

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

2004 *Annual Results*



2004 Annual Results

China Mobile (Hong Kong) Limited

March 11, 2005

Mr. Wang Jianzhou	Chairman & CEO
Mr. Li Yue	Executive Director & Vice President
Mr. Lu Xiangdong	Executive Director & Vice President
Mr. Xue Taohai	Executive Director, Vice President & CFO
Mr. He Ning	Executive Director & Vice President

**Overall Performance
for 2004**

**Financial Results
for 2004**

Overall Performance

Highlights

**Steady market
position**

**64.3%
Market share**

**Commendable
operating results**

**Revenue up 21.3%
Net profit up 18.1%**

**Continued strong
growth in new
businesses**

**Accounting for
15.5% of total
revenue**

**Successful
acquisition**

**Performance
of acquired
subsidiaries
exceeded our
expectations**

**Sustainable
dividend growth**

**Annual dividend
payout ratio of 32.7%**

Overall Operating Performance



	2003	2004	Change
Subscribers (Millions)	141.616	204.292	44.3%
Revenue (RMB Billions)	158.604	192.381	21.3%
EBITDA (RMB Billions)	92.278	107.221	16.2%
EBITDA Margin (%)	58.2%	55.7%	-2.5 ppt
Net Profit (RMB Billions)	35.556	42.004	18.1%
Basic Earnings per Share (RMB)	1.81	2.14	18.2%

Overall Operating Performance (Pro-forma)



	2003 Pro-forma*	2004 Pro-forma*	Change
Subscribers (Millions)	166.113	204.292	23.0%
Revenue (RMB Billions)	179.068	203.993	13.9%
EBITDA (RMB Billions)	101.663	113.050	11.2%
EBITDA Margin (%)	56.8%	55.4%	-1.4 ppt
Net Profit (RMB Billions) **	37.467	43.207	15.3%

* All pro-forma data in this presentation is based on the assumption that the group structure (including 31 subsidiaries) existed throughout the relevant period.

** The deficit on revaluation of fixed assets of the 10 newly acquired subsidiaries of RMB3,470 million has been added back to the 2003 pro-forma net profit.

Market Environment and Competitive Strategies

Market Environment

- Robust market demand for mobile services
- Rapid growth in new businesses
- Keen competition in voice usage promotions
- Strengthened regulations improved competitive environment in 2H2004

3 Major
customer
brands



To maintain
leading edge

To consolidate
market
leadership

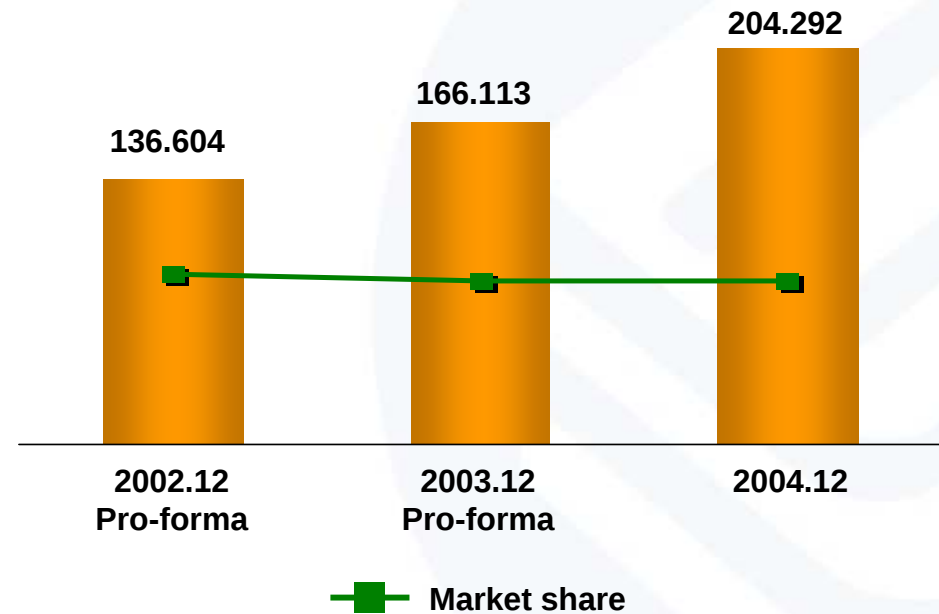
Competitive Strategies

- Bolster customer loyalty of GoTone and corporate customers
- Tighten cost controls and maintain competitiveness in value conscious market
- Innovate business model and strengthen new business promotion
- Enhance management of proprietary sales and marketing channels

Enlarged Subscriber Base and Market Position Consolidated

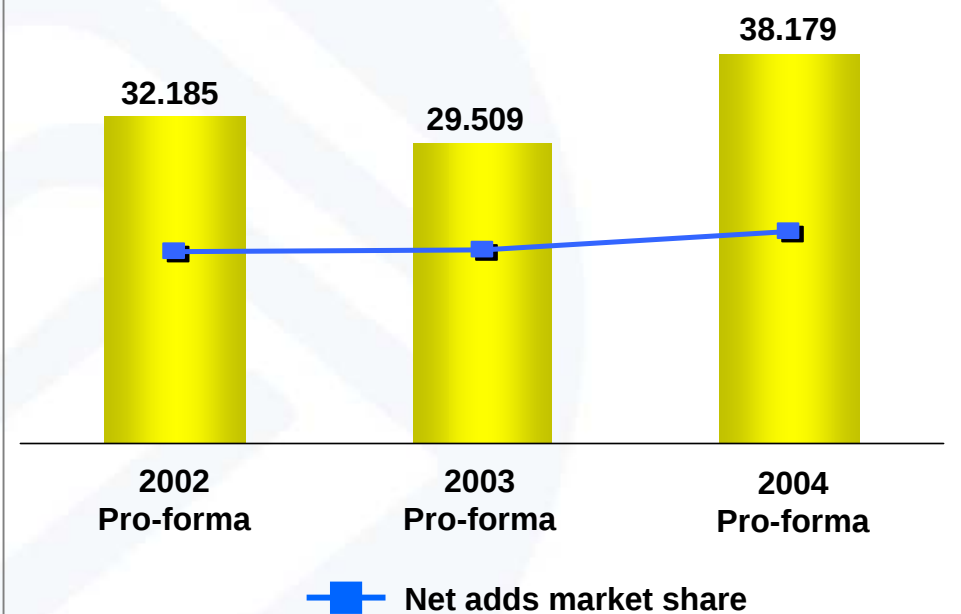
Total Subscribers

(Millions)



Net Additional Subscribers

(Millions)



Brand Integration and Corporate Account Development

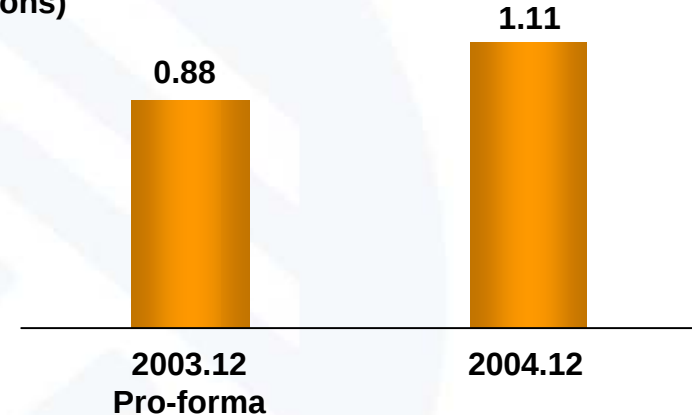
Outstanding brand integration in consumer market

- **GoTone:** Implemented service upgrade program to enhance customer satisfaction and loyalty
- **M-Zone:** Increased subscriber base and promoted new businesses
- **Shenzhouxing:** Reduced cost and maintained competitiveness

Enhanced loyalty and revenue with corporate account development

Total Corporate Accounts

(Millions)



Provided customized solutions for
0.38 millions corporate accounts

Continuous Growth of Voice Business

Total Voice Usage

(Billion Minutes)

