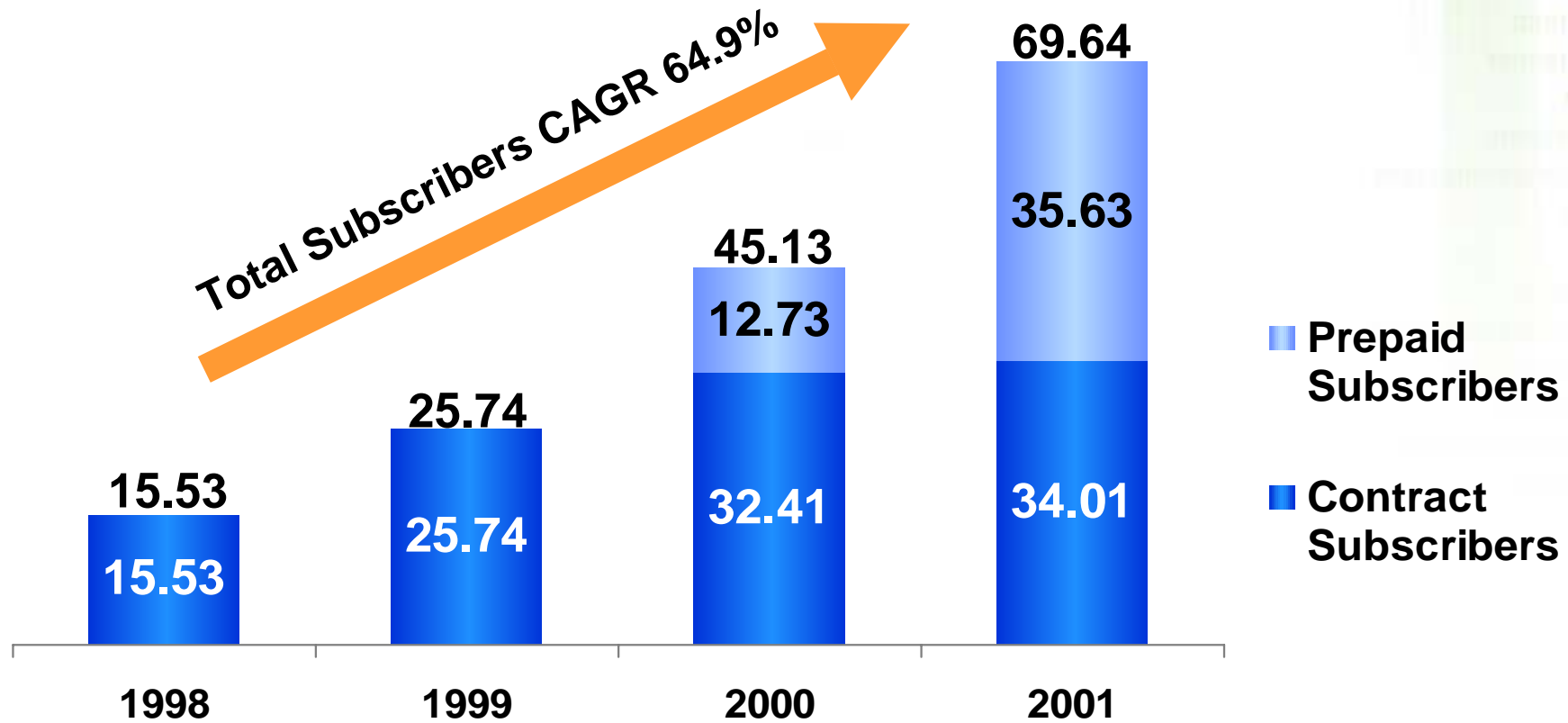
Note: Above 2000 data is on a pro-forma basis

Key Operating Results (2)



Subscriber Base Expanded Rapidly to Nearly 70 Million

Subscriber (Millions)



Note: Above 1998 - 1999 data is on a pro-forma basis



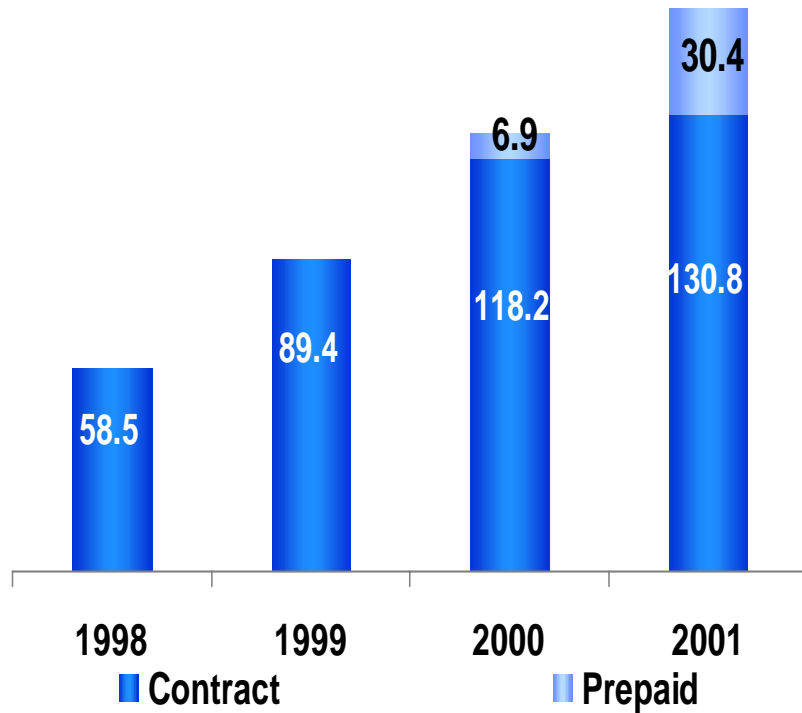
Key Operating Results (3)



