

中國移動有限公司
China Mobile Limited
www.chinamobileltd.com

2006 *Annual Results*



2006 Annual Results

China Mobile Limited

21 March 2007

Management



Mr. WANG Jianzhou

Chairman & CEO

Mr. LI Yue

Executive Director & Vice President

Mr. XUE Taohai

Executive Director, Vice President & CFO

Madam XIN Fanfei

Executive Director & Vice President

Agenda



**Overall Performance
for 2006**

**Financial Results
for 2006**

Overall Performance for 2006

Highlights



Remarkable operating results

Revenue ↑21.5%
Net profit ↑23.3%

Continuing rapid subscriber growth

Average monthly net
adds 4.43 million

Average daily SMS
volume close to 1bn

Strong non-SMS data
business growth

Value-added business
revenue increased to
23.5% of total revenue

Strong growth trend and
potential in rural market

Almost 50% subscriber
growth from rural areas

Full year dividend of
HK\$1.383 per share

Dividend payout ratio of
42%

Full year special dividend
of HK\$0.159 per share

Overall Operating Performance



	2005	2006	Change
Subscribers (Million)	246.652	301.232	22.1%
Operating Revenue (RMB Billion)	243.041	295.358	21.5%
EBITDA (RMB Billion)	133.338	159.574	19.7%
EBITDA Margin (%)	54.9%	54.0%	-0.9 ppt
Net Profit (RMB Billion)	53.549	66.026	23.3%
Net Profit Margin (%)	22.0%	22.4%	0.4 ppt
Basic Earnings per Share (RMB)	2.71	3.32	22.5%

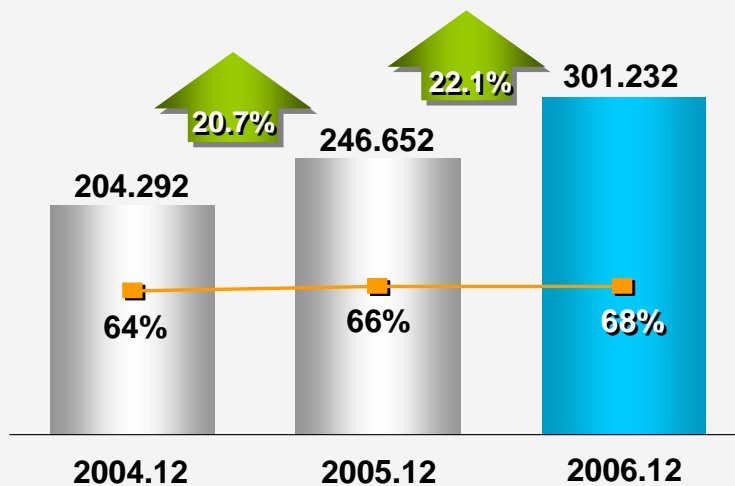
Note: All data for 2006 shown in this presentation included the results of China Mobile Peoples Telephone Company Limited.

Continuous Rapid Growth of Subscribers



Total Subscribers

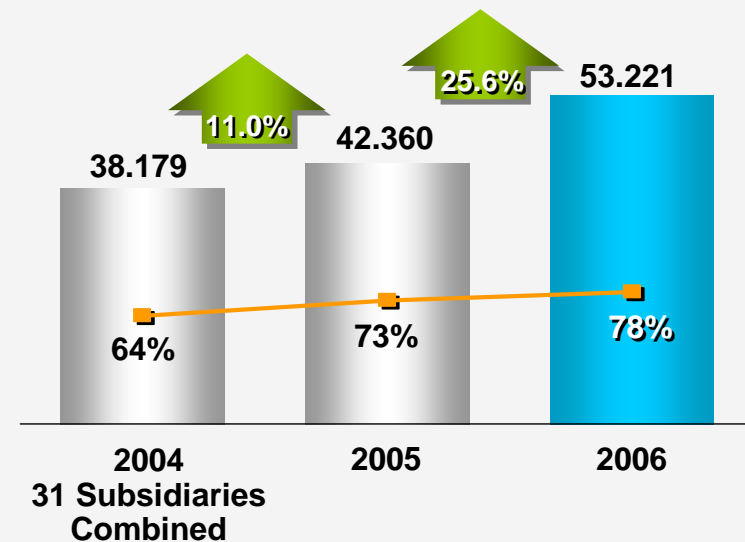
(Million)



—■— Market share

Net Additional Subscribers

(Million)



—■— Net adds market share

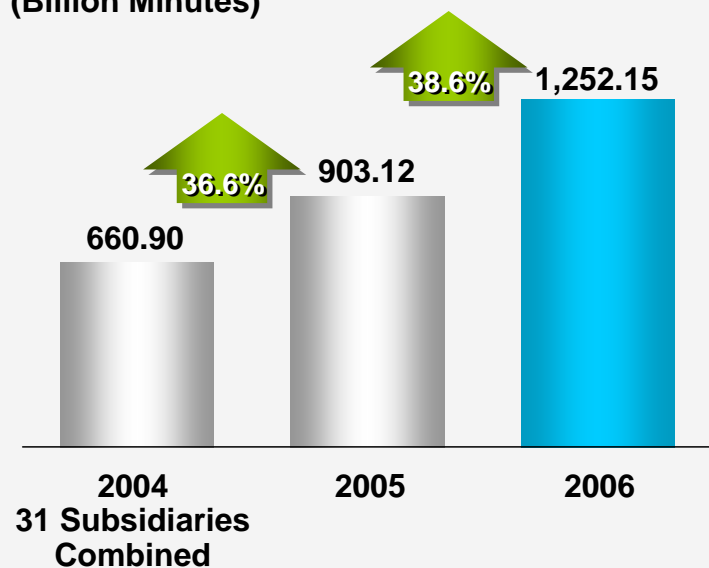
Note: The total net additional subscribers for 2006 excluded the subscriber base of 1.359 million as of end of 2005 acquired from China Mobile Peoples Telephone Company Limited.

Stable Growth in Voice Business



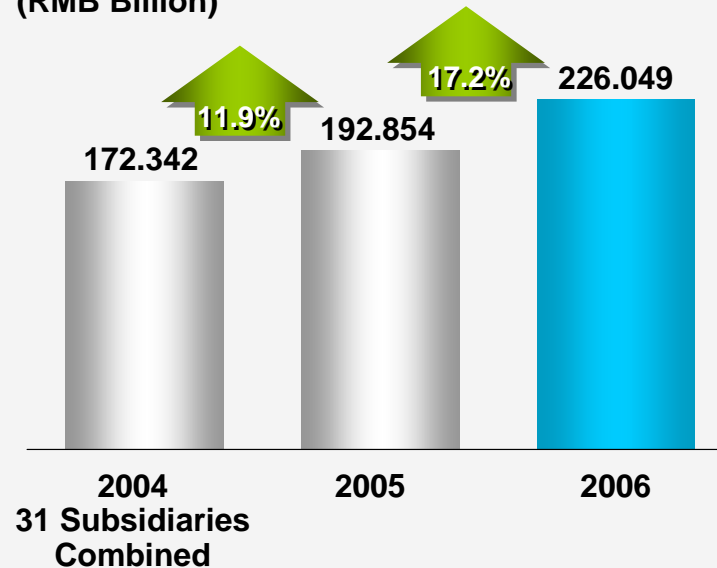
Total Voice Usage

(Billion Minutes)



Voice Business Revenue

(RMB Billion)