442.39

2003
Pro-forma

660.90

2004
Pro-forma

Proportion of Intra-network Usage

48.4%

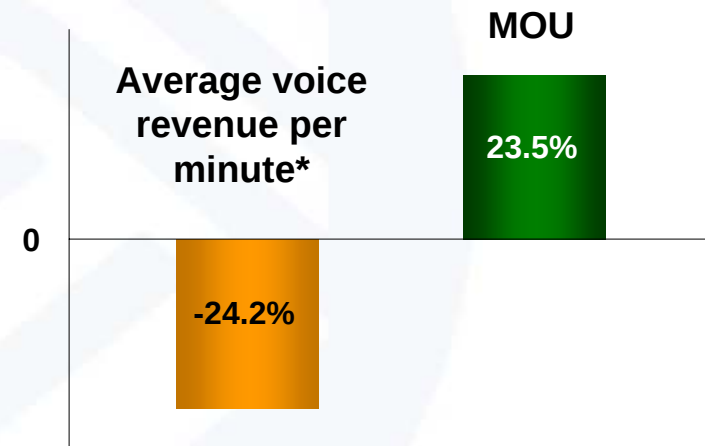
2003
Pro-forma

53.2%

2004
Pro-forma

Price Elasticity of Contract Subscribers

2004 vs 2003

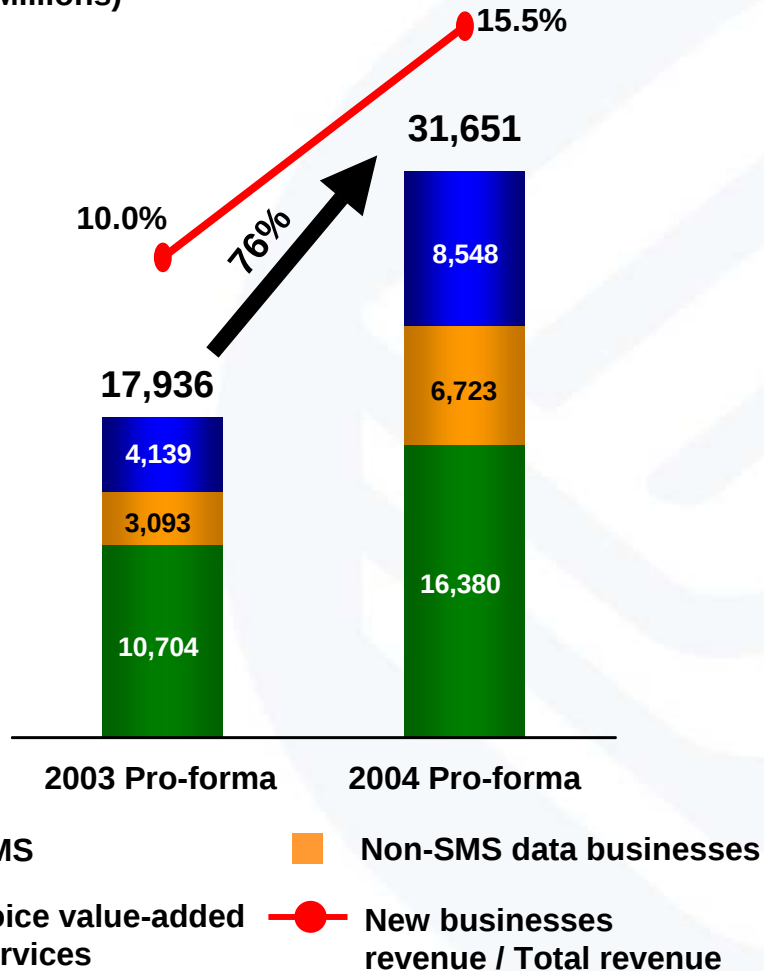


* After deducting new businesses revenue

Sustainable Strong Growth of New Businesses

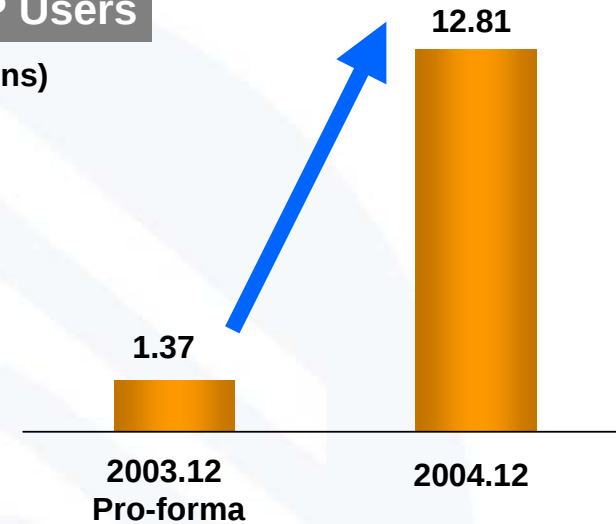
New Businesses Revenue

(RMB Millions)



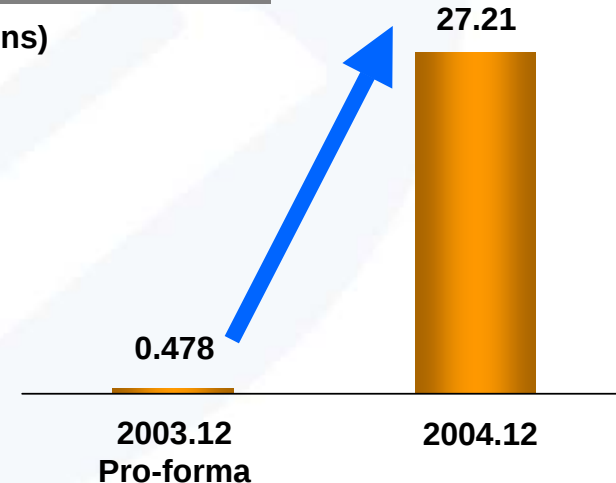
WAP Users

(Millions)

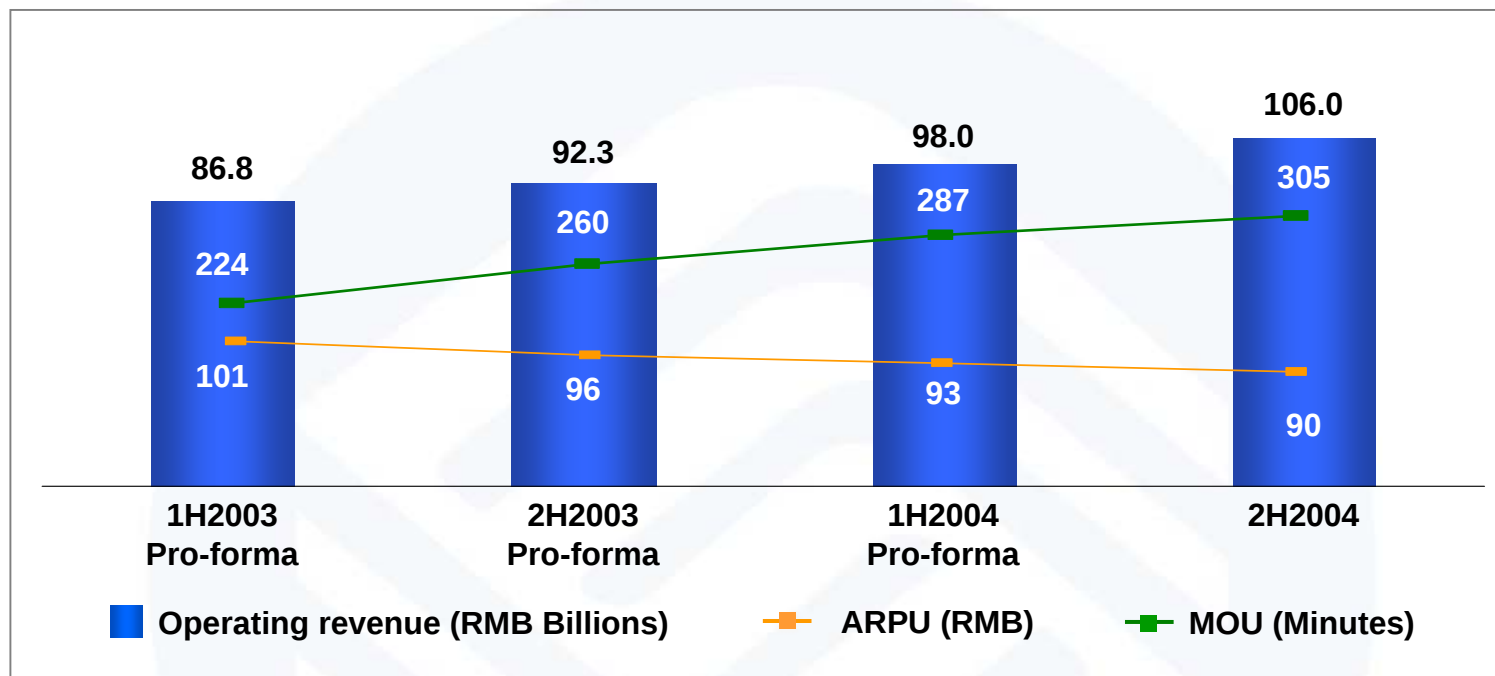


Color Ring Users

(Millions)



ARPU Decline Moderated and Favorable Revenue Growth Maintained



- Increased subscribers and usage
- New businesses boosted revenue growth

- ARPU decline moderated
- ARPU of contract subscribers remained generally stable

Favorable revenue growth

Fostering Extensive “Win-win” Co-operations



- ④ **Combined commercial resources:**

2008 Beijing Olympics, airport VIP services, golf clubs, co-operations with well-known brands McDonald's and Nike, etc.

- ④ **Enhanced handset customization program:**

Customization for 51 handset models from 12 manufacturers in 2004

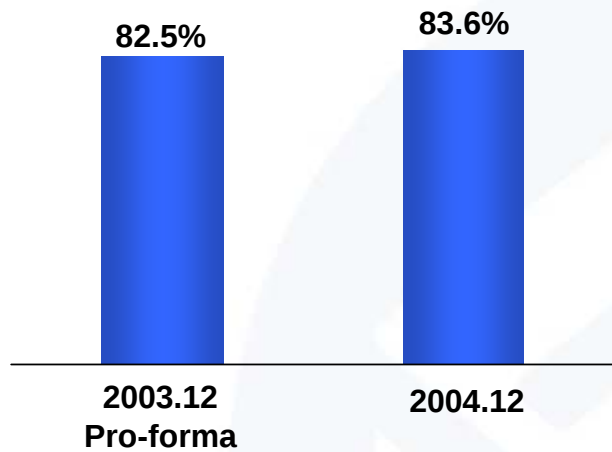
- ④ **Refined Monternet business model:**

With over 1,000 partners in 2004

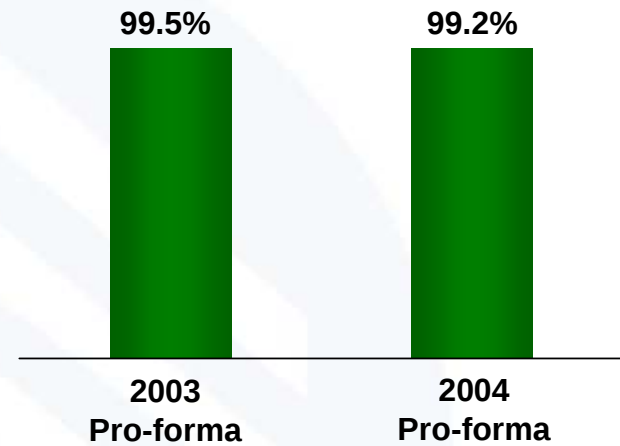
Monternet applications: SMS > 100,000, MMS > 10,000, WAP > 10,000,
JAVA applications > 2,000

Leading Network Advantages

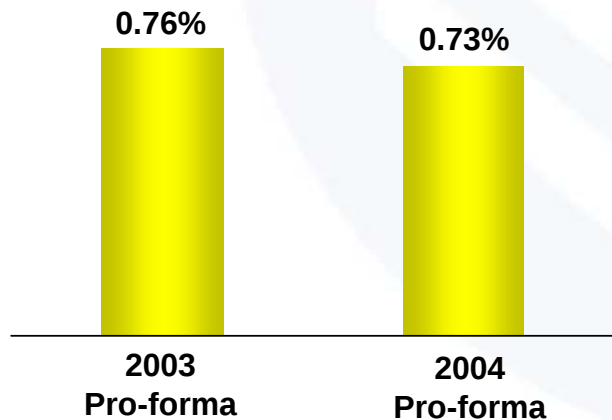
Network Utilization Rate



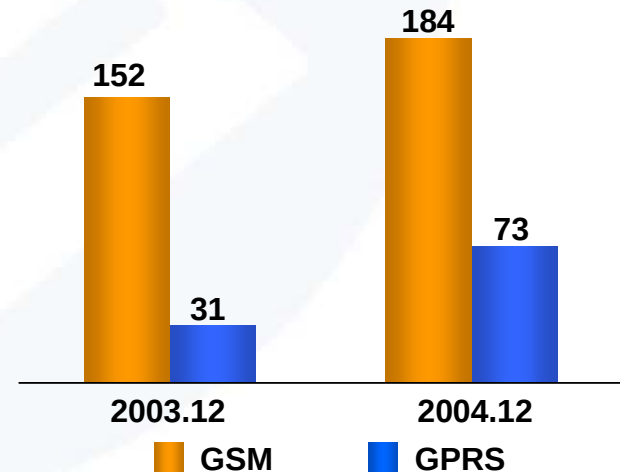
Wireless Connection Rate



Call Drop Rate

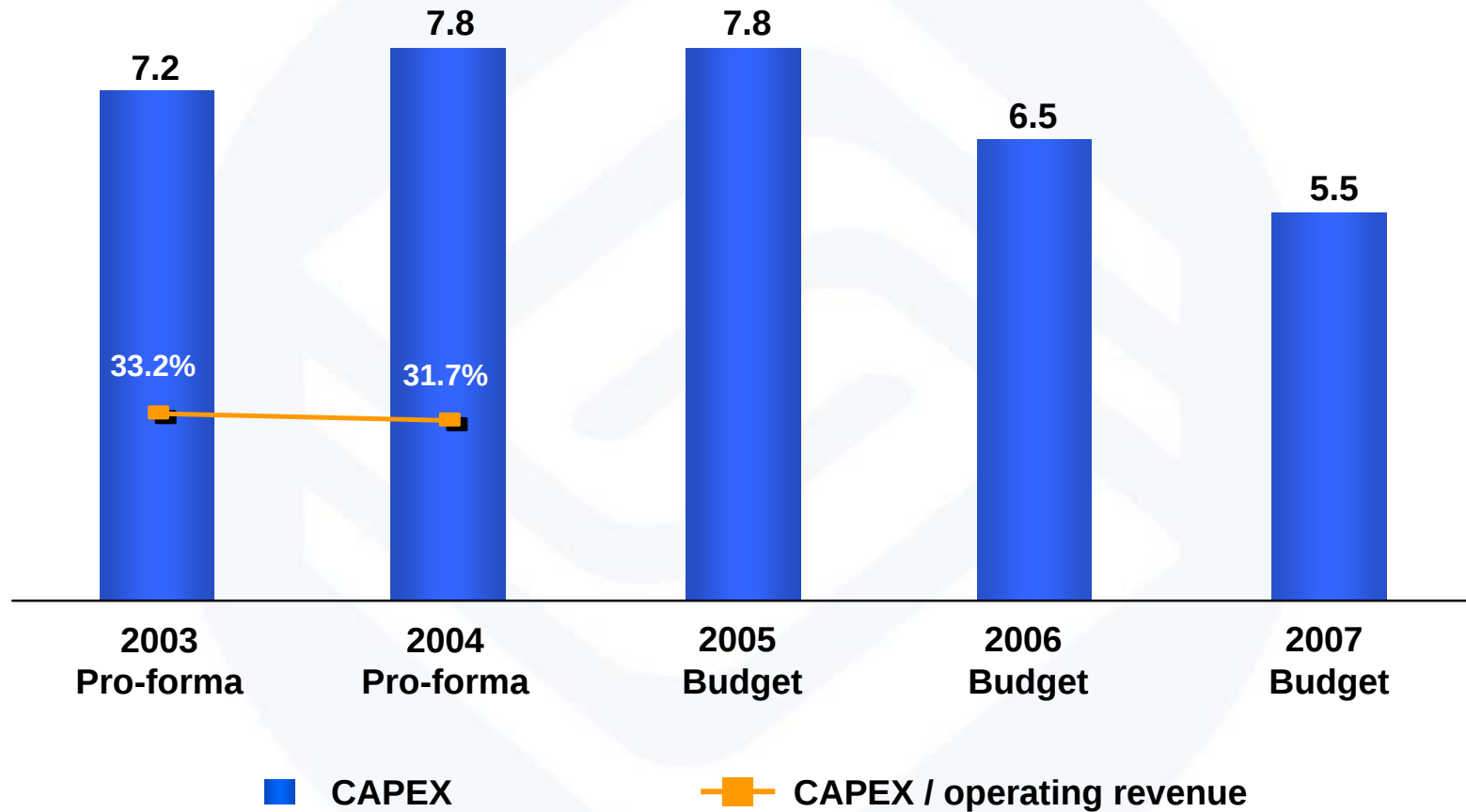


Roaming Countries/Regions



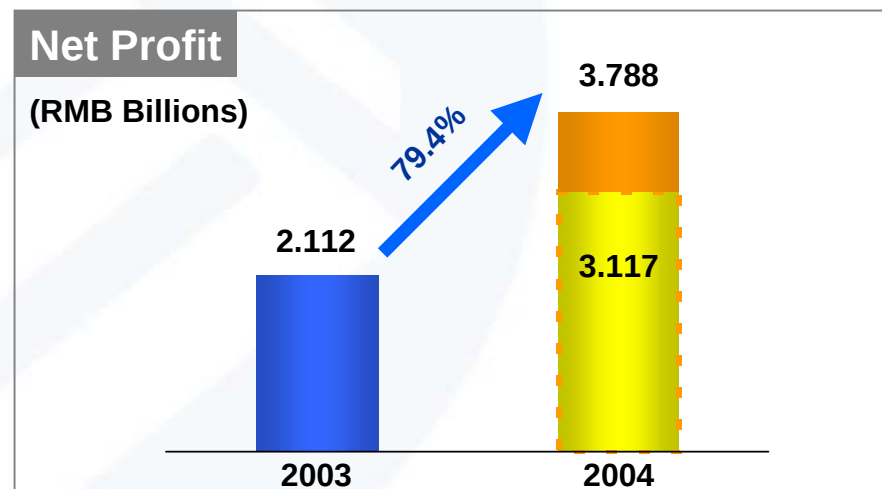
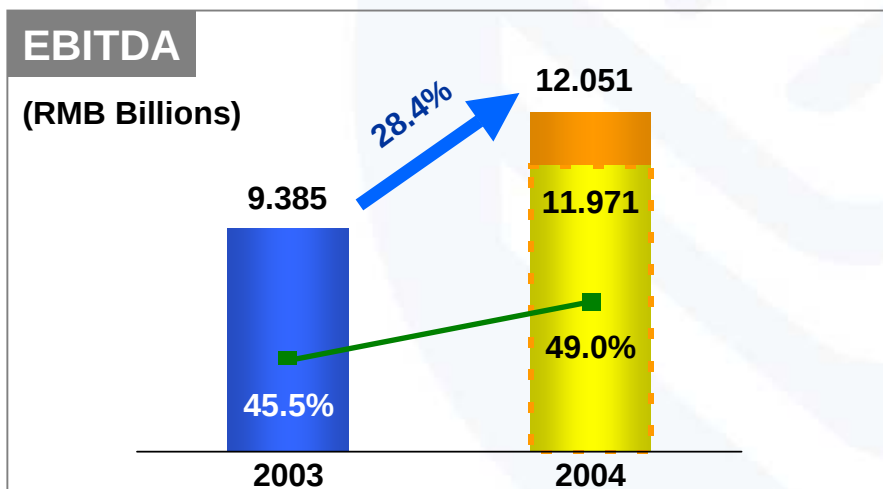
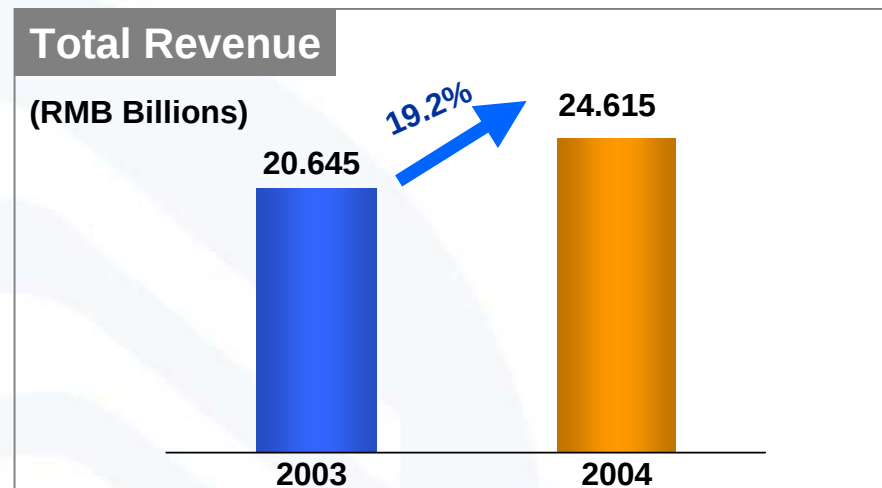