Steady Increase in Usage

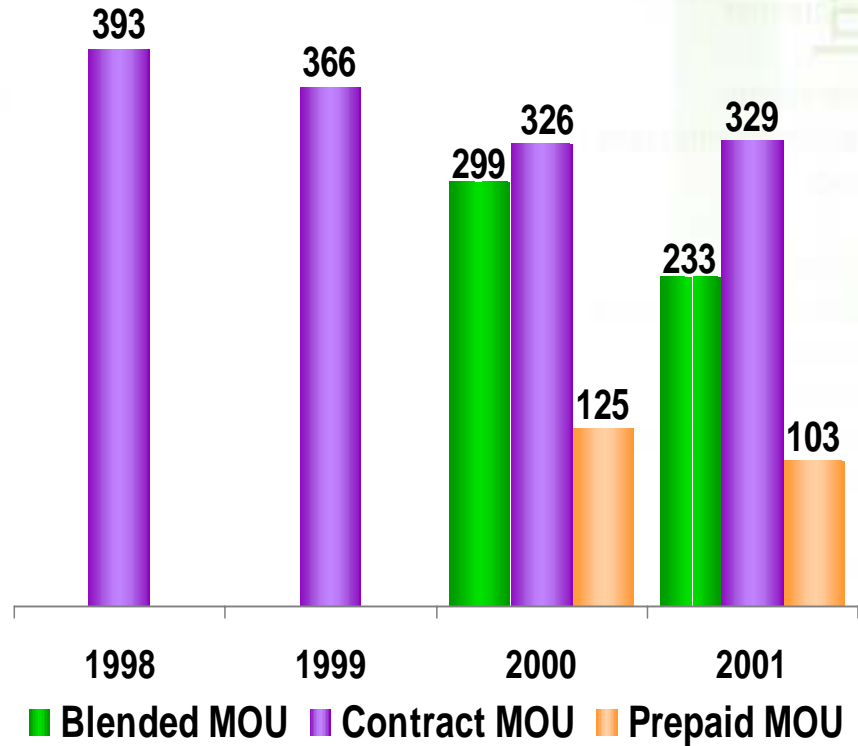
Total Usage

(Billion Minutes)



MOU

(Minutes)

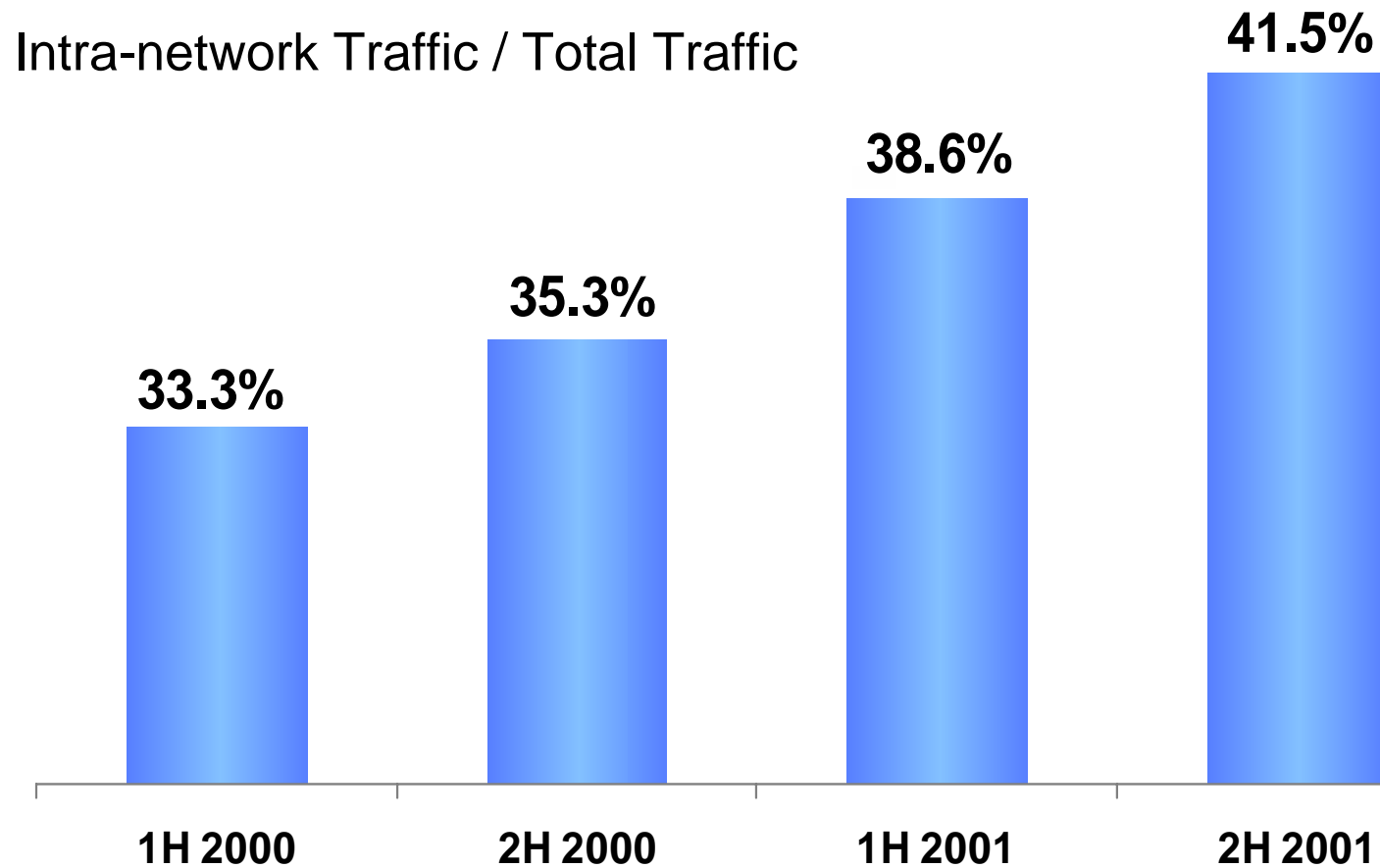


Note: Above data from 1998 - 2000 is on a pro-forma basis



Key Operating Results (4)

Increased Intra-network Traffic
→ Savings on Interconnection Expenses



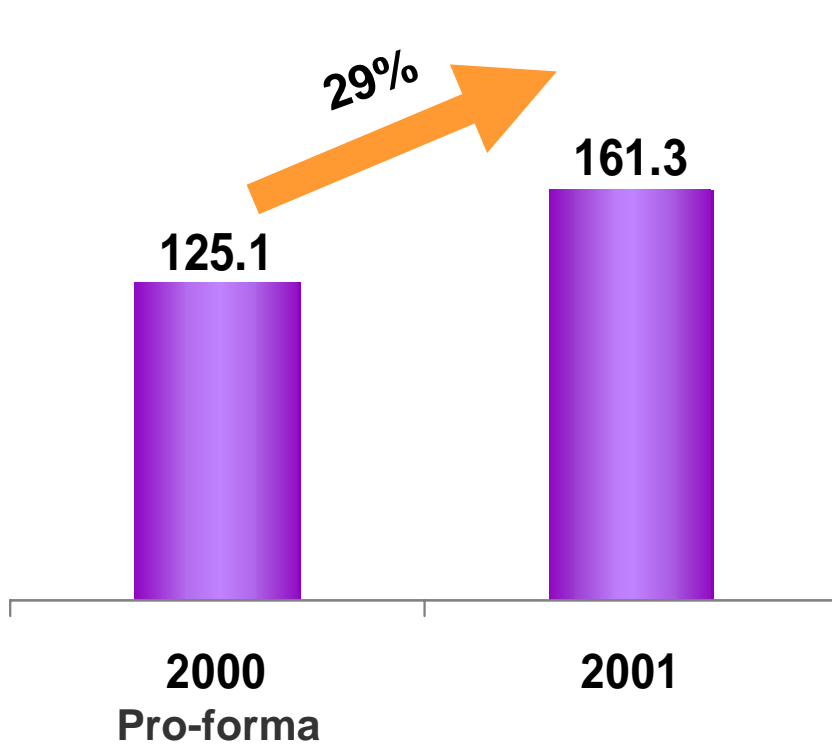
Key Operating Results (5)



Outstanding Synergy

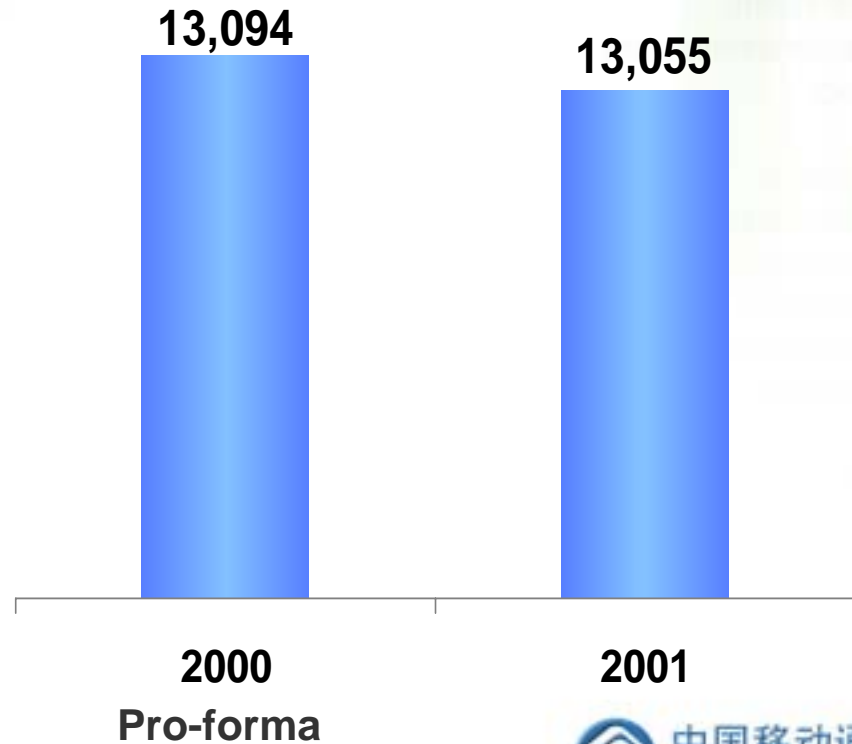
Total Usage

(Billion Minutes)



Interconnection Expenses

(RMB Millions)



Rapid Development of New Businesses (1)



“New Generation” Market



Targeting youth (15 - 25) to cultivate our future high-value customers

Rapid Development of New Businesses (2)



M - Office Corporate Clients and Mobile Professionals

- ◆ Productivity Applications: email alert and synchronized schedule management
- ◆ Total Solution: UM corporate information release system, VPMN

**To reinforce
usage and
loyalty**

Rapid Development of New Businesses (3)



Voice VAS Propelled Traffic Volume



- ◆ “M-Secretarial” messaging services, “M-Magazine” dial-up information services and other
- ◆ User-friendly handset interface
- ◆ Increased revenues from airtime usage and new businesses

Enhanced Customer Satisfaction (1)



Higher operating efficiency with All - GSM network

Connection rate: 99.78%
Voice call drop rate: 0.46%

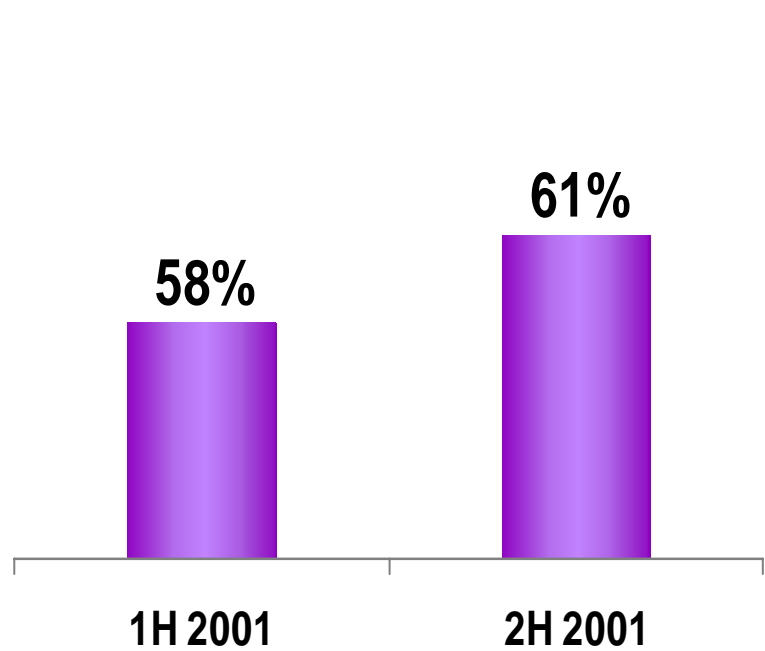
Network utilization rate of 83.3% with 83.6 m capacity