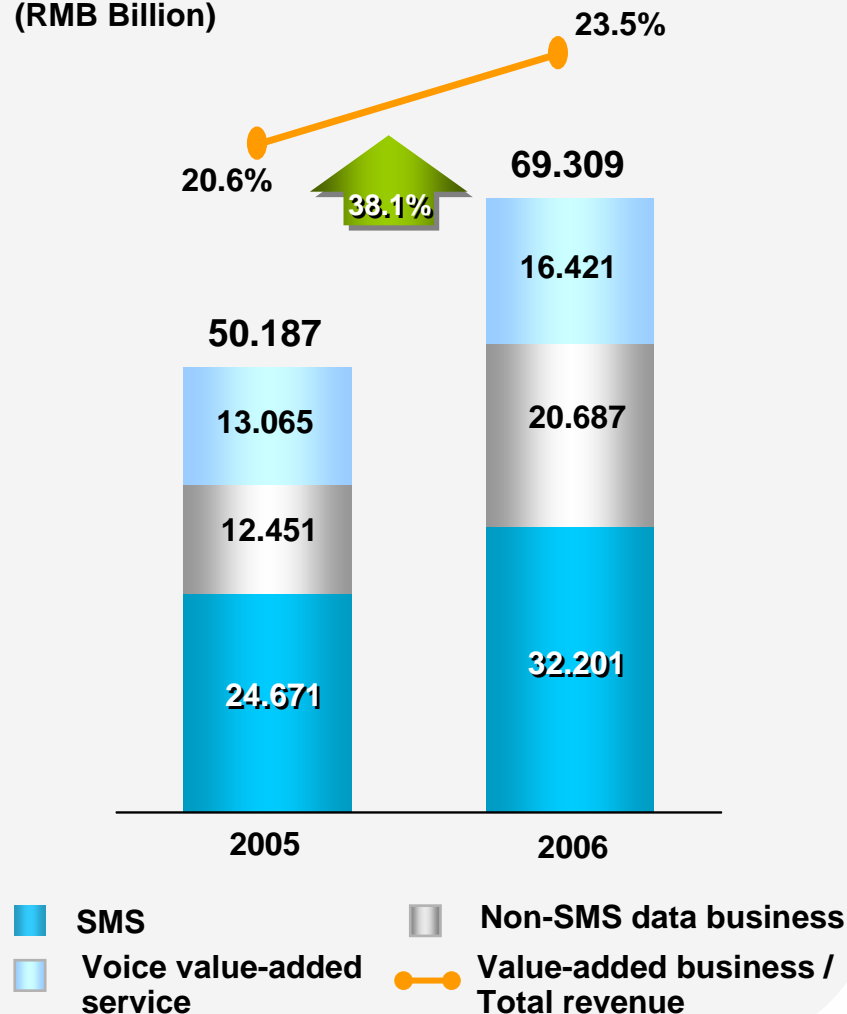


Strong Growth in Value-added Business



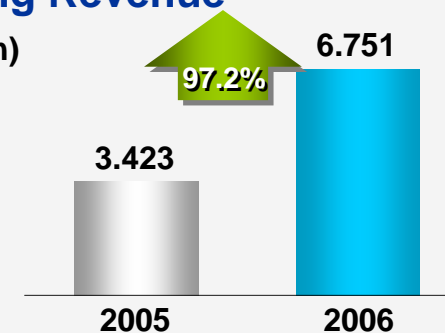
Value-added Business Revenue

(RMB Billion)



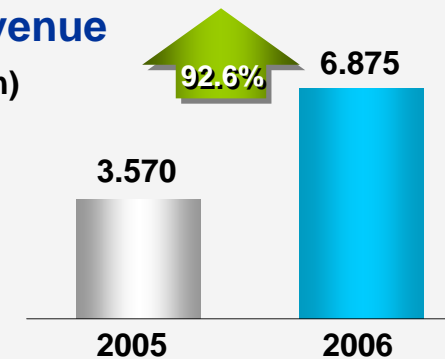
Color Ring Revenue

(RMB Billion)



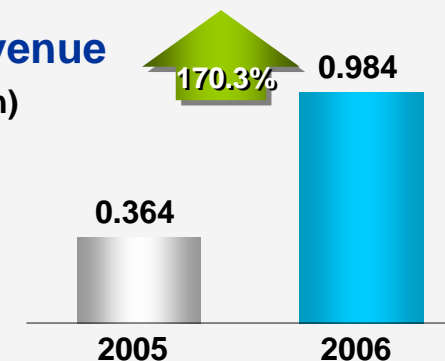
WAP Revenue

(RMB Billion)

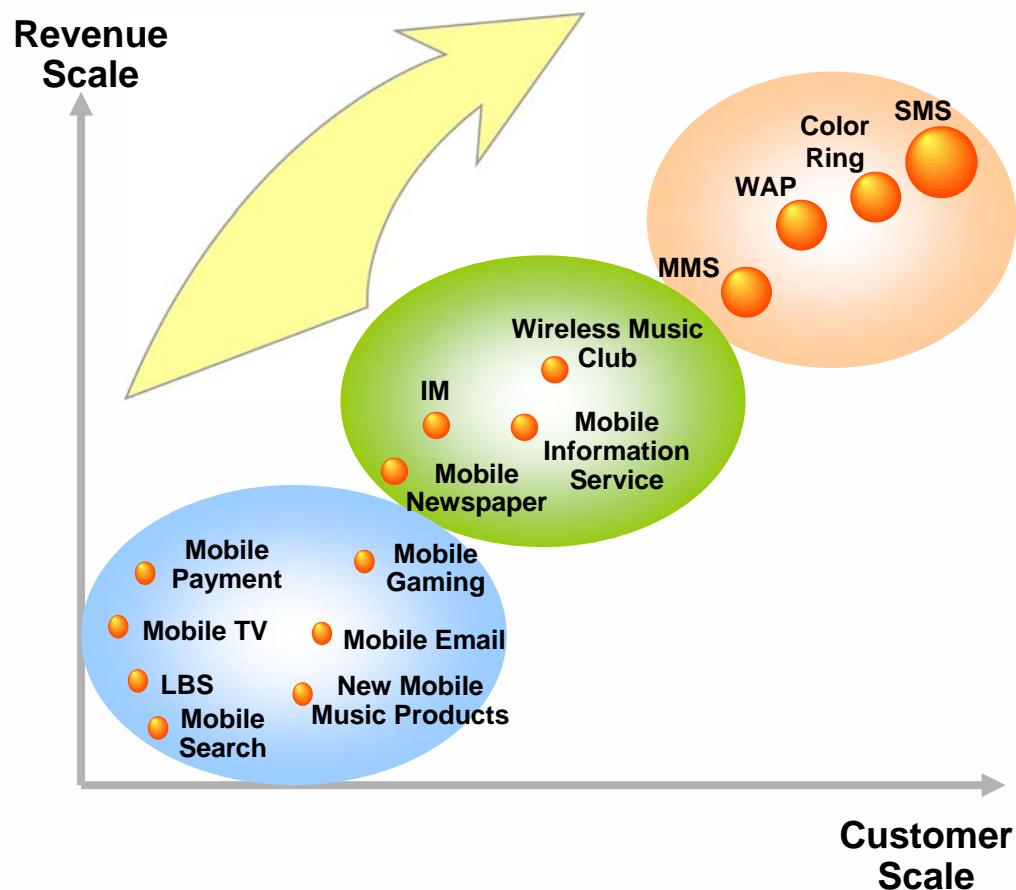


MMS Revenue

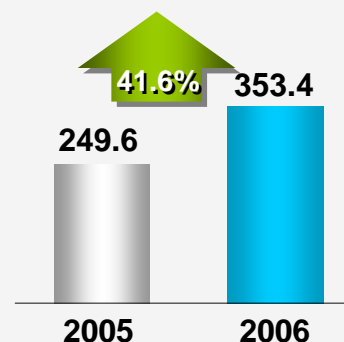
(RMB Billion)