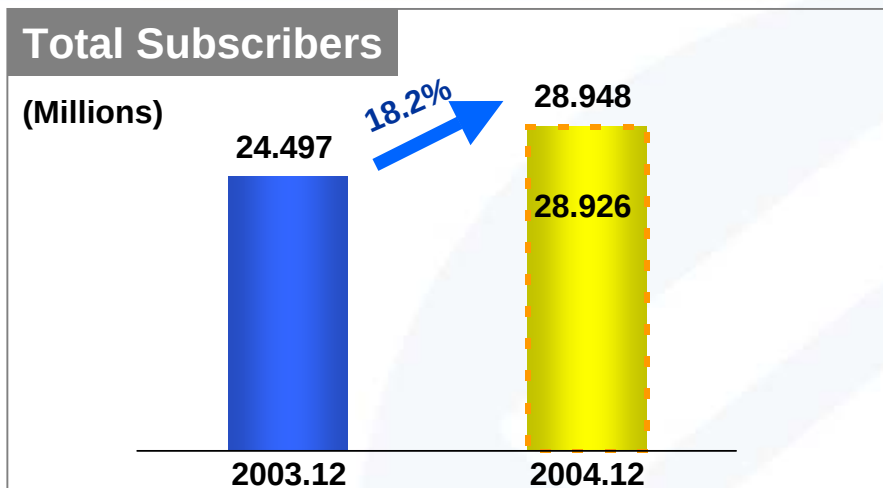
Capital Expenditure

(USD Billions)



Note: The above CAPEX excludes investment of 3G construction.

Performance of Newly Acquired Subsidiaries Exceeded Our Expectations

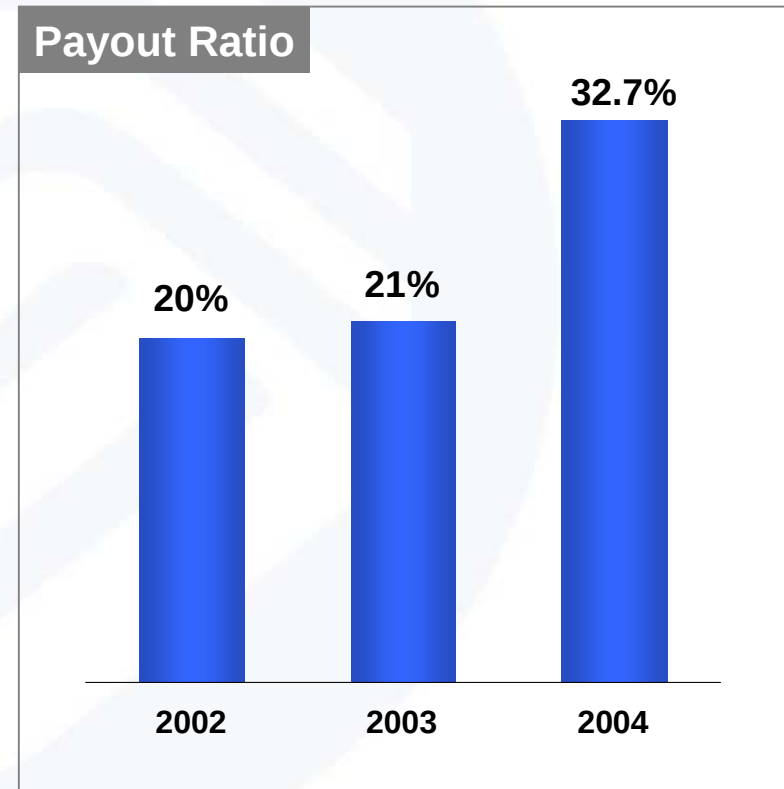
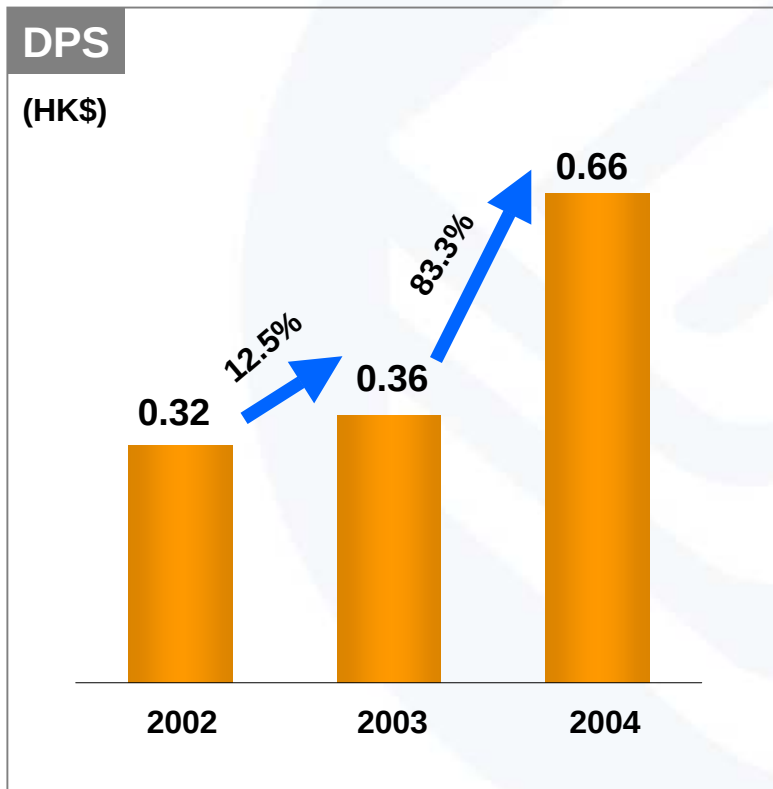


■ EBITDA margin ■ Forecast ■ Actual

Note: Forecast numbers refer to estimates on certain key performance indicators of the newly acquired subsidiaries as disclosed when the Company announced the acquisition during 1H2004.

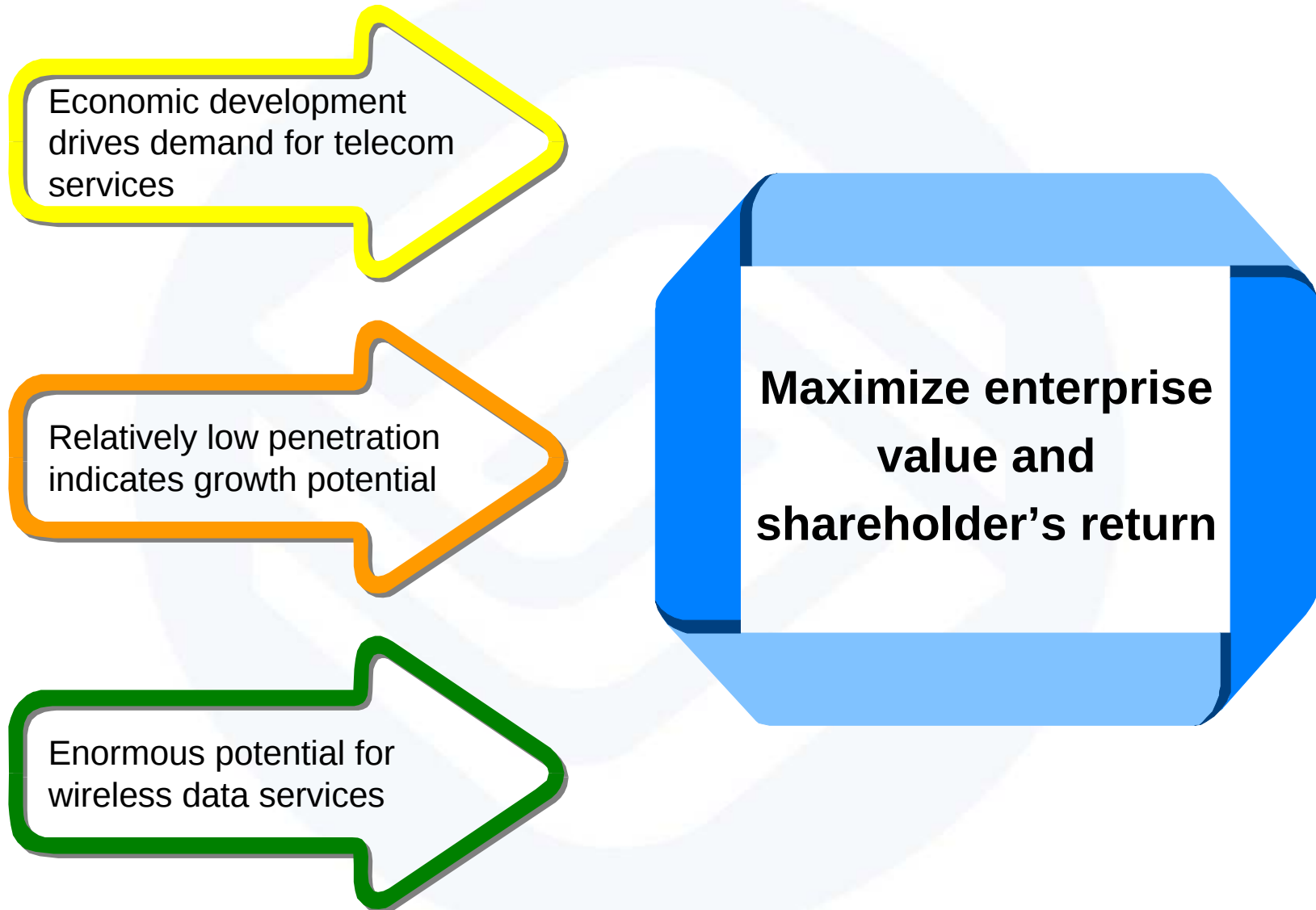
Continued Dividend Growth

- Dividend payout for the FY2004 of HK\$0.66 per share (including the interim dividend payout of HK\$0.20 per share) has increased by 83.3% compared with 2003
- Endeavour to achieve a sustainable and steadily increasing dividend in the long run, while maximizing return for shareholders



- Network technologies, terminals and markets becoming more matured
- Actively preparing for 3G
- 3G and 2G can co-exist on our network for a considerable period
- Taking advantage of technology development trend and market opportunities to gradually develop 3G

Future Prospects



Financial Results

Favorable Revenue Growth

Revenue of 31 Subsidiaries

(RMB Millions)

179,068

13.9%

203,993

2003 Pro-forma

2004 Pro-forma

Revenue of 21 Subsidiaries

(RMB Millions)

158,423*

13.2%

179,378*

2003

2004

Revenue of 10 Subsidiaries

(RMB Millions)

20,645

19.2%

24,615

2003

2004

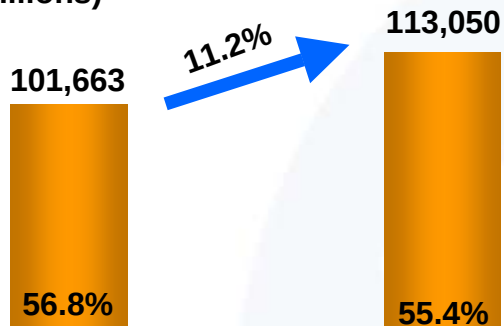
- ⦿ Favorable subscriber and usage growth effectively ensured stable revenue growth
- ⦿ Rapid development of new businesses became the driving force of revenue growth

* Included consolidation adjustments.

EBITDA Margin Maintained at a High Level

EBITDA of 31 Subsidiaries

(RMB Millions)



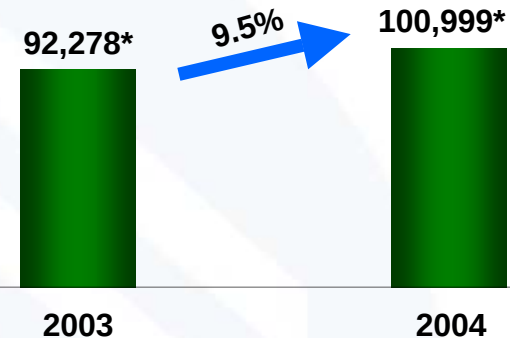
2003 Pro-forma

2004 Pro-forma

◆ EBITDA margin

EBITDA of 21 Subsidiaries

(RMB Millions)

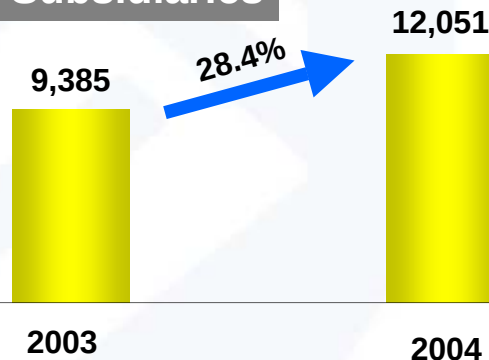


2003

2004

EBITDA of 10 Subsidiaries

(RMB Millions)



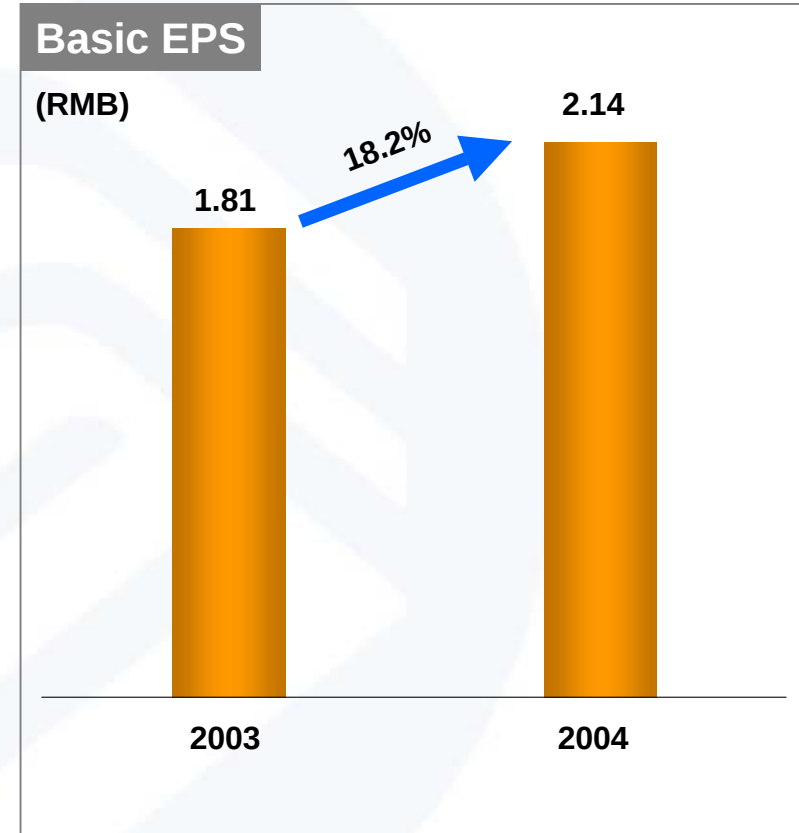
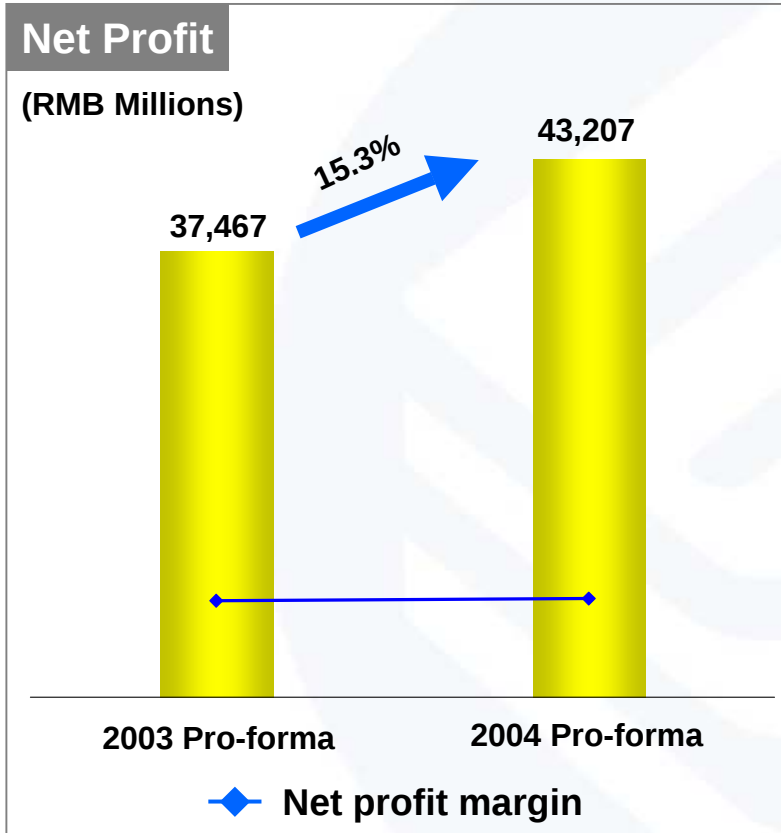
2003

2004

Effective cost controls and economies of scale sustained a high EBITDA margin

* Included consolidation adjustments.