All - GSM Network

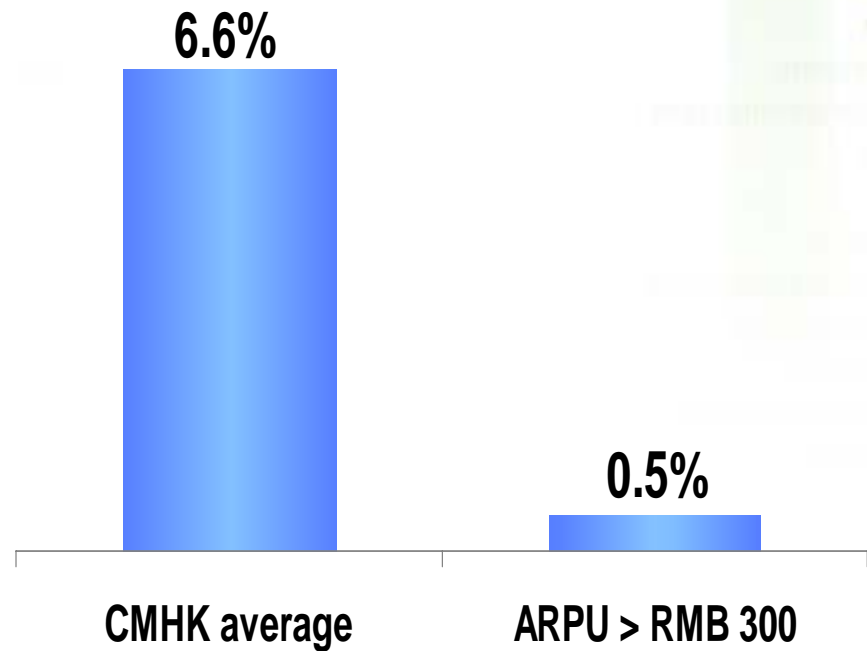
Enhanced Customer Satisfaction (2)



***Customer Loyalty**

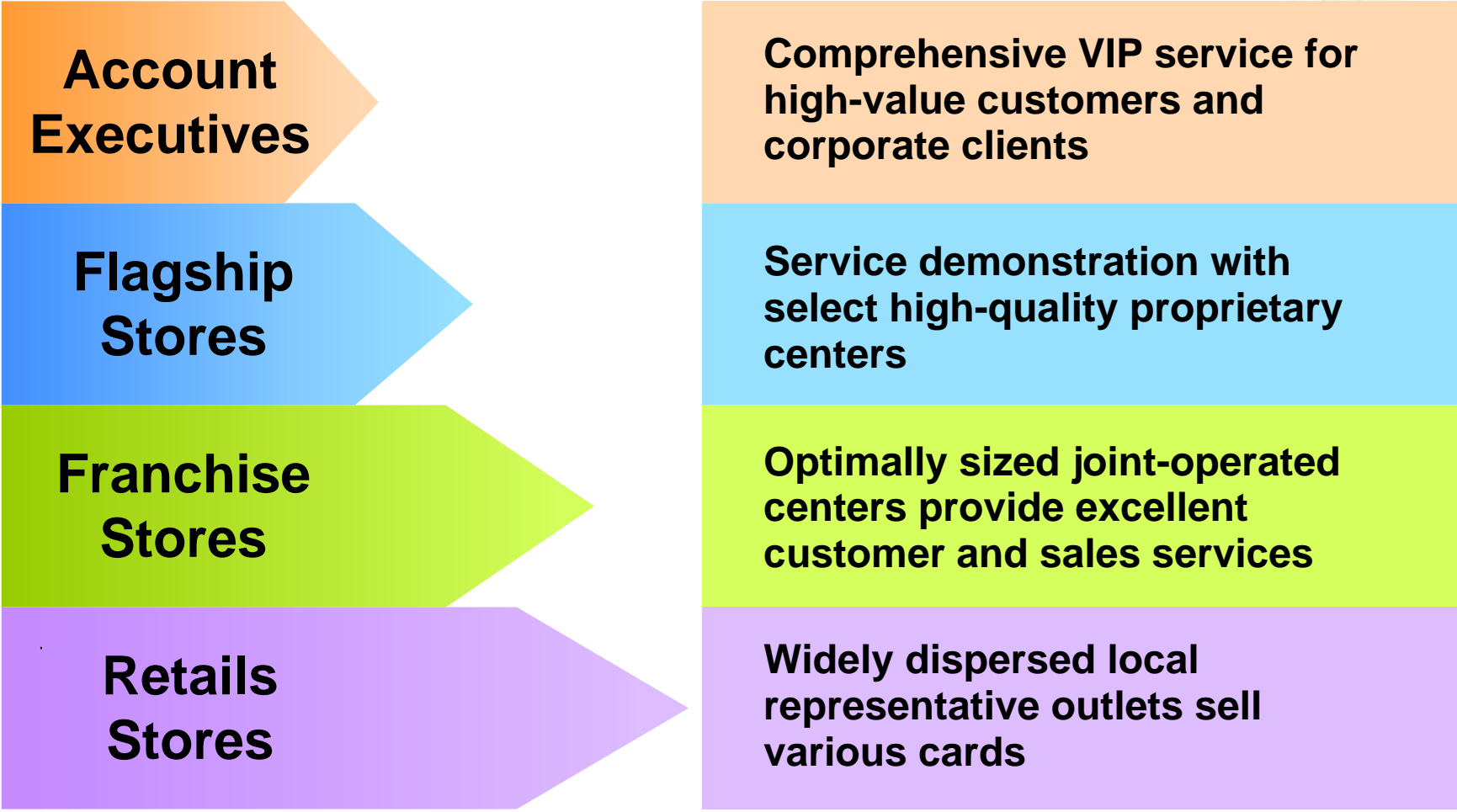


Annual Churn Rates



**Note: Customer loyalty figures are based on a survey conducted by a reputable consultancy firm*

Enhanced Customer Satisfaction (3)