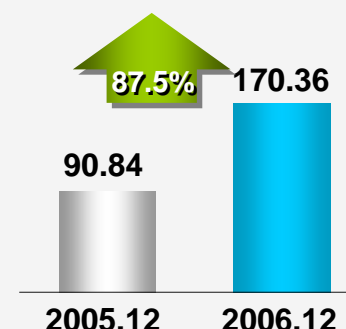
A Matrix of Potential, Growth and Revenue Driving Products Behind Strong Development



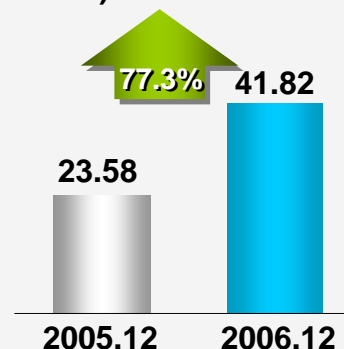
SMS Usage
(Billion Messages)



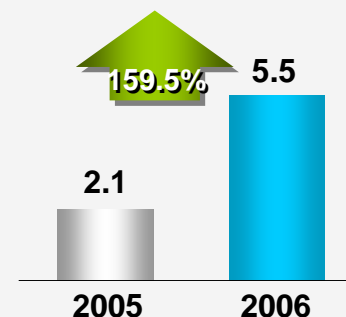
Color Ring Users
(Million)



WAP Users
(Million)



MMS Usage
(Billion Messages)



Accelerated Evolution of Mobile Media



Meticulously Nurture Mobile Music Industry

- Wireless music club: Members grew to 17mn in 6 months since launch
- Actively co-operating with various well-known international and domestic music labels
- Content constantly enriched. Subscription of Color Ring exceeded 470 million times in the year.

Partners: Win-win co-operations

SP
CP
(music labels)

China Mobile:
Abundant products



Customers:
Strong demand

Color Ring browsing
Vibration ring browsing
IVR music browsing
New song trial
Full track trial
...

Mobile Newspaper Exhibits Vibrancy



- Exceeded 5.5 million users as of end of 2006
- Creating a platform to integrate quality resources with 30+ mainstream media companies
- Guiding consumption behavior by offering dedicated product lines to different customer segments

Nurturing Potential Value-added Business



Handset Customization

- A large handset customization scale empowers our VAS development capability.
- By end of 2006, customized handset models amounted to 149. Customized handsets sold by different sales channels accounted for 1/3 of the GSM handset market.

Significant Contribution and Growth Potential of Rural Market



Significant Contribution from the Rural Market

Nearly 50% subscriber growth from rural areas

Further enhanced economies of scale positively contributed to overall profit

Opened up new source of growth for the whole sector

Huge Growth Potential

Huge rural population
Low penetration rate indicates robust demand

Continuous growth of per capital net income further strengthens consumption power

State's new rural policy effectively fosters economic development in rural areas

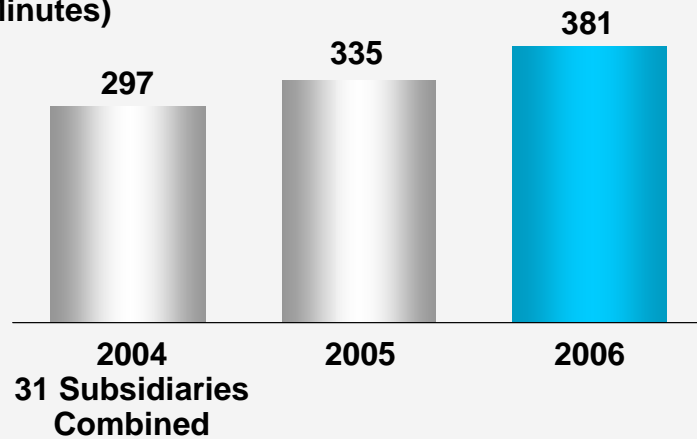
Users' entry barrier is further lowered

Continued Growth in Operating Revenue



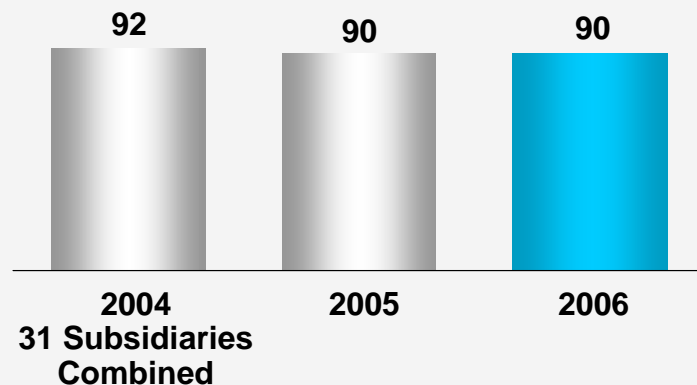
MOU

(Minutes)



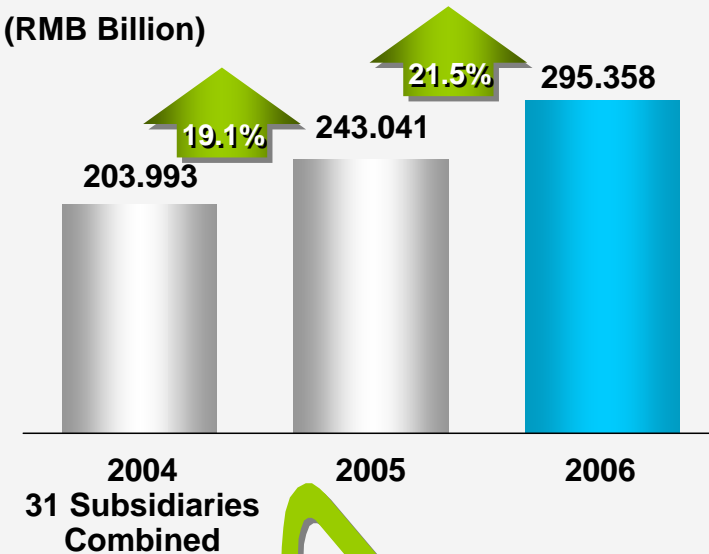
ARPU

(RMB)



Operating Revenue

(RMB Billion)



- Subscriber and voice usage growth
- Favorable impetus of value-added business
- Rapid development of rural market

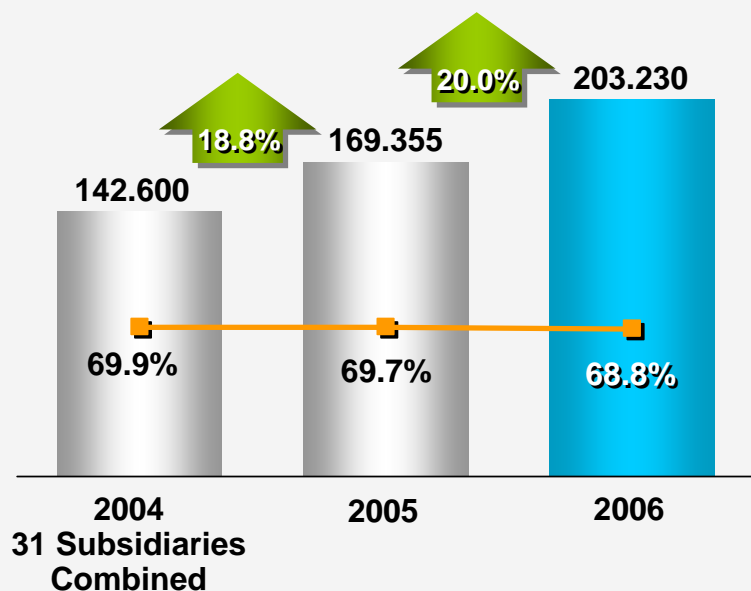
Continued growth in operating revenue

Sustained Profit Growth



Operating Expense

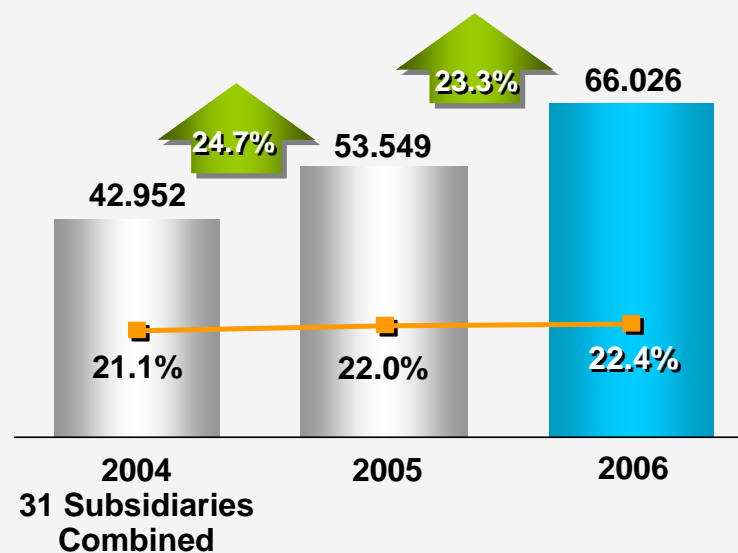
(RMB Billion)



— Operating expense / Operating revenue

Net Profit

(RMB Billion)



— Net profit margin

- Favorable revenue growth
- Effective cost control
- Better economies of scale

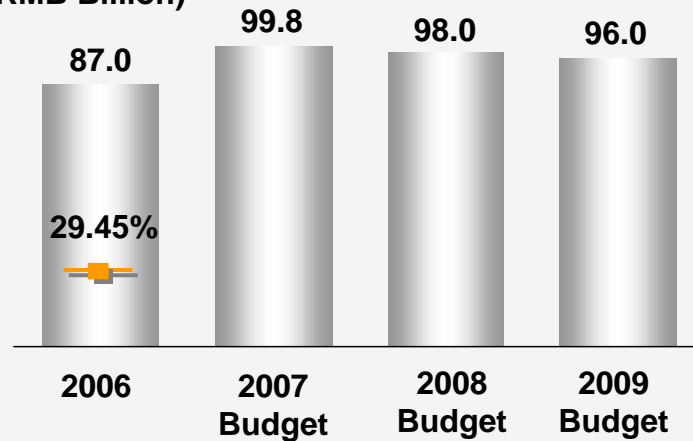
**Sustained
profit growth**

CAPEX



CAPEX

(RMB Billion)



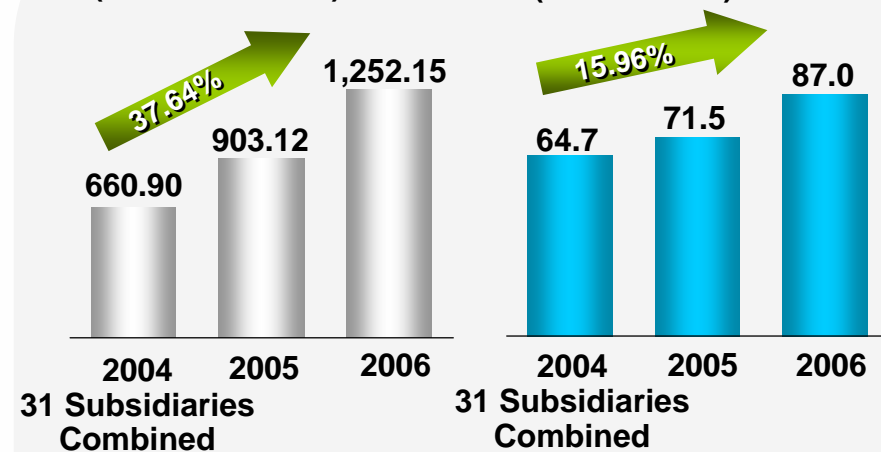
— CAPEX / Operating revenue

- Satisfy robust market demand
- Promote continuous development of value-added business
- Secure leading network advantage
- Lower cost by establishing a centralized, standardized, electronic-based procurement process
- Better prepared for next generation technology by deploying IP based equipment and softswitches

Investment Effectiveness

(Billion Minutes)

(RMB Billion)



■ Total voice usage

■ CAPEX

→ CAGR

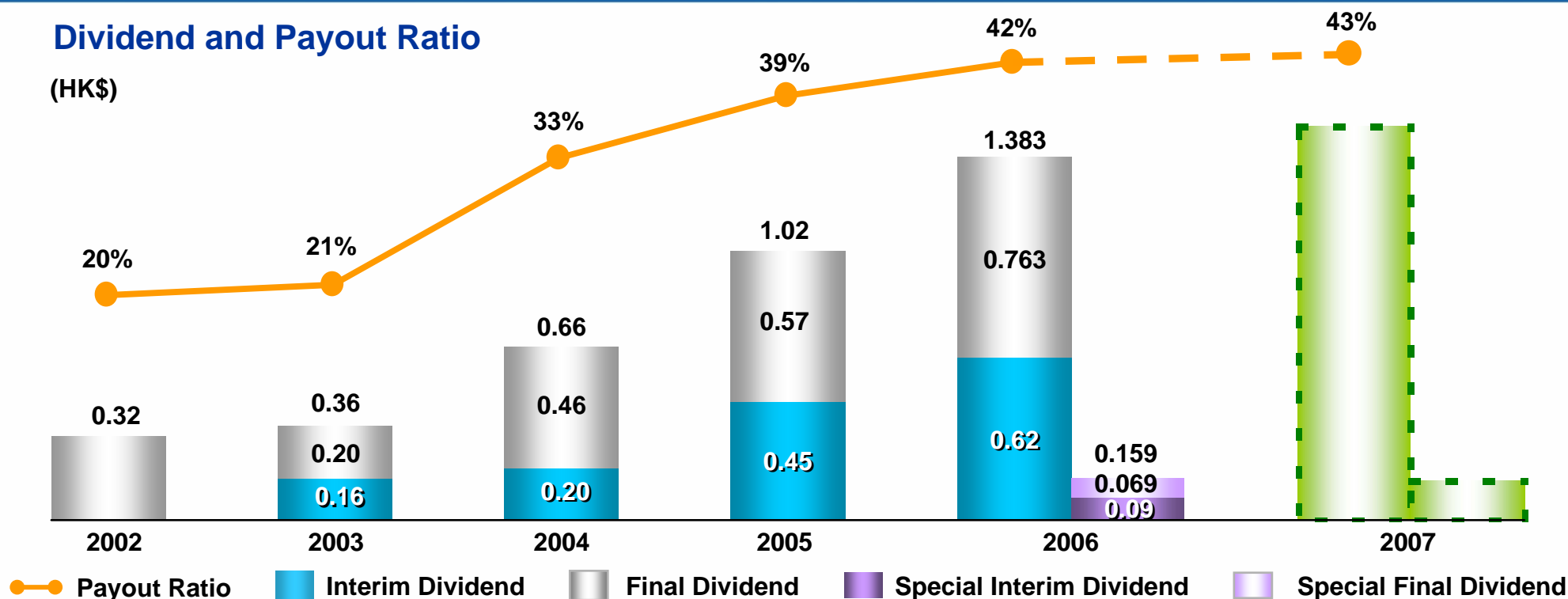
- Favorable business development
- Refined cost control
- Rational CAPEX
- Better economies of scale

Favorable and Continued Dividend Growth



Dividend and Payout Ratio

(HK\$)



- Annual dividend for 2006 was HK\$1.383 per share (including the interim dividend payout of HK\$0.62 per share) , with a full year payout ratio of 42%
- Annual special dividend for 2006 was HK\$0.159 per share (including the interim special dividend of HK\$0.09 per share)
- Planned dividend payout ratio for the full year of 2007 is 43%
- Consider to distribute special dividend for 2007 based on the effect from the intended revision of depreciation policy
- Endeavor to achieve a long-term sustainable, steadily increasing dividend, with a view to generating the best possible return for shareholders

Strengthening Competitive Advantages for the Arrival of New Generation Technology



Support System Advantage

Advanced and flexible support system enhances operating and managerial standards

Brand Advantage

A widely recognized brand name with its value ranked 4th in the world

Network Advantage

Population coverage > 97%
Wireless connection rate: 99.3%
Call drop rate: 0.85%

Channel Advantage

Sales network covers cities and rural areas forming comprehensive sales service system

Scale Advantage

World's largest subscriber base of over 300 million and network scale with 234K base stations

Service Advantage

Customer satisfaction rate: 79.6%



Corporate Social Responsibility



Responsibility
makes
perfection

Core Value

Release of the first “Corporate Social Responsibility” report

Led by Chairman and managed by a designated department

Build an information society and eliminate digital divide

Caring for the minority and active participation in charity work

Focus on environmental protection and energy preservation

Realize harmonious development among corporation, society and environment



Mobile Information Expert



**A World-class Enterprise and
A Mobile Information Expert**

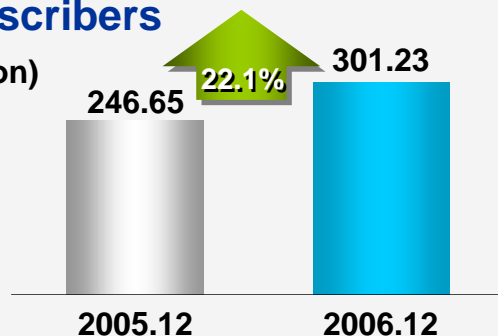
Financial Results for 2006

Rapid Growth in Revenue



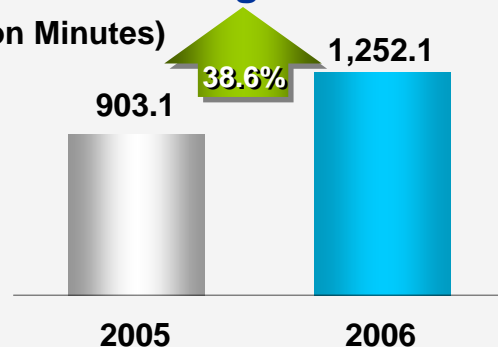
Subscribers

(Million)



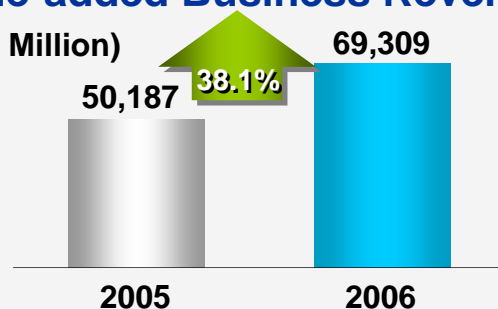
Total Voice Usage

(Billion Minutes)



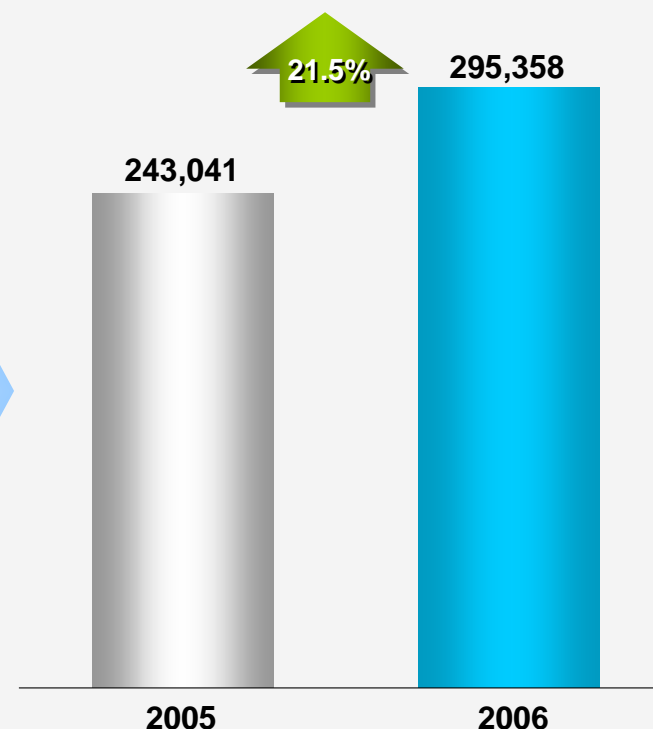
Value-added Business Revenue

(RMB Million)



Operating Revenue

(RMB Million)



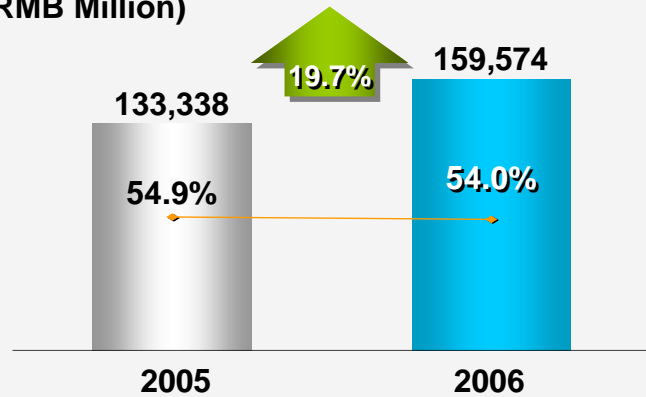
Note: All data for 2006 shown in this presentation included the results of China Mobile Peoples Telephone Company Limited.

Continuous Favorable Growth of Profitability



EBITDA

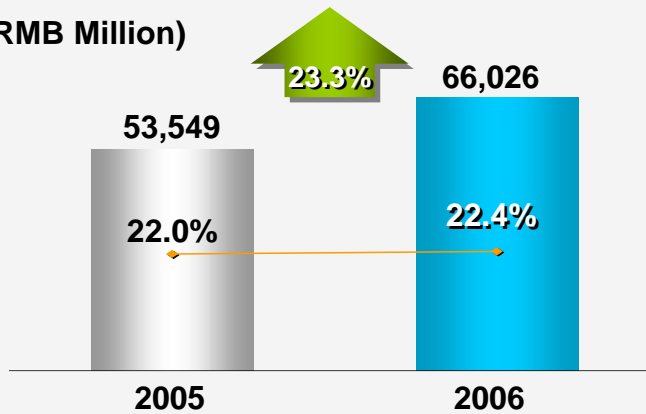
(RMB Million)



◆ EBITDA margin

Net Profit

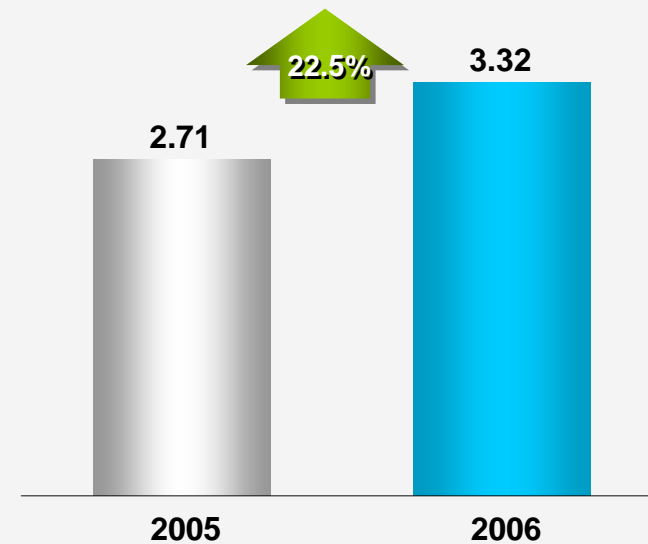
(RMB Million)



◆ Net profit margin

Basic EPS

(RMB)

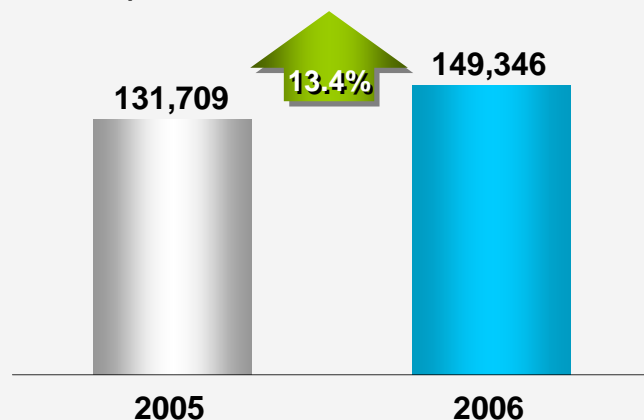


Continuous enhancement in profitability and shareholder value

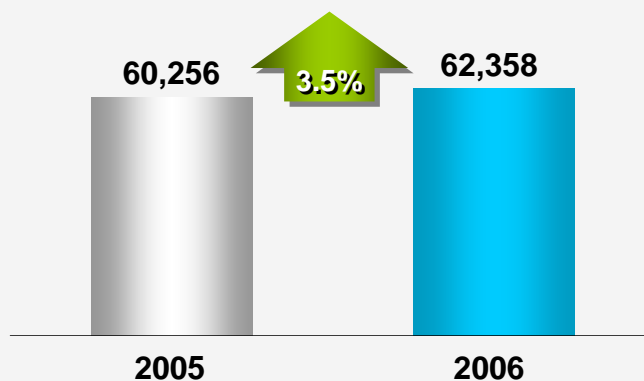
Strong Cash Flow



Net Cash Generated from Operating Activities (RMB Million)



Free Cash Flow (RMB Million)



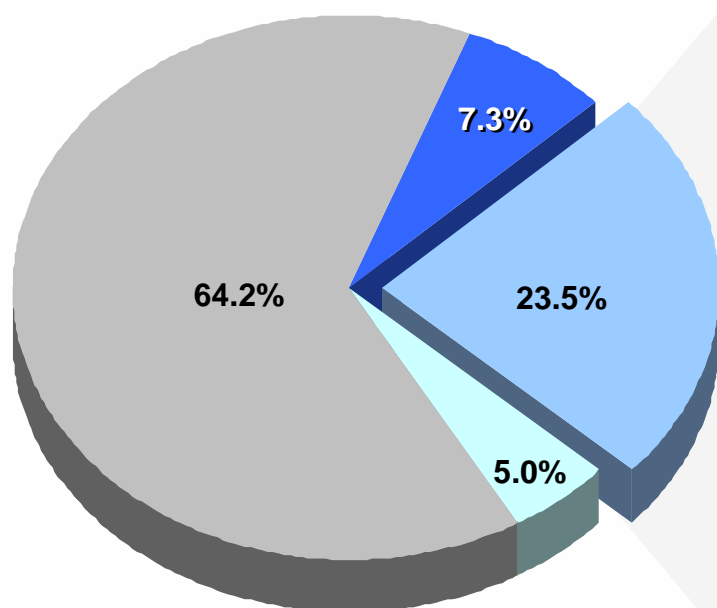
Continued favorable business growth and economies of scale

Providing a solid foundation for the sustainable healthy development of the Company

Revenue Composition



2006



Usage fees
 Monthly fees
 Value-added business
 Others

Voice value-added services revenue

SMS revenue

Non-SMS data business revenue

Value-added business revenue

	2006	2005	2004
Voice value-added services revenue	5.6%	5.4%	4.2%
SMS revenue	10.9%	10.2%	8.0%
Non-SMS data business revenue	7.0%	5.0%	3.3%
Value-added business revenue	23.5%	20.6%	15.5%

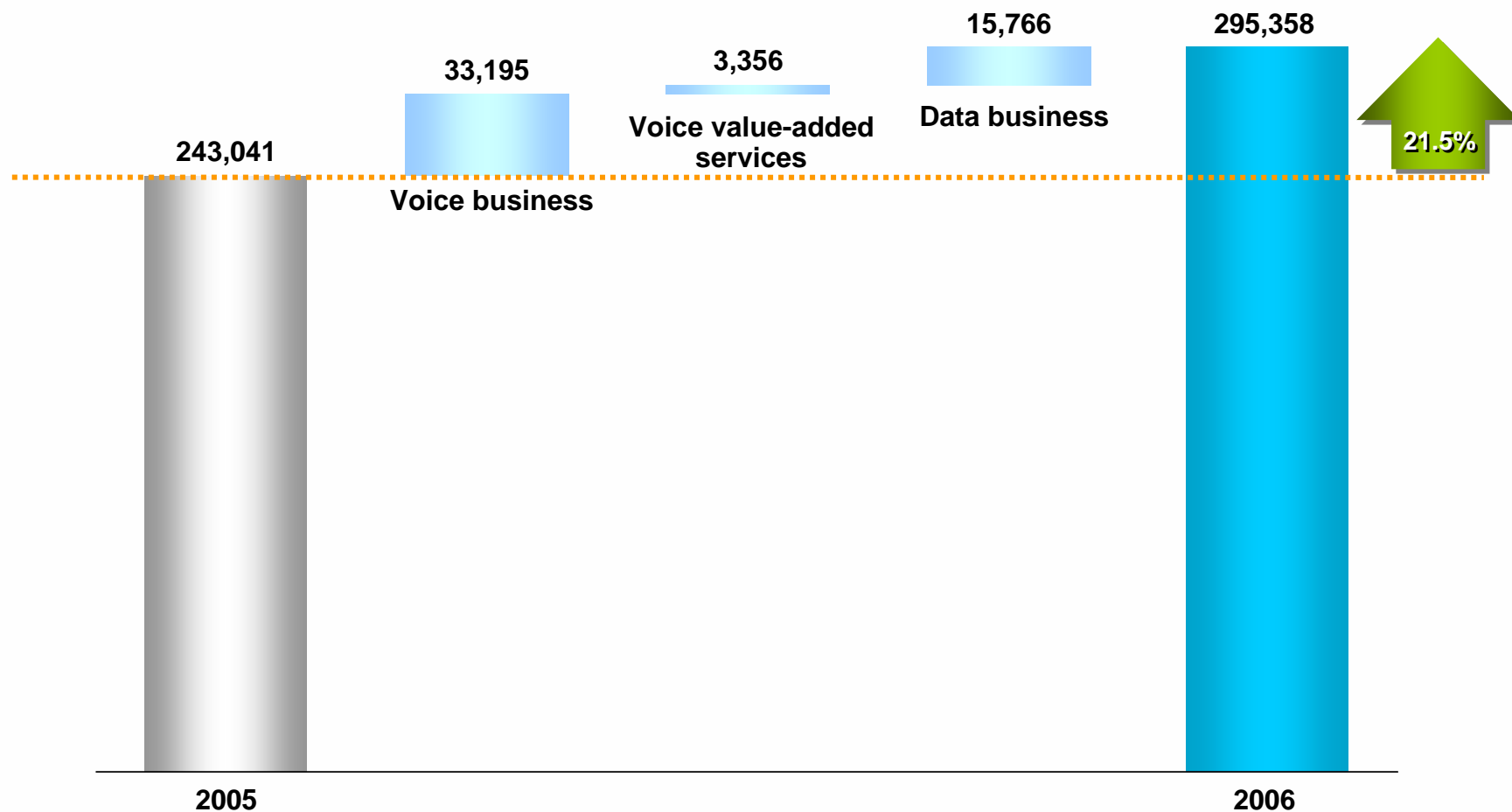
Note 1: The above data are expressed as a percentage of operating revenue.

Note 2: The above data for 2004 represented the combined results of 31 operating subsidiaries.

Composition of Revenue Growth



(RMB Million)

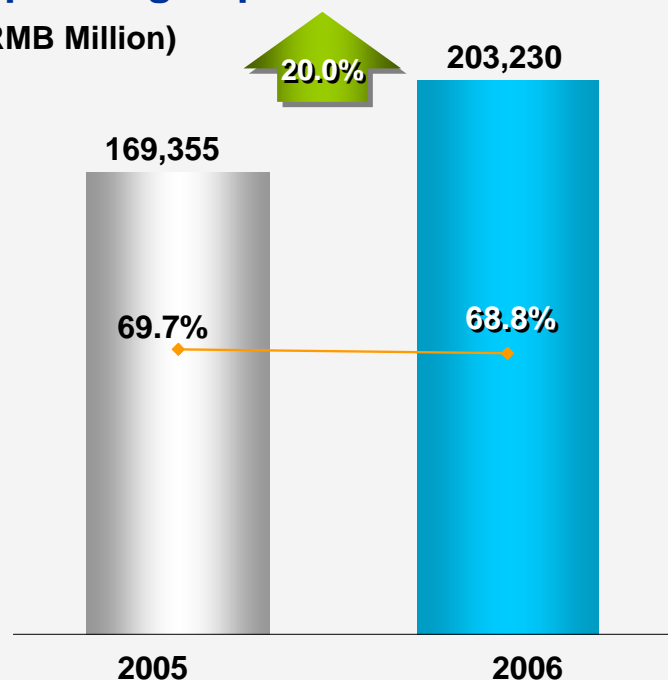


Effective Cost Control



Operating Expenses

(RMB Million)

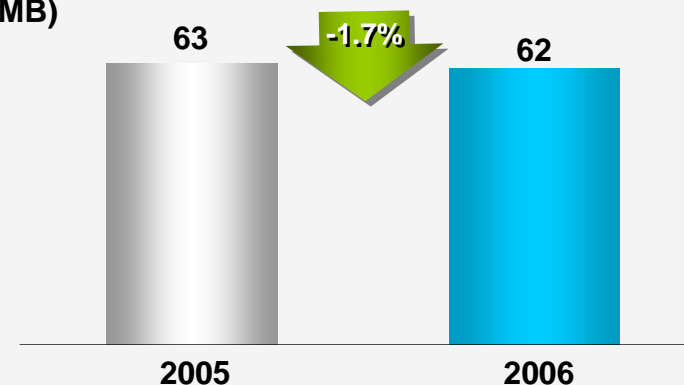


◆ Operating expenses / Operating revenue

Effective cost control management
Favorable economies of cost scale

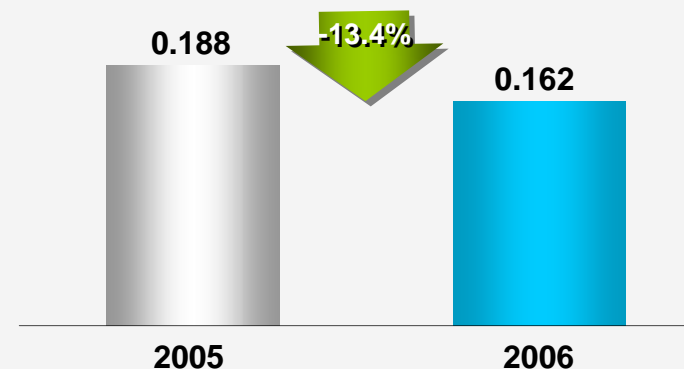
Average Monthly Operating Expenses per Subscriber

(RMB)

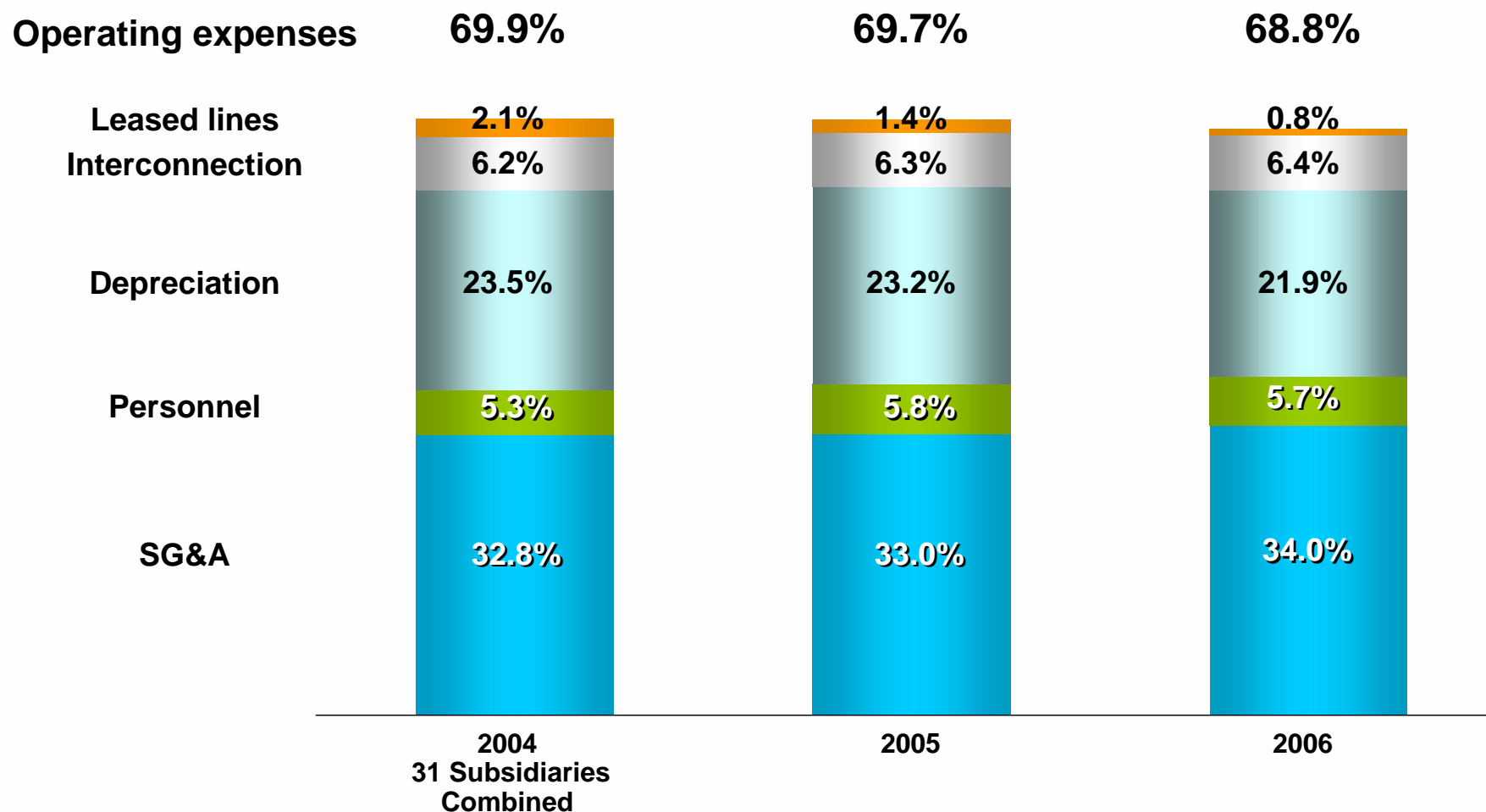


Average Operating Expenses per Minute

(RMB)



Cost Composition



Note 1: The above data are expressed as a percentage of operating revenue

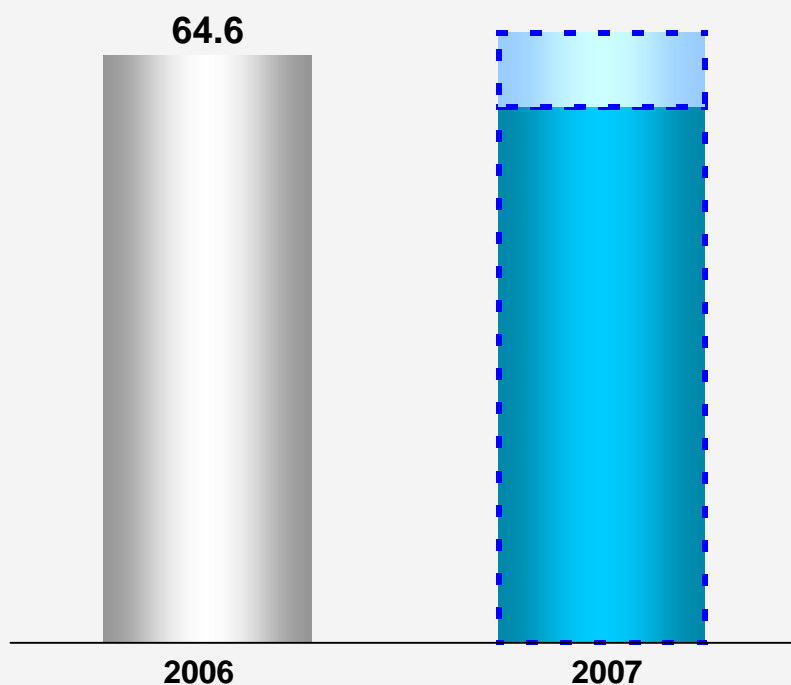
Note 2: Revision of depreciable lives for 2G wireless equipment and etc. in 2006 resulted in additional depreciation expenses of RMB11.5 billion.

Revision of Assets Depreciable Lives



Depreciation Expense

(RMB Billion)



 Effect of revised depreciable lives

- Assesses and evaluates the conditions of existing network in accordance with prudent financial principles
- Intends to revise the estimated useful lives of existing switching centers equipment (exclusive soft switching centers equipment that are conformed with the new generation technology) from 7 years to 5 years in 2007

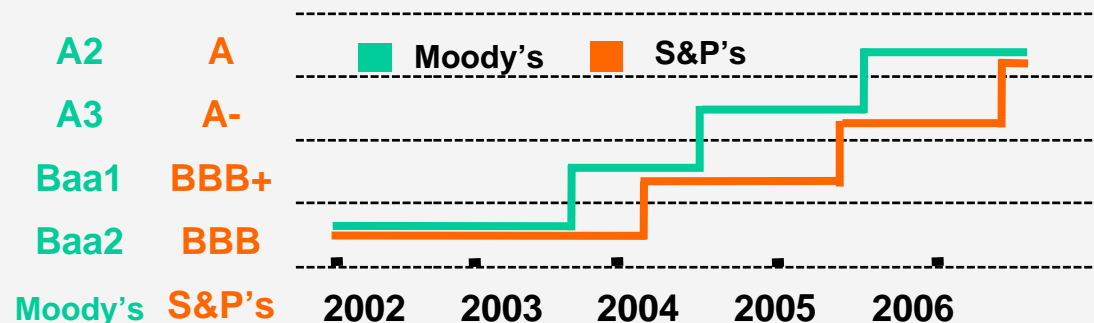
Solid Capital Structure



(RMB Million)	31.12.2005	31.12.2006
Short Term Debt	1,427	5,276
Long Term Debt	36,545	33,574
Total Debt	37,972	38,850
Shareholders' Equity	272,824	319,002
Total Book Capitalization	310,796	357,852
Total Debt / Total Book Capitalization	12.2%	10.9%
Cash & Bank Deposits	106,386	153,461
Net Cash	68,414	114,611
Interest Coverage	58X	63X

Note: Net cash represents Cash & bank deposits minus total debt. The increase of total debt was mainly due to increased non-interest bearing debts, such as bills payable.

Credit Rating

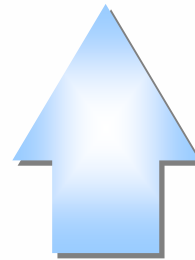


Comply with SOX 404 Requirements

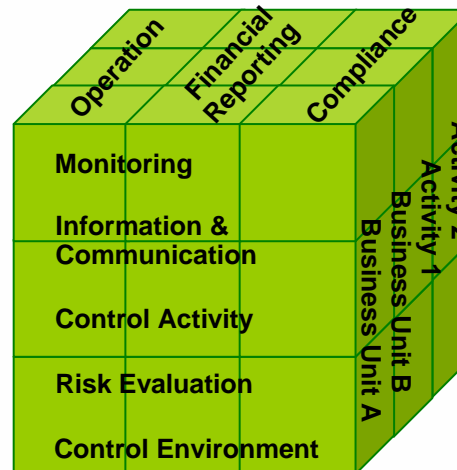


- Ensure design and operating effectiveness of the related internal control over financial reporting
- Comply with SOX 404 requirements
- Further enhanced corporate governance

Establish internal control system according to COSO framework



Comply with SOX 404 requirements



Note: "COSO Framework" refers to the internal control framework issued in 1992 by the Committee of Sponsoring Organizations of the Treadway Commission.

中國移動有限公司
China Mobile Limited
www.chinamobileltd.com

THANK YOU



Extracts from audited consolidated income statement for the year ended 31 December 2006 – Appendix I



(RMB Million)	2005	2006
Operating Revenue		
Usage Fees	156,710	189,710
Monthly Fees	25,055	21,629
Value-added business	50,187	69,309
Others	11,089	14,710
	<u>243,041</u>	<u>295,358</u>
Operating Expenses		
Leased Lines	3,224	2,451
Interconnection	15,309	18,783
Depreciation	56,368	64,574
Personnel	14,200	16,853
Others	80,254	100,569
	<u>169,355</u>	<u>203,230</u>
Operating Profit	<u>73,686</u>	<u>92,128</u>

	2005	2006
Operating Profit (Con't)	73,686	92,128
Amortisation of other intangible assets	-	(203)
Other Net Income	3,284	2,872
Non-operating Net Income	1,025	1,017
Interest Income	1,615	2,604
Finance Cost	(1,346)	(1,510)
Taxation	(24,675)	(30,794)
Profit for the year	<u>53,589</u>	<u>66,114</u>
Equity shareholders of the Company	53,549	66,026
Minority Interests	40	88
Profit for the year	<u>53,589</u>	<u>66,114</u>

Extracts from audited consolidated balance sheet as at 31 December 2006 – Appendix II



(RMB Million)	2005.12.31	2006.12.31
Current Assets	121,076	171,507
Non-current Assets	299,951	323,169
Total Assets	421,027	494,676
Current Liabilities	(109,954)	(140,607)
Non-current Liabilities	(37,966)	(34,696)
Total Liabilities	(147,920)	(175,303)
Net Assets	273,107	319,373

Operating Data – Appendix III



	2005	2006
Contract Subscribers (Million)	61.311	65.269
Prepaid Subscribers (Million)	185.341	235.963
Blended/Contract/Prepaid MOU (Minutes)	335/589/241	381/671/293
Blended/Contract/Prepaid ARPU (RMB)	90/185/55	90/207/55
Average Revenue per Minute (RMB)	0.269	0.236
Mobile Data Users (Million)	206.682	270.384
SMS Usage (Billion Messages)	249.609	353.384
Average Monthly Churn Rate (%)	1.87%	2.73%

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 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.