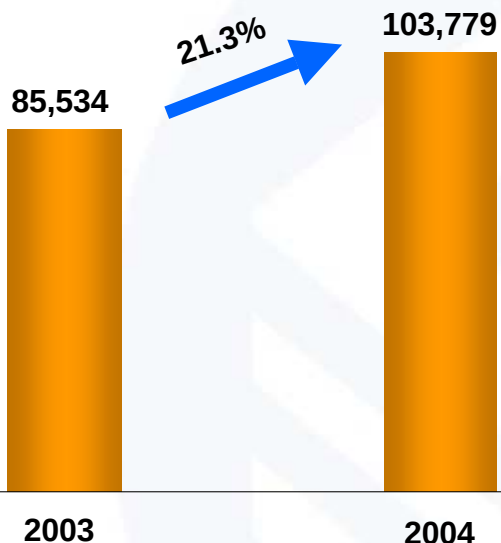
Net Profit and EPS Sustained Favorable Growth



Strong Cash Flow

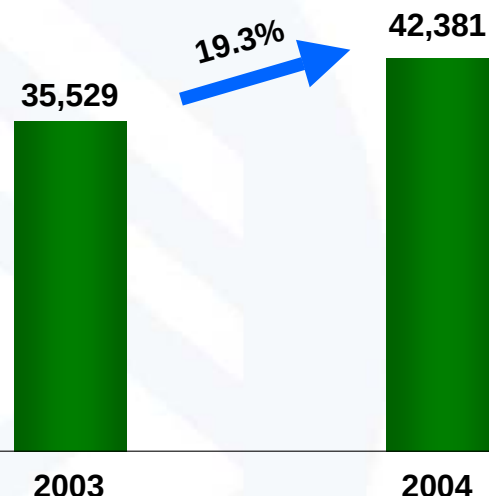
Net Cash Inflow from Operating Activities

(RMB Millions)



Free Cash Flow

(RMB Millions)



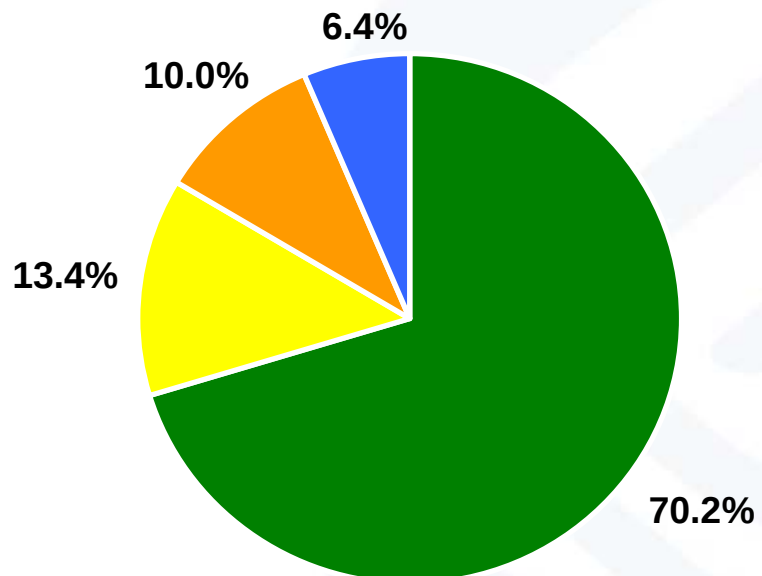
Strong cash flow
generating capability

Prudent cash flow
management

- Free cash flow remained abundant and achieved stable growth
- Provide a solid foundation for the sustainable healthy growth of the company

Revenue Composition

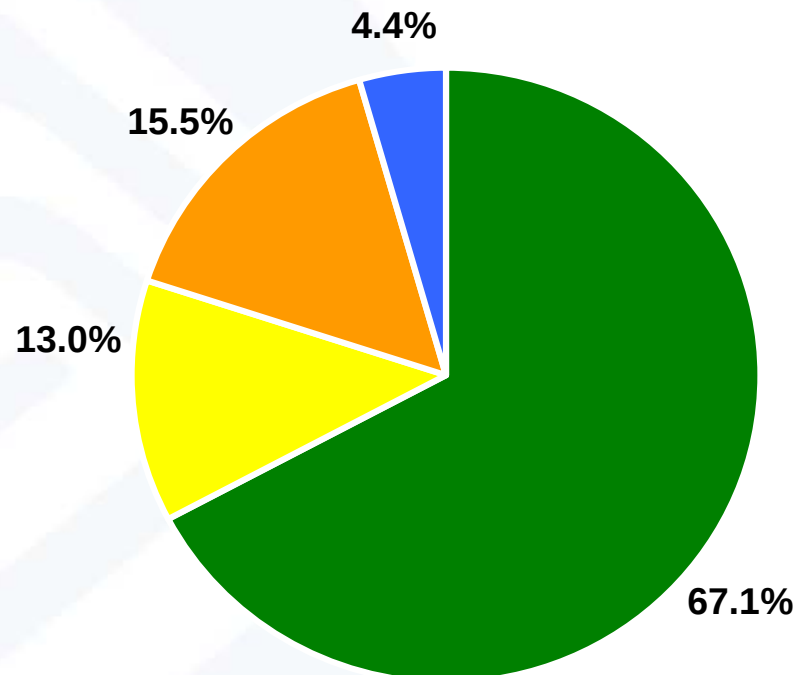
2003 Pro-forma



■ Usage fees

■ Monthly fees

2004 Pro-forma

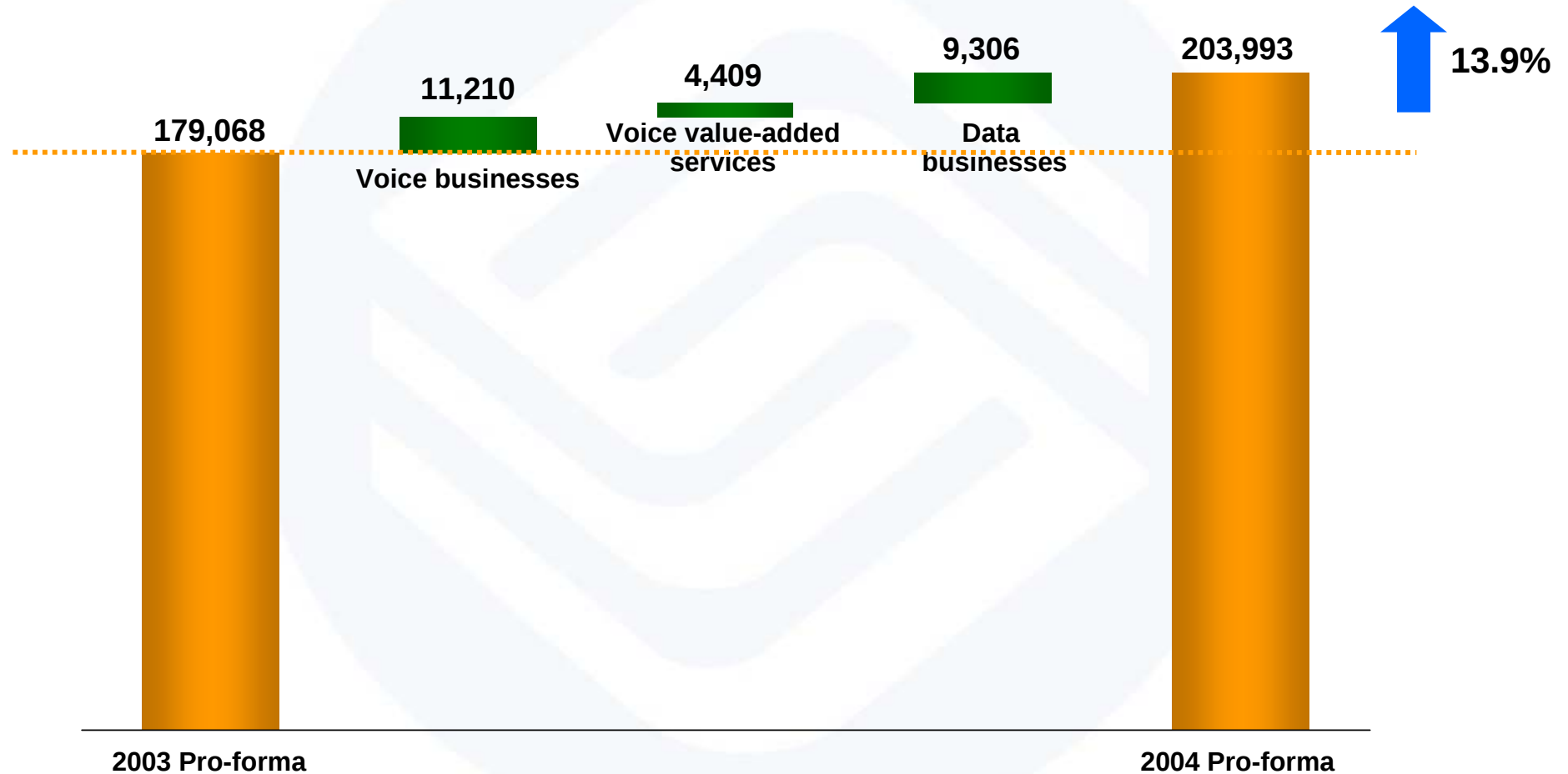


■ New businesses

■ Others

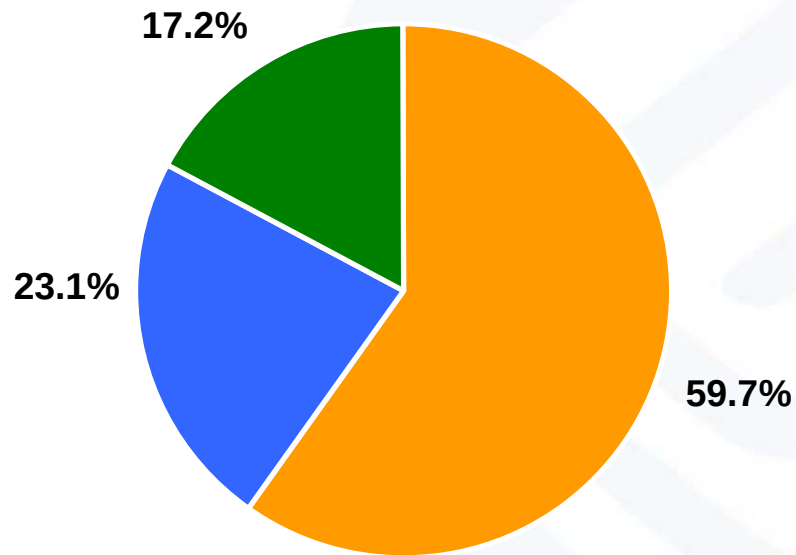
Composition of Revenue Growth

(RMB Millions)

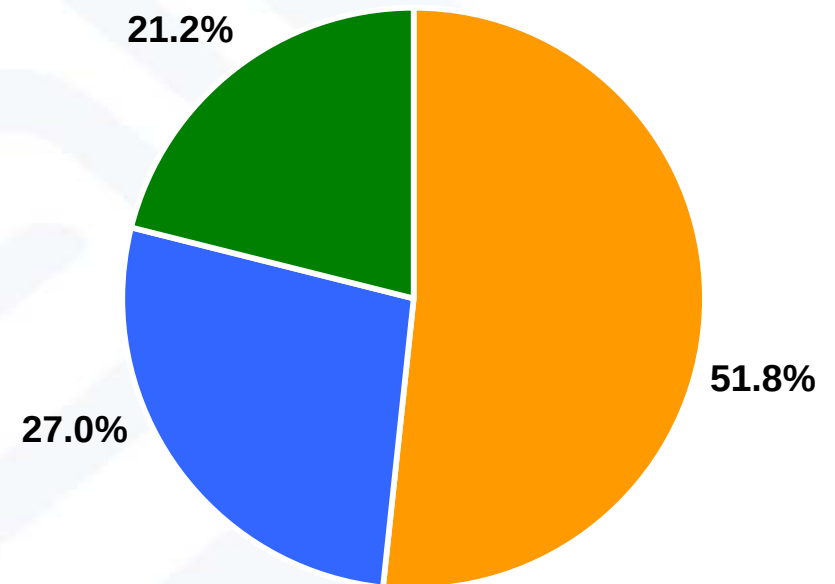


New Business Revenue Composition

2003 Pro-forma



2004 Pro-forma

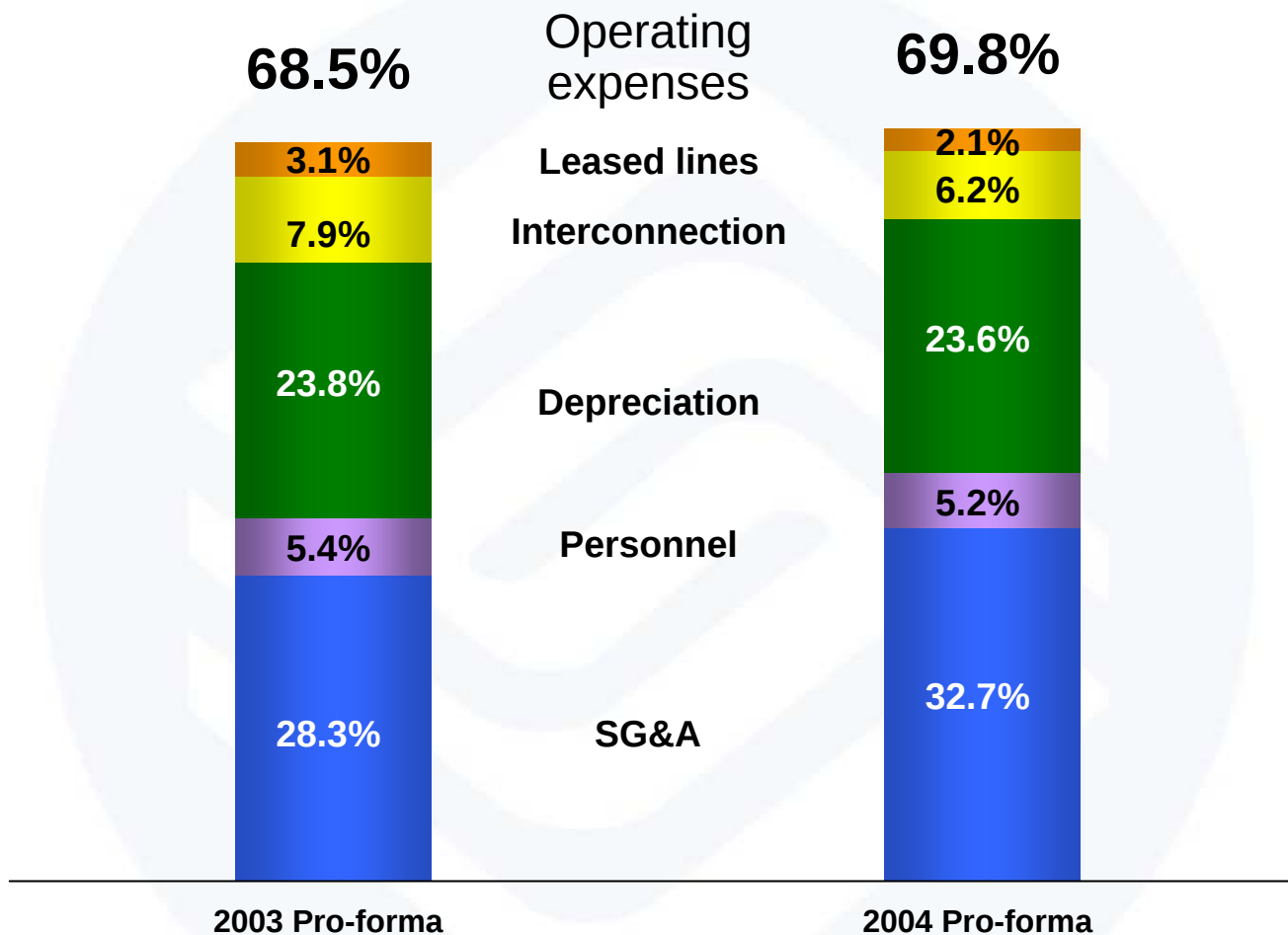


■ SMS

■ Non-SMS data businesses

■ Voice value-added services

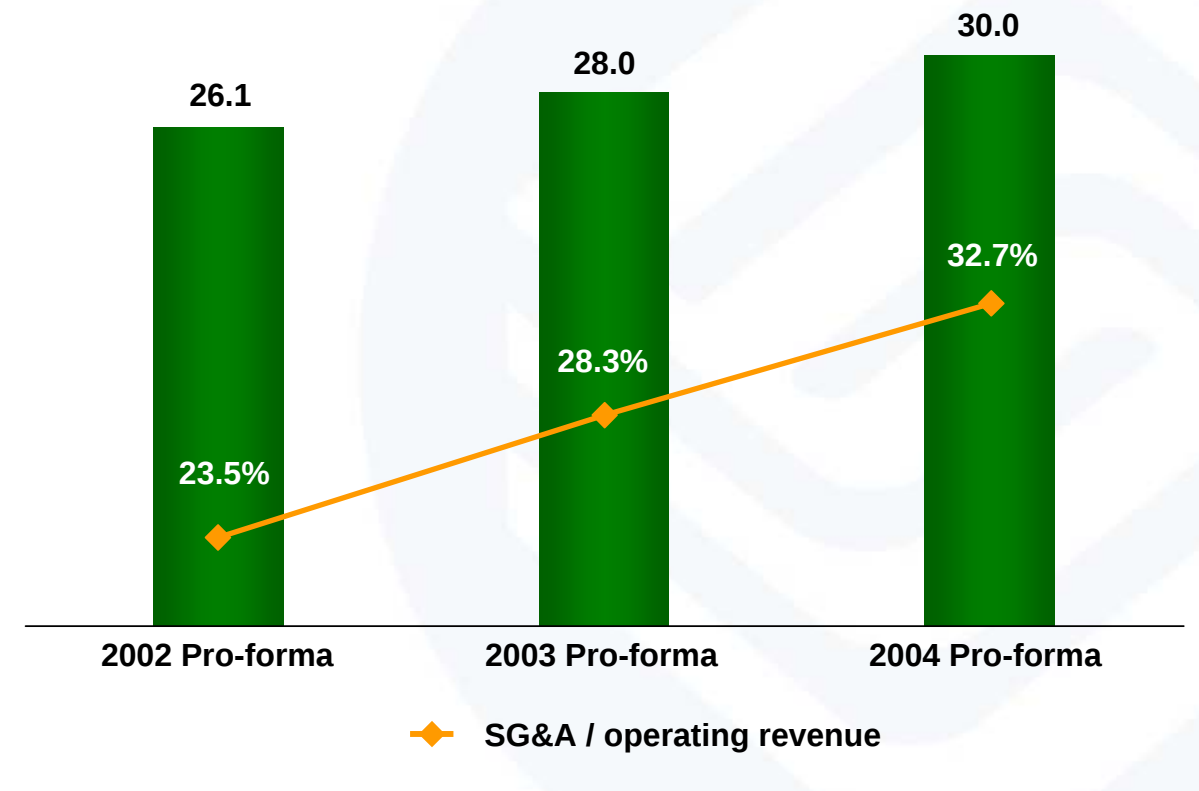
Cost Composition



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

Monthly SG&A per Subscriber

(RMB)



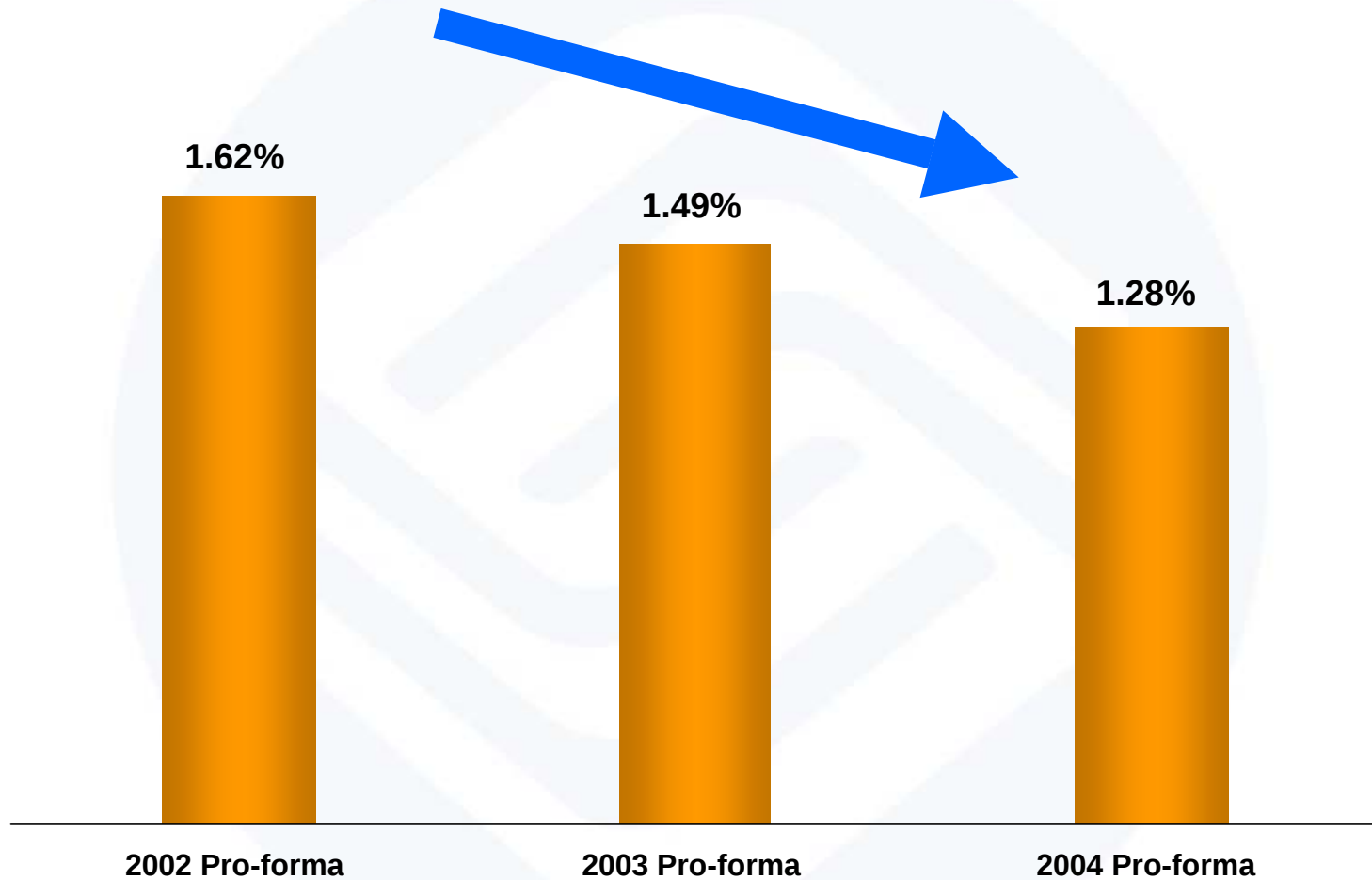
Operating revenue and profits have grown steadily, with SG&A per subscriber increase moderating

- Improved customer loyalty
- Expanded customer base

Rational and effective investment in SG&A initiatives

Effective Bad Debt Control

Bad Debt Ratio



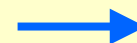
Solid Capital Structure

(RMB Millions)	31.12.2003	31.12.2004
Short Term Debt	15,217	9,924
Long Term Debt	29,383	36,633
Total Debt	44,600	46,557
Shareholders' Equity	198,803	233,161
Total Book Capitalization	243,403	279,718
Total Debt / Total Book Capitalization	18.3%	16.6%
Cash & Bank Deposits	56,356	65,413
Net Cash	11,756	18,856
Interest Coverage	26X	37X

Credit Rating

S&P's

BBB / Positive



BBB+ / Positive

Moody's

Baa1 / Positive



A3 / Positive

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China Mobile (Hong Kong) Limited
www.chinamobilehk.com

THANK YOU



中国移动通信
CHINA MOBILE

Extracts from audited consolidated income statement for the year ended 31 December 2004 – Appendix I



(RMB Millions)

2003

2004

Operating Revenue		
Usage Fees	111,027	128,534
Monthly Fees	20,666	24,760
New Business	16,205	30,236
Others	10,706	8,851
	<u>158,604</u>	<u>192,381</u>
Operating Expenses		
Leased Lines	4,914	3,861
Interconnection	12,868	12,072
Depreciation	36,611	44,320
Personnel	7,700	9,717
Others	43,308	62,677
	<u>105,401</u>	<u>132,647</u>
Operating Profit	<u>53,203</u>	<u>59,734</u>

2003

2004

Operating Profit	53,203	59,734
Amortization of Goodwill	(1,850)	(1,930)
Other Net Income	2,464	3,167
Non-operating Net Income	434	900
Interest Income	807	1,014
Finance Cost	(2,099)	(1,679)
Taxation	(17,412)	(19,180)
Profit from Ordinary Activities after Taxation	<u>35,547</u>	<u>42,026</u>
Minority Interest	9	(22)
Net Profit	<u>35,556</u>	<u>42,004</u>

Extracts from audited consolidated balance sheet as at 31 December 2004 – Appendix II



(RMB Millions)	As at 2003.12.31	As at 2004.12.31
Current Assets	69,457	79,909
Non-current Assets	237,846	288,843
Total Assets	307,303	368,752
Current Liabilities	(78,150)	(97,666)
Non-current Liabilities	(30,168)	(37,682)
Total Liabilities	(108,318)	(135,348)
Minority Interest	(182)	(243)
Net Assets	198,803	233,161

Income Statement (Pro-forma)

– Appendix III



(RMB Millions)	2003	2004		2003	2004
Operating Revenue			Operating Profit	56,354	61,648
Usage Fees	125,702	136,876	Amortization of Goodwill	(2,072)	(2,080)
Monthly Fees	24,067	26,458	Deficit on revaluation of fixed assets	(3,470)	--
New Business	17,936	31,651	Other Net Income	2,667	3,343
Others	11,363	9,008	Non-operating Net Income	527	949
	<u>179,068</u>	<u>203,993</u>	Interest Income	691	948
Operating Expenses			Finance Cost	(2,580)	(1,915)
Leased Lines	5,597	4,199	Taxation	(18,129)	(19,664)
Interconnection	14,066	12,705	Profit from Ordinary Activities after Taxation	<u>33,988</u>	<u>43,229</u>
Depreciation	42,642	48,059	Minority Interest	9	(22)
Personnel	9,721	10,655	Net Profit	<u><u>33,997</u></u>	<u><u>43,207</u></u>
Others	50,688	66,727			
	<u>122,714</u>	<u>142,345</u>			
Operating Profit	<u>56,354</u>	<u>61,648</u>			

The financial information relating to the income statement for 2003 and 2004 represents the Group's unaudited pro-forma combined data, i.e. on the assumption that the existing corporate structure of the Group with 31 operating subsidiaries was in place since 1 January 2003. The unaudited pro-forma financial information of the Group for the year ended 31 December 2004 have been reviewed by the auditors, KPMG. The report thereon from KPMG will be included in the Company's annual report for the year ended 31 December 2004. The unaudited pro-forma financial information for the year ended 31 December 2003 was extracted from the circular of the Company dated 3 May 2004.

Operating Data (Pro-forma)

– Appendix IV



	2003	2004
Contract Subscribers (Millions)	58.128	59.887
Prepaid Subscribers (Millions)	107.985	144.405
Blended/Contract/Prepaid MOU (Minutes)	244/418/138	297/517/194
Blended/Contract/Prepaid ARPU (RMB)	99/168/57	92/167/56
Average Revenue per Minute (RMB)	0.405	0.309
Mobile Data Users (Millions)	115.120	156.834
Network Capacity (Millions)	201.350	244.370
Network Utilization Rate (%)	82.5%	83.6%
Average Monthly Churn Rate (%)	1.10%	1.31%

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.