2001 Financial Results

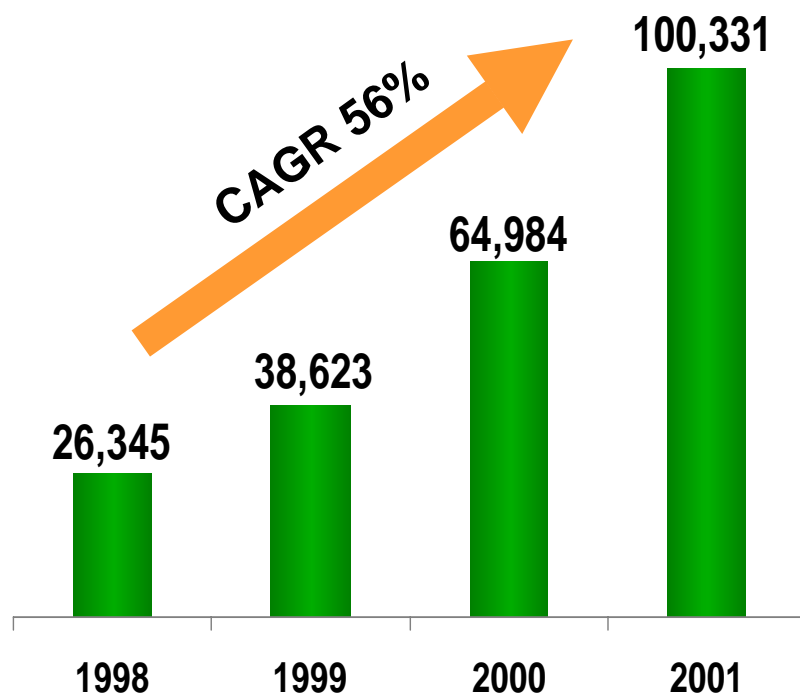


Robust Growth in Revenue and EBITDA



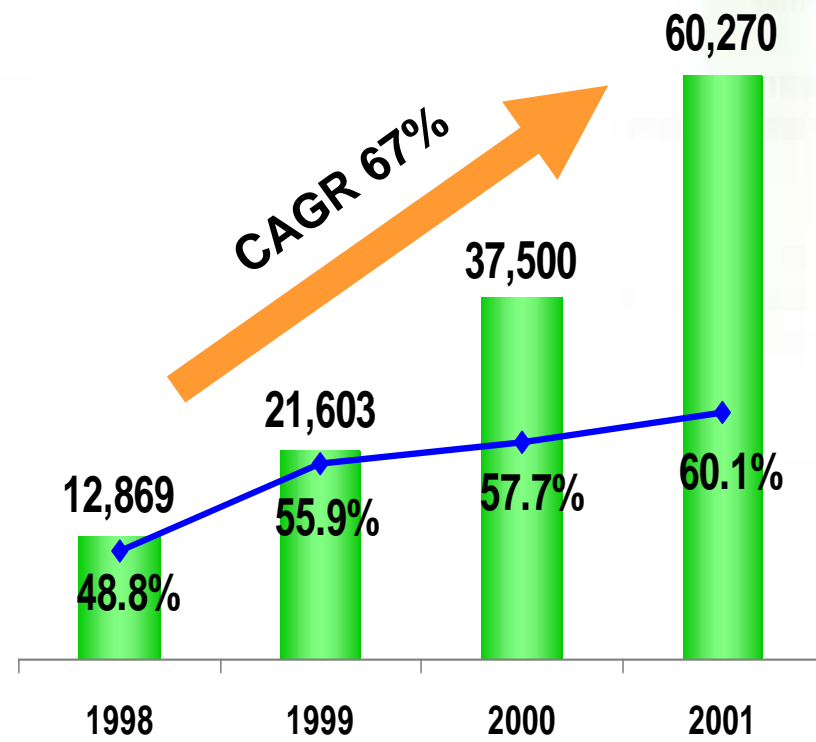
Revenue

(RMB Millions)



EBITDA

(RMB Millions)



◆ EBITDA Margin

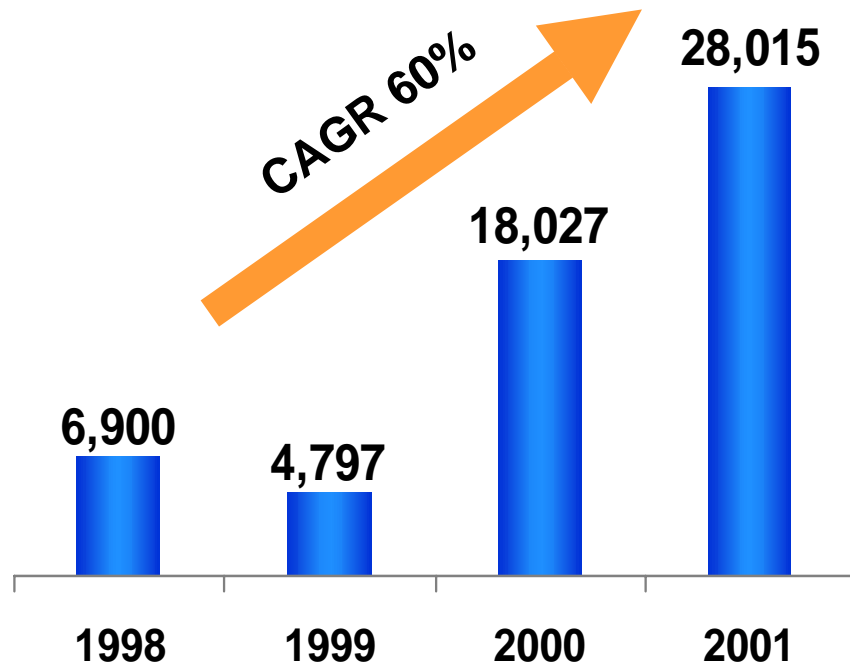


Impressive Growth in Net Profit and EPS



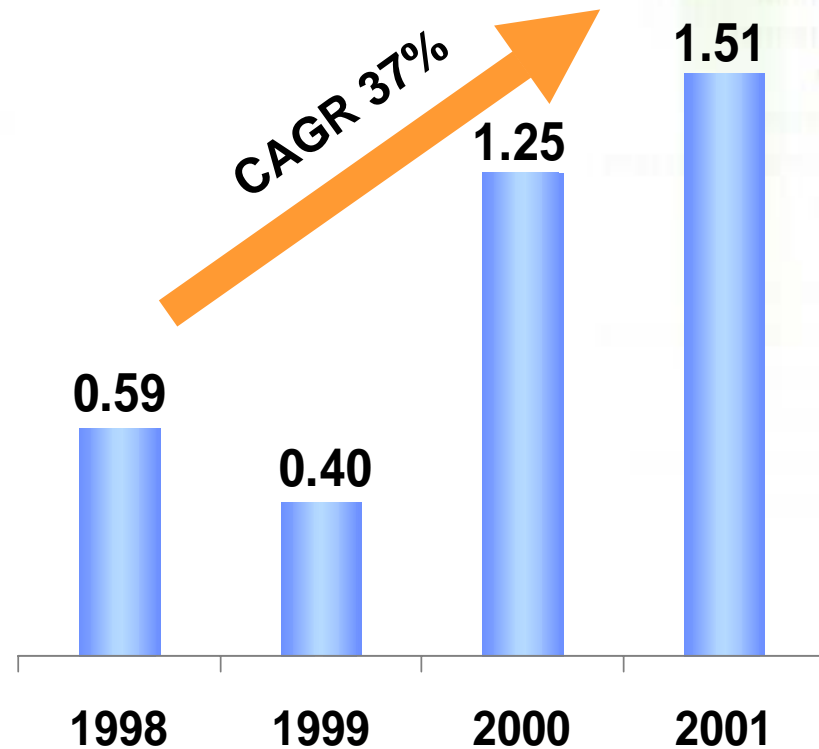
Net Profit

(RMB Millions)



Earnings per Share

(RMB)



Note: 1999 results included a RMB 8.2 billion write-down and write-off of TACS network equipment

Key Financial Data

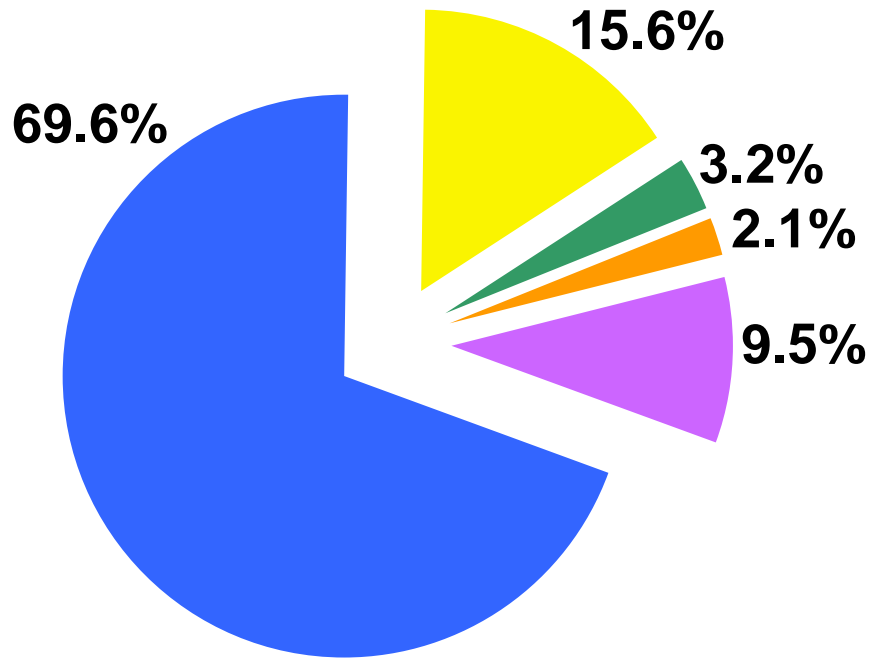


	2000 Pro-forma RMB Millions	2001 RMB Millions	Change %
Operating Revenue			
- Usage Fees	64,220	73,458	14
- Monthly Fees	14,364	14,085	(2)
- Connection Fees	2,976	711	(76)
- New Business	1,932	3,034	57
- Others	<u>8,723</u>	<u>9,043</u>	4
	<u>92,215</u>	<u>100,331</u>	9
Operating Expenses			
- Leased Lines	8,092	5,005	(38)
- Interconnection	13,094	13,055	---
- Depreciation	14,694	17,664	20
- Personnel	4,773	5,325	12
- SG & A	<u>14,800</u>	<u>18,270</u>	23
	<u>55,453</u>	<u>59,319</u>	7
Operating Profit	<u>36,762</u>	<u>41,012</u>	12

Stabilized Revenue Sources

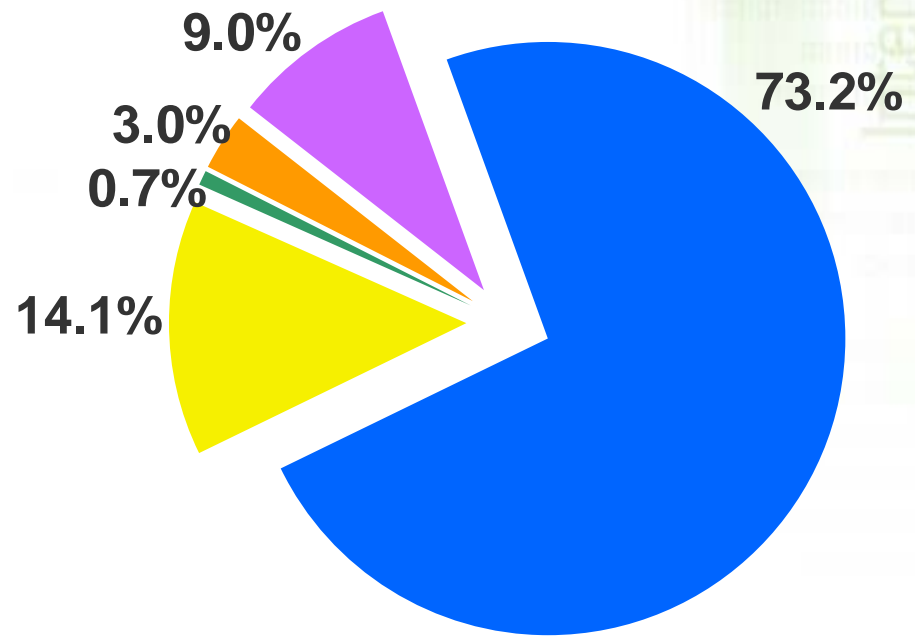


2000 Pro-forma



Total Revenue RMB 92,215 Million

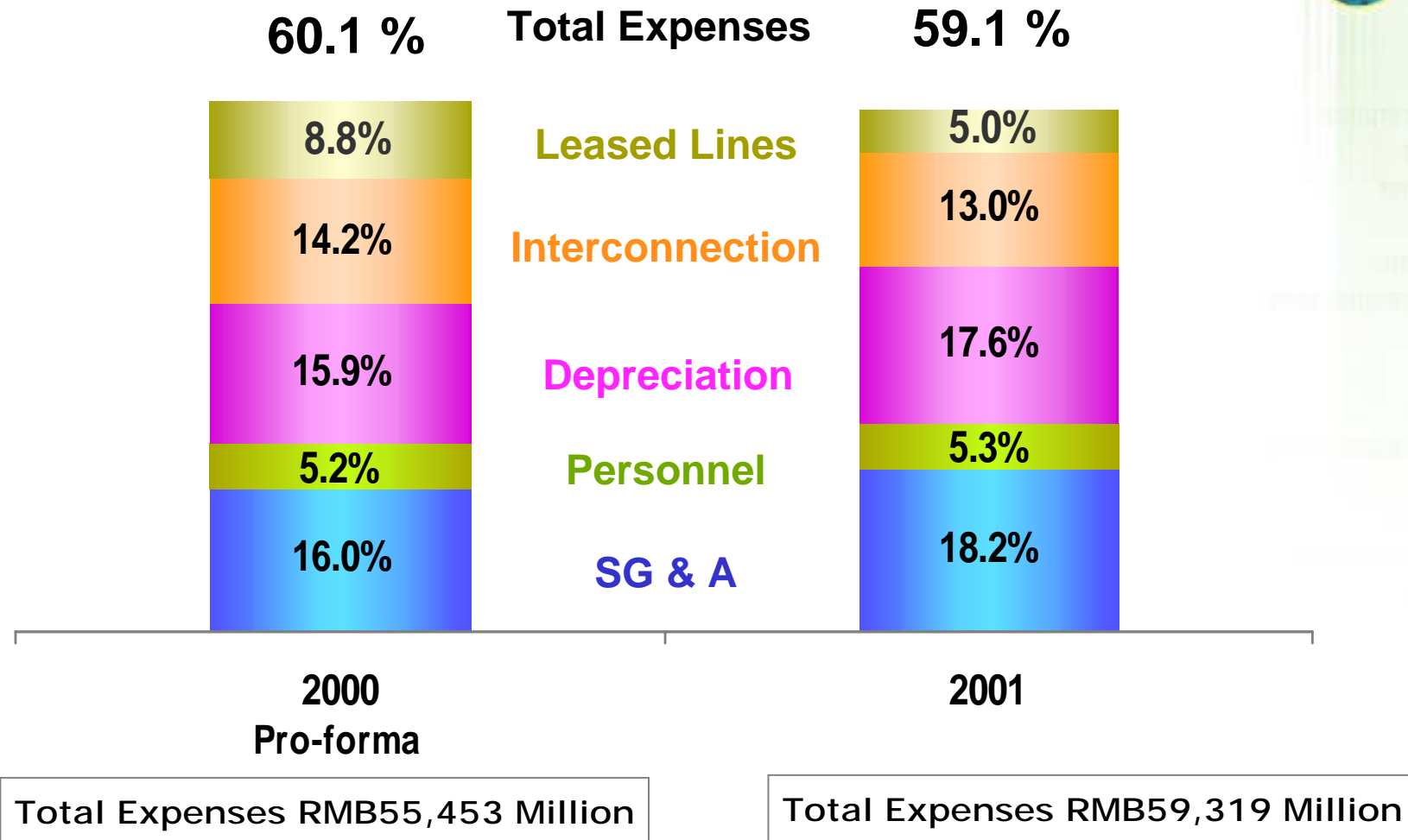
2001



Total Revenue RMB 100,331 Million

■ Usage Fees
 ■ Monthly Fees
 ■ Connection Fees
 ■ New Business
 ■ Others

Effective Cost Control



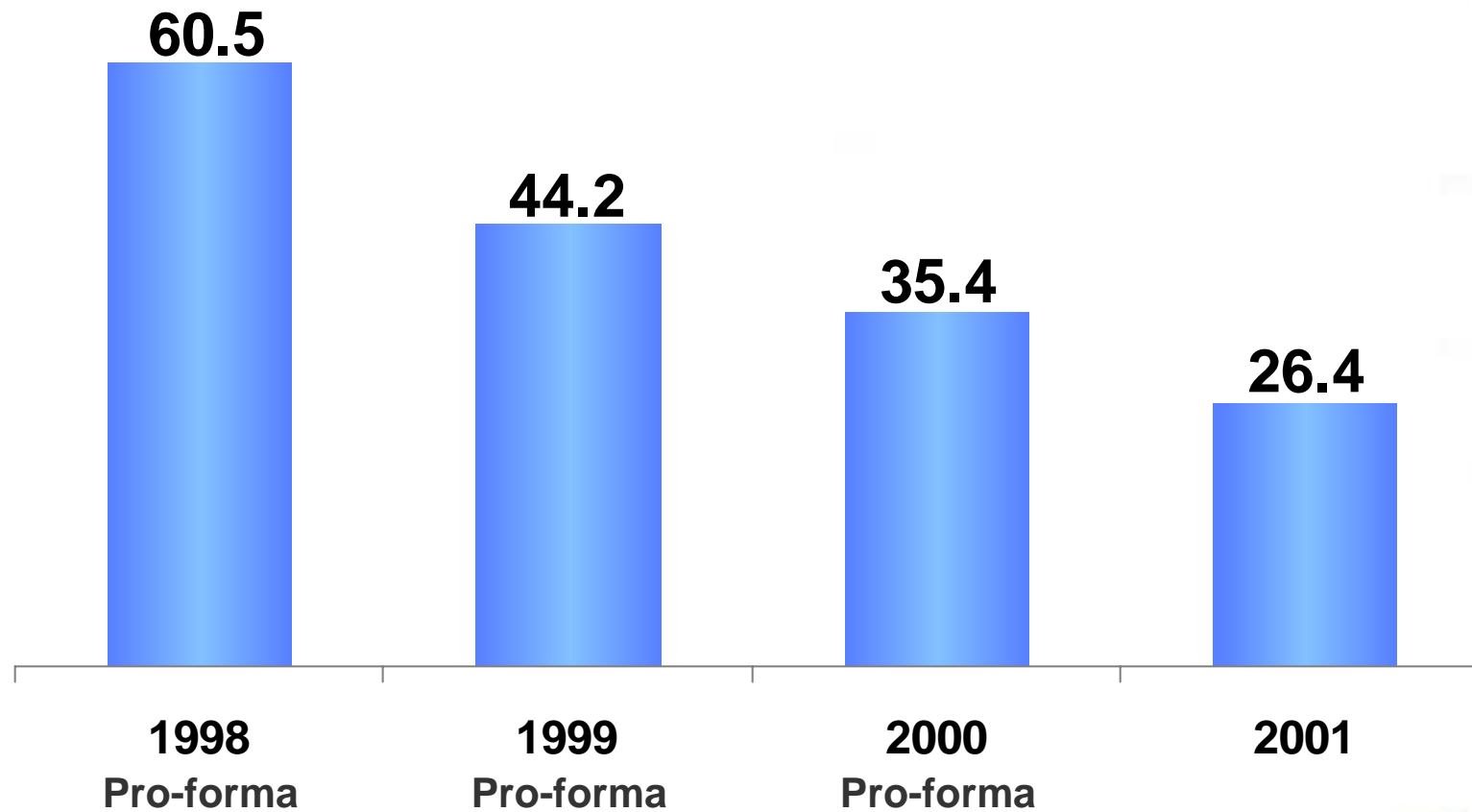
Note: All above data are expressed as a percentage of total revenue

Effective Control on SG&A



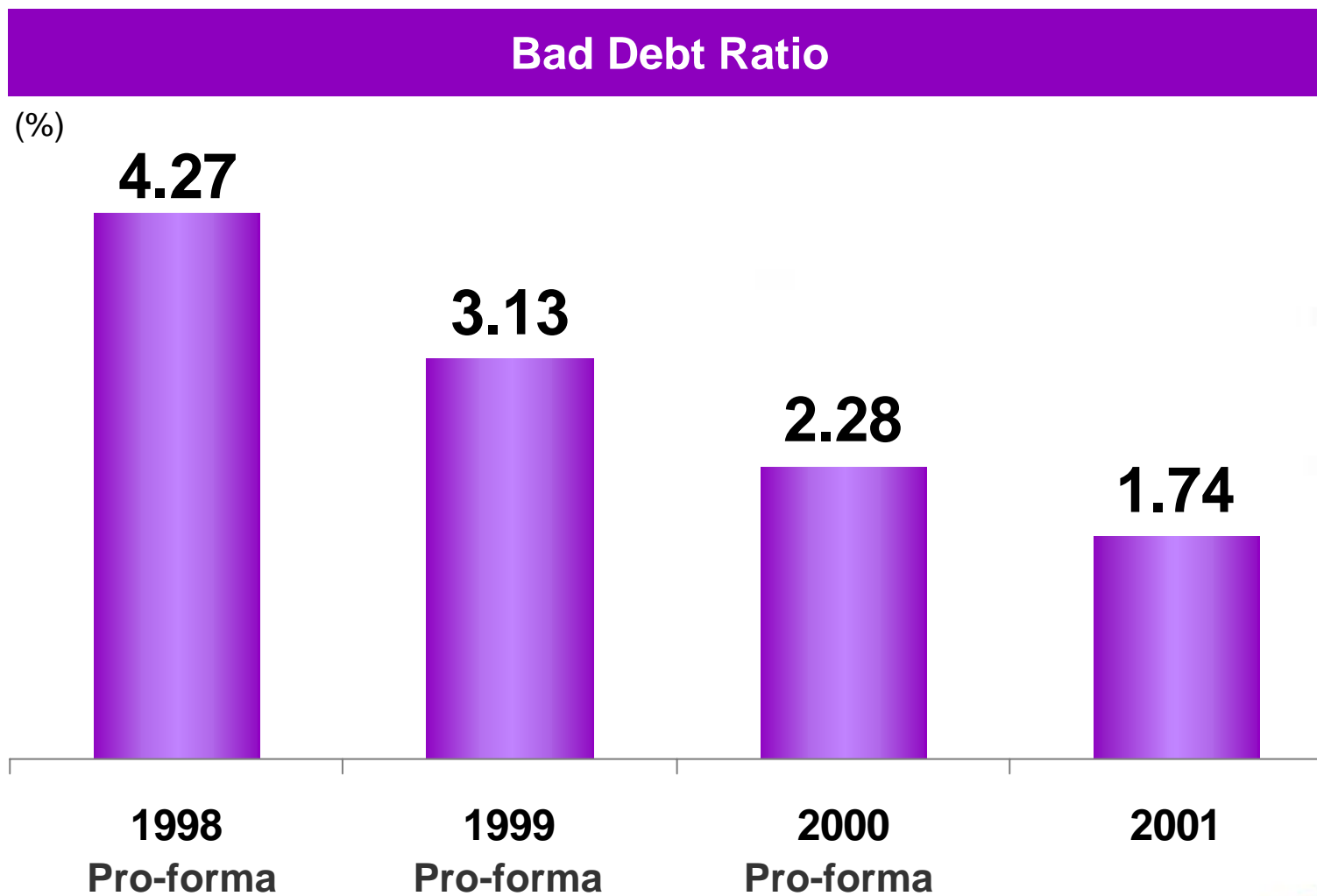
Average SG&A Expenses per User per Month

(RMB)



Note: SG&A expenses means selling, general and administrative expenses

Continued Improvement in Bad Debt Control



Solid Capital Structure



(RMB Millions)	2000.12	2001.12
Short Term Debt	13,100	6,897
Long Term Debt	<u>24,369</u>	<u>22,403</u>
Total Debt	37,469	29,300
Shareholders' Equity	<u>83,760</u>	<u>111,779</u>
Total Book Capitalization	<u>121,229</u>	<u>141,079</u>
Total Debt/Total Book Capitalization	30.9%	20.8%
Cash, Bank Balances and Deposits	39,906	36,791
Net Cash Position	2,437	7,491



中國移動(香港)有限公司
CHINA MOBILE (HONG KONG) LIMITED

Thank You

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Breakdown of Subscriber Figures

('000 Subscribers)	Contract	Prepaid	Total
Guangdong	9,006	9,952	18,958
Zhejiang	3,058	4,312	7,370
Jiangsu	1,277	5,726	7,003
Fujian	3,097	1,370	4,467
Henan	2,049	1,751	3,800
Hainan	317	194	511
Beijing	2,273	2,648	4,921
Shanghai	1,188	3,539	4,727
Tianjin	465	1,194	1,659
Hebei	2,663	1,078	3,741
Liaoning	3,658	1,052	4,710
Shandong	3,733	1,800	5,533
Guangxi	1,226	1,017	2,243
Total	34,010	35,633	69,643

As at 31 December 2001

Extract from audited consolidated profit and loss account for the year ended 31 December 2001



	2000 RMB Millions	2001 RMB Millions
Operating revenue	64,984	100,331
Operating expenses	<u>(38,158)</u>	<u>(59,319)</u>
Profit from operations	26,826	41,012
Write-down and write-off of analog network equipment	(1,525)	(-)
Other net income	915	1,594
Non-operating net expenses	(5)	(6)
Interest income	1,006	857
Finance costs	<u>(824)</u>	<u>(1,740)</u>
Profit from ordinary activities before taxation	26,393	41,717
Taxation	<u>(8,366)</u>	<u>(13,703)</u>
Profit from ordinary activities after taxation	18,027	28,014
Minority interests	-	1
Profit attributable to shareholders	<u>18,027</u>	<u>28,015</u>

Extract from audited consolidated balance sheet at 31 December 2001

	2000 RMB Millions	2001 RMB Millions
Current Assets	52,129	46,811
Non-current Assets	104,309	126,938
Current Liabilities	(44,638)	(35,298)
Non-current Liabilities	(28,023)	(26,640)
Minority Interests	<u>(17)</u>	<u>(32)</u>
Net Assets	<u>83,760</u>	<u>111,779</u>



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.