
IMPORTANT

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Mobile (Hong Kong) Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CHINA MOBILE (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

CONNECTED TRANSACTIONS

Independent Financial Adviser to the Independent Board Committee



A letter from the Independent Board Committee of China Mobile (Hong Kong) Limited is set out on pages 10 to 11 of this circular. A letter from N M Rothschild & Sons (Hong Kong) Limited containing its advice to the Independent Board Committee is set out on pages 12 to 15 of this circular.

A notice dated 9 April 2003 convening an Extraordinary General Meeting of the Company to be held in the Conference Room, 3rd Floor, JW Marriott Hotel, Pacific Place, 88 Queensway Road, Hong Kong on 15 May 2003 at 11:30 a.m. (or as soon thereafter as the annual general meeting of the Company to be convened at 11:00 a.m. at the same place and date shall have been concluded or adjourned), is set out at the end of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event at least 36 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	3
Introduction	3
Prepaid Services	4
Platform Development	5
Undertaking Provided by CMCC	6
Waiver to be Obtained From the Stock Exchange	6
Conditions of the Waiver	6
Extraordinary General Meeting	8
Recommendation of the Independent Board Committee	8
Additional information	9
Letter from the Independent Board Committee	10
Letter from Rothschild	12
Appendix — General Information	16
Notice of the Extraordinary General Meeting	19

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Aspire Holdings”	Aspire Holdings Limited, a company incorporated in the Cayman Islands and a non wholly-owned subsidiary of the Company, the shareholders of which are the Company, Vodafone Holdings (Jersey) Limited (a wholly-owned subsidiary of Vodafone Group Plc), Hanover Asia Pacific Investments Limited (a subsidiary of Hewlett-Packard Company) and ASP Investment Holdings Limited (an affiliate of Merrill Lynch (Asia Pacific) Limited), holding 66.41%, 9.99%, 7% and 16.6%, respectively, of the issued ordinary share capital of Aspire Holdings Limited
“Associates”	as defined in the Listing Rules
“Board”	the board of directors of the Company
“CMBVI”	China Mobile Hong Kong (BVI) Limited, a company incorporated in the British Virgin Islands and the immediate controlling shareholder of the Company
“CMCC”	China Mobile Communications Corporation, a state-owned company established under the laws of the PRC and the ultimate controlling shareholder of the Company
“CMHKG”	China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong and an indirect controlling shareholder of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company” or “CMHK”	China Mobile (Hong Kong) Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange and whose American depositary shares are listed on the New York Stock Exchange
“Connected Transactions”	the continuing connected transactions of the Group as described under “Prepaid Services” and “Platform Development” in this circular
“Convertible Noteholders”	holders of the 2.25% convertible notes due 2005 of the Company
“Directors”	the directors of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened on 15 May 2003, notice of which is set out at the end of this circular, or any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the committee of directors of the Company, consisting of Lo Ka Shui and Frank Wong Kwong Shing, being the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the terms of the Connected Transactions

DEFINITIONS

“Independent Shareholders”	Shareholders other than CMBVI and its Associates
“Latest Practicable Date”	4 April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MISC Platform”	the standardised nation-wide China Mobile platform for wireless data which will be made available to each of the provincial mobile telecommunications subsidiaries of the Company and CMCC
“Noteholders”	holders of the 7 ⁷ / ₈ % notes due 2004 of the Company
“Platform Development Master Agreements”	the platform development master agreements entered into by Aspire Holdings with each of the Company and CMCC on 10 January 2001, regarding the provision of technology platform development and maintenance services to the Company, CMCC and their respective mobile telecommunications subsidiaries in various provinces, municipalities and autonomous region in mainland China
“Prepaid Services Agreement”	the prepaid services agreement entered into by the Company and CMCC in October 2000, regarding the sharing and settlement of revenue when prepaid subscribers purchase value-adding cards issued by network operators other than their home network operators
“PRC” or “China”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Rothschild”	N M Rothschild & Sons (Hong Kong) Limited, a registered institution with the Hong Kong Monetary Authority from 1 April 2003 (previously an investment adviser registered with the Securities and Futures Commission), and the independent financial adviser to the Independent Board Committee in respect of the Connected Transactions
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Waiver Application”	the application made by the Company to the Stock Exchange for a new waiver in respect of the Connected Transactions, as described under “Waiver to be obtained from the Stock Exchange” in this circular

For your convenience, unless otherwise stated or the context requires otherwise, this circular contains translations between RMB amounts and Hong Kong dollars amounts at RMB1.061 = HK\$1.00. The translations are not representations that the RMB and Hong Kong dollar amounts could actually be converted at this rate, or at all.



中国移动通信
CHINA MOBILE

CHINA MOBILE (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

Executive Directors:

Wang Xiaochu (*Chairman*)

Li Yue

Lu Xiangdong

Xue Taohai

He Ning

Li Gang

Xu Long

Registered Office:

60th Floor

The Center

99 Queen's Road Central

Hong Kong

Non-Executive Director:

Zhang Ligui

Independent Non-Executive Directors:

Chris Gent

Lo Ka Shui

Frank Wong Kwong Shing

Moses Cheng Mo Chi

9 April 2003

*To the Shareholders, and for information only,
the Noteholders and the Convertible Noteholders*

Dear Sir or Madam

CONNECTED TRANSACTIONS

INTRODUCTION

On 26 March 2003, the Company announced that the Company and its operating subsidiaries have in the past entered into a number of transactions of a recurrent nature with certain connected persons which constitute connected transactions of the Company under the Listing Rules.

The Stock Exchange has previously granted waivers to the Company, subject to certain conditions, from strict compliance with the relevant disclosure and shareholders' approval requirements of the Listing Rules in relation to these connected transactions. The Connected Transactions as described under "Prepaid Services" and "Platform Development" below have previously been approved by the Independent Shareholders and the waivers previously granted by the Stock Exchange will expire on 31 December 2003.

As the Connected Transactions are expected to occur on a regular and continuous basis in the ordinary and usual course of business, the Company has made an application to the Stock Exchange for a new waiver in respect of the Connected Transactions from compliance with the normal disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The new waiver will be conditional upon, inter alia, the approval of the Independent Shareholders at the Extraordinary General Meeting at which CMBVI (and its Associates) being a connected person of the Company, will abstain from voting its shares on the ordinary resolution to approve the Connected Transactions.

The Independent Board Committee, comprising Lo Ka Shui and Frank Wong Kwong Shing, has been formed to consider the terms of the Connected Transactions and to advise the Independent Shareholders as to whether such terms as a whole are fair and reasonable so far as the Independent Shareholders are concerned. Rothschild has been appointed as the independent financial adviser to the Independent Board Committee in this respect and a copy of its letter of advice is set out on pages 12 to 15 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 10 to 11 of this circular.

The purpose of this circular is to provide you with further information in relation to the Connected Transactions and to seek your approval of the ordinary resolution set out in the notice of the Extraordinary General Meeting at the end of this circular.

PREPAID SERVICES

Each of the Company's operating subsidiaries offers prepaid services. Some of such prepaid services, primarily the "Shenzhouxing" service, allow subscribers to add value to their SIM cards. The prepaid subscribers can make and receive local and domestic and international long distance calls and most of those subscribers also enjoy nationwide domestic roaming services. The prepaid subscribers may add value to their cards by purchasing value-adding cards from any of the Group's network operators or CMCC's network operators. In October 2000, the Company entered into the Prepaid Services Agreement.

Under the terms of the Prepaid Services Agreement as supplemented by a supplemental agreement between the Company and CMCC in May 2001 (the "**2001 Supplemental Agreement**"), the network operator in the location which issues the value-adding card remits 95% of the face value of the value-adding card to the subscriber's home network operator and keeps the remainder as a handling charge. Hence, if the Group's subscribers purchase value-adding cards issued by CMCC's network operators, CMCC's network operators will be entitled to 5% of the face value as the handling charge. Conversely, if CMCC's subscribers purchase value-adding cards issued by the Group's network operators, the Group will be entitled to 5% of the face value as the handling charge.

The Prepaid Services Agreement was negotiated on arm's length basis between the parties involved and on normal commercial terms. It is for a term of one year and will be automatically renewed on an annual basis unless either party notifies the other of its intention to terminate in writing at least three months prior to the expiration of the term.

The Prepaid Services Agreement (as supplemented by the 2001 Supplemental Agreement) applies to prepaid services offered by the operating subsidiaries of the Company as at May 2001, namely Guangdong Mobile Communication Company Limited, Zhejiang Mobile Communication Company Limited, Jiangsu Mobile Communication Company Limited, Fujian Mobile Communication Company Limited, Henan Mobile Communication Company Limited, Hainan Mobile Communication Company Limited, Beijing Mobile Communication Company Limited, Shanghai Mobile Communication Company Limited, Tianjin Mobile Communication Company Limited, Hebei Mobile Communication Company Limited, Liaoning Mobile Communication Company Limited, Shandong Mobile Communication Company Limited and Guangxi Mobile Communication Company Limited (together, the "**Company's Operating Subsidiaries as at May 2001**").

LETTER FROM THE BOARD

The arrangement for the sharing and settlement of interconnection and roaming revenue in relation to prepaid services is the same as the arrangement in relation to contract subscribers.

The transactions pursuant to the Prepaid Services Agreement (as supplemented by the 2001 Supplemental Agreement) had previously been approved by the Independent Shareholders at an extraordinary general meeting held on 12 June 2001.

The handling charges receivable by the Group from CMCC and its network operators in connection with the prepaid services relating to the Company's Operating Subsidiaries as at May 2001 for the years ended 31 December 2000, 31 December 2001 and 31 December 2002 were approximately RMB114 million (equivalent to approximately HK\$107 million), RMB241 million (equivalent to approximately HK\$227 million) and RMB185 million (equivalent to approximately HK\$174 million), representing approximately 0.18%, 0.24% and 0.14% of the consolidated turnover of the Group of the corresponding periods, respectively. The handling charges payable by the Group to CMCC and its network operators in connection with the prepaid services relating to the Company's Operating Subsidiaries as at May 2001 for the years ended 31 December 2000, 31 December 2001 and 31 December 2002 were approximately RMB99 million (equivalent to approximately HK\$93 million), RMB315 million (equivalent to approximately HK\$297 million) and RMB165 million (equivalent to approximately HK\$156 million), representing approximately 0.15%, 0.31% and 0.13% of the consolidated turnover of the Group of the corresponding periods, respectively.

In light of the annual amounts of the handling charges received and paid by the Company's Operating Subsidiaries as at May 2001 for the past three financial years as described in the paragraph above, the Company has applied to the Exchange for a waiver from the requirements of Chapter 14 of the Listing Rules for each of the handling charges receivable and handling charges payable by the Company's Operating Subsidiaries as at May 2001, subject to a lower upper limit of 1% of the Group's consolidated turnover, instead of the previously approved upper limit of 2% of the Group's consolidated turnover.

PLATFORM DEVELOPMENT

Aspire Holdings is a non-wholly owned subsidiary of the Company. Aspire Holdings entered into a Platform Development Master Agreement with each of the Company and CMCC on 10 January 2001. Details of these agreements were disclosed by the Company in compliance with the requirements of the Listing Rules in announcements dated 10 January 2001 and 11 May 2001. Pursuant to the two Platform Development Master Agreements, Aspire Holdings (or its subsidiaries) will provide the same scope of technology platform development and maintenance services to the Company, CMCC and their respective mobile telecommunications subsidiaries in various provinces, municipalities and autonomous region in mainland China. These services include system and gateway integration services, hardware, software and system development (including development of applications), technical support and major overhaul services for the MISC Platform.

According to the Platform Development Master Agreements, each of the Company and CMCC will pay Aspire Holdings equipment charges, systems integration fees, software licensing fees, technical support fees and/or major overhaul charges, which will be determined according to standards laid down by the relevant governmental departments and/or by reference to market rates.

The fees and charges payable by the Company to Aspire Holdings under the relevant Platform Development Master Agreement for the years ended 31 December 2001 and 31 December 2002 were approximately RMB207 million (equivalent to approximately HK\$195 million) and RMB26 million (equivalent to approximately HK\$24 million), representing approximately 0.18% and 0.02% of the consolidated net tangible asset value of the Group for the corresponding periods, respectively. The fees and

LETTER FROM THE BOARD

charges payable by CMCC to Aspire Holdings under the relevant Platform Development Master Agreement for the year ended 31 December 2002 were approximately RMB39 million (equivalent to approximately HK\$37 million), representing approximately 0.03% of the consolidated net tangible asset value of the Group. No such fees or charges were payable by CMCC to Aspire Holdings in the year ended 31 December 2001. As the Platform Development Master Agreements were only entered into in 2001, only information for the years ended 31 December 2001 and 31 December 2002 is available.

The Company has applied to the Exchange for a waiver from the requirements of Chapter 14 of the Listing Rules for each of the fees and charges payable by the Company to Aspire Holdings and by CMCC to Aspire Holdings under the Platform Development Master Agreements, subject to an upper limit of 3% of the Group's consolidated net tangible assets, which is the same as the previously approved upper limit.

UNDERTAKING PROVIDED BY CMCC

CMCC, through CMHKG (a company in which CMCC has 100% economic interest), owns the entire issued share capital of CMBVI. CMBVI, in turn, is the immediate parent company of the Company holding approximately 75.7% of the issued share capital of the Company. CMCC has, in August 2000, undertaken in writing that, to the extent within CMCC's control, the Group will be treated equally with other cellular mobile communications operators in respect of all approvals, transactions and arrangements between the Group and CMCC and other cellular mobile communications entities controlled by CMCC. The undertaking from CMCC would apply to the Connected Transactions described above.

WAIVER TO BE OBTAINED FROM THE STOCK EXCHANGE

As described above, CMCC is the ultimate controlling shareholder of the Company. Aspire Holdings is a non-wholly owned subsidiary of the Company, with the Company holding 66.41% of its issued ordinary share capital. Accordingly the Connected Transactions described above constitute connected transactions of the Company that are subject to the normal shareholders' approval and disclosure requirements under Chapter 14 of the Listing Rules. As the Connected Transactions are expected to occur on a regular and continuous basis in the ordinary and usual course of business, the Company has made an application to the Stock Exchange for a new waiver in respect of the Connected Transactions described above from compliance with the normal shareholders' approval and disclosure requirements related to connected transactions under the Listing Rules, subject to certain conditions as set out under "Conditions of the Waiver" below. The new waiver will be effective from 1 January 2004 to 31 December 2006.

CONDITIONS OF THE WAIVER

The application to the Stock Exchange for a waiver in relation to the Connected Transactions is made on the conditions set out under (a) to (g) below.

- (a) ***arm's length basis:*** The transactions as well as the respective agreements governing such transactions shall be:
 - (i) entered into by the Group in the ordinary and usual course of its business on terms that are fair and reasonable so far as the Independent Shareholders are concerned; and
 - (ii) on normal commercial terms and in accordance with the terms of the agreements governing such transactions.

- (b) ***disclosure:*** The Company shall disclose in its annual report details of the transactions as required by Rules 14.25(1)(A) to (D) of the Listing Rules, i.e.

LETTER FROM THE BOARD

- the date or period of the transactions;
 - the parties thereto and a description of their relationship;
 - a brief description of the transactions and the purpose of the transactions;
 - the total consideration and the terms; and
 - the nature and extent of the interest of the connected person in the transactions.
- (c) ***independent directors' review:*** The independent non-executive Directors shall review annually the transactions and confirm, in the Company's annual report and accounts for the year in question, that such transactions have been conducted in the manner as stated in paragraph (a) above and within the upper limits set out in paragraph (g) below.
- (d) ***auditors' review:*** The auditors of the Company shall review annually the transactions and shall provide the Directors with a letter, details of which shall be set forth in the Company's annual accounts, stating that the transactions:
- (i) received the approval of the board of Directors;
 - (ii) are in accordance with the pricing policy as stated in the Company's annual report;
 - (iii) have been conducted in the manner as stated in paragraph (a)(ii) above; and
 - (iv) the upper limits as set out in paragraph (g) below have not been exceeded.
- The letter of the auditors is to be addressed to the Directors and a copy of which is to be provided to the Stock Exchange. Where for whatever reason, the auditors declined to accept the engagement or are unable to provide that letter, the Directors shall contact the Stock Exchange immediately.
- (e) ***undertaking:*** For the purpose of the above review by the auditors of the Company, CMCC has previously undertaken to the Company that it will provide the Company's auditors with access to its and its associates' accounting records.
- (f) ***shareholders' approval:*** Details of the transactions will be disclosed to the Shareholders in the form of a circular to shareholders, and the Independent Shareholders will be asked to vote in favour of an ordinary resolution to approve the transactions and the upper limits set out in paragraph (g) below at the Extraordinary General Meeting, immediately following the Company's annual general meeting.
- (g) ***upper limits:*** Connected Transactions of the following types shall not exceed the upper limits set out below in the relevant financial year of the Group:
- (i) handling charges received by the Company's Operating Subsidiaries as at May 2001 from existing subsidiaries of CMCC in respect of prepaid services in any financial year shall not exceed 1% of the Group's consolidated turnover in that financial year and handling charges paid by the Company's Operating Subsidiaries as at May 2001 to existing subsidiaries of CMCC in respect of prepaid services in any financial year shall not exceed 1% of the Group's consolidated turnover in that financial year; and

LETTER FROM THE BOARD

- (ii) payments by each of the Company and CMCC to Aspire Holdings in respect of equipment charges, systems integration fees, software licensing fees, technical support fees and/or major overhaul charges for the MISC Platform in any financial year shall not exceed 3% of the Group's consolidated net tangible assets in that financial year.

The Stock Exchange has also indicated that if any of the values of the Connected Transactions exceed the relevant upper limits or if any of the terms of the agreements related to the Connected Transactions, or the nature of the Connected Transactions is altered (unless as provided for under the terms of the relevant agreement) or if the Group enters into any new agreements with connected persons in the future, the Company will need to comply fully with all the relevant provisions of Chapter 14 of the Listing Rules dealing with connected transactions.

EXTRAORDINARY GENERAL MEETING

A notice of the Extraordinary General Meeting to be held in the Conference Room, 3rd Floor, JW Marriott Hotel, 88 Queensway Road, Hong Kong on 15 May 2003 at 11:30 a.m. (or as soon thereafter as the annual general meeting of the Company to be convened at 11:00 a.m. at the same place and date shall have been concluded or adjourned) is set out at the end of this circular. An ordinary resolution will be proposed to approve the Connected Transactions.

In accordance with the Listing Rules, CMBVI, the controlling shareholder of the Company which is beneficially interested in approximately 75.7% of the issued share capital of the Company as at the Latest Practicable Date, and its Associates, will abstain from voting on the ordinary resolution to approve the Connected Transactions at the Extraordinary General Meeting.

A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not Shareholders are able to attend the Extraordinary General Meeting, they are requested to complete and return the enclosed form of proxy to the Company's registered office at 60th Floor, The Center, 99 Queen's Road Central, Hong Kong, as soon as practicable and in any event at least 36 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

Rothschild has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Connected Transactions.

The Independent Board Committee, having taken into account the advice of Rothschild, considers the terms of the Connected Transactions as a whole to be fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the ordinary resolution to approve the Connected Transactions (together with the relevant upper limits) at the Extraordinary General Meeting. The letter from Rothschild containing its advice and recommendation and the principal factors and reasons taken into account in arriving at its recommendation is set out on pages 12 to 15 of this circular.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 10 to 11 of this circular, the letter from Rothschild, the independent financial adviser to the Independent Board Committee in respect of the Connected Transactions, set out on pages 12 to 15 of this circular and to the information set out in the appendix to this circular.

By Order of the Board
China Mobile (Hong Kong) Limited
Wang Xiaochu
Chairman and Chief Executive Officer



CHINA MOBILE (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

9 April 2003

To the Independent Shareholders

Dear Sir or Madam

CONNECTED TRANSACTIONS

We refer to the circular dated 9 April 2003 (the “**Circular**”) issued by the Company to its Shareholders and, for information only, to its Noteholders and Convertible Noteholders of which this letter forms part. The terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

On 26 March 2003, the Board announced that the Company has made an application to the Stock Exchange for a new waiver from compliance with the normal disclosure and shareholders’ approval requirements under Chapter 14 of the Listing Rules in connection with the Connected Transactions as summarised in the Letter from the Board set out on pages 3 to 9 of the Circular. The Stock Exchange has previously granted such waivers in respect of the Connected Transactions.

The Independent Board Committee was formed on 18 March 2003 to make a recommendation to the Independent Shareholders as to whether, in its view, the terms of the Connected Transactions as a whole are fair and reasonable so far as the Independent Shareholders are concerned. Rothschild has been appointed as independent financial adviser to advise the Independent Board Committee as to whether the terms of the Connected Transactions as a whole are fair and reasonable so far as the Independent Shareholders are concerned.

The terms of the Connected Transactions are summarised in the Letter from the Board set out on pages 3 to 9 of the Circular.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for entering into the Connected Transactions and the basis upon which their terms have been determined. We have also considered the key factors taken into account by Rothschild in arriving at its opinion regarding the Connected Transactions as set out in its advice letter on pages 12 to 15 of the Circular, which we urge you to read carefully.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee concurs with the view of Rothschild and considers that the terms of the Connected Transactions as a whole are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the Extraordinary General Meeting at the end of the Circular.

Yours faithfully

Lo Ka Shui

Frank Wong Kwong Shing
Independent Board Committee

9 April 2003

*To the Independent Board Committee of
China Mobile (Hong Kong) Limited*

Dear Sirs,

CONNECTED TRANSACTIONS

We refer to the Connected Transactions and the Waiver Application, details of which are contained in the circular dated 9 April 2003 to the Shareholders (the “Circular”) of which this letter forms part. Rothschild has been retained as the independent financial adviser to advise the Independent Board Committee as to whether or not the terms of the Connected Transactions as a whole are fair and reasonable so far as the Independent Shareholders are concerned.

The terms used in this letter shall have the same meanings as defined elsewhere in the Circular unless the context otherwise requires.

The Company and its subsidiaries had entered into agreements with connected persons in the past and the transactions, including the Connected Transactions, under such agreements are of a recurrent nature. The Independent Shareholders had previously approved the Connected Transactions. The Company had also previously applied for waivers from strict compliance with the relevant requirements of the Listing Rules in relation to the Connected Transactions and the waivers had been granted by the Stock Exchange. The waivers will remain effective until 31 December 2003. As the Company expects that the Connected Transactions will continue to be conducted regularly and on an ongoing basis in the Company’s ordinary and usual course of business, the Company has applied to the Stock Exchange for a renewal of the waivers in respect of the Connected Transactions from strict compliance with the relevant disclosure and shareholders’ approval requirements under the Listing Rules. The renewal of the waivers by the Stock Exchange is subject to certain conditions including the Independent Shareholders’ approval of the Connected Transactions at the Extraordinary General Meeting and that the respective charges and/or fees for the Connected Transactions shall not exceed their corresponding upper limits in the relevant financial year of the Group, further details of which are set out in the section headed “2. Renewal of the waivers” below and in the section headed “Conditions of the Waiver” in the “Letter from the Board”. The new waiver for the Connected Transactions, if granted, will be effective from 1 January 2004 and will be valid until 31 December 2006.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company and have assumed that any representations made to us are true, accurate and complete at the time they were made and continue to be true as at the date of the Circular. We have also assumed that all information, representations and opinions contained or referred to in the Circular are fair and reasonable and we have relied on them accordingly.



We have been advised by the Directors that no material facts have been omitted and we are not aware of any facts or circumstances which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief there are no material facts the omission of which would make any statement in the Circular misleading. We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our advice. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company or its respective subsidiaries.

PRINCIPAL FACTORS AND REASONS

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

1. Nature of the Connected Transactions

As discussed above, the agreements in respect of the Connected Transactions had been entered into between the Company (or its subsidiaries) and CMCC in the Company's ordinary and usual course of business, and the transactions under these agreements constitute connected transactions for the Company under the Listing Rules.

As noted in the "Letter from the Board", the Prepaid Services Agreement was negotiated on an arm's length basis between the parties involved and on normal commercial terms, and the charges and/or fees for the services under the Platform Development Master Agreements are determined according to standards laid down by the relevant governmental departments and/or by reference to market rates. It is also noted in the "Letter from the Board" that the Group has the benefit of an undertaking from CMCC that to the extent that is within CMCC's control, the Group will continue to be treated equally with other cellular mobile telecommunications operators in respect of all approvals, transactions and arrangements with CMCC and other cellular mobile telecommunications entities controlled by CMCC. This formed an important basis for the Company in entering into the agreements in respect of the Connected Transactions. Although these agreements (details of which are set out in the sections headed "(i) Prepaid services" and "(ii) Platform development" below and also in the sections headed "Prepaid Services" and "Platform Development" in the "Letter from the Board" respectively) had been approved by the Independent Shareholders previously, such approval from the Independent Shareholders is once again required for the purpose of fulfilling the corresponding condition as required by the Stock Exchange regarding the renewal of the waivers.

We set out below a summary of each of the Connected Transactions.

(i) *Prepaid services*

Each of the Company's Operating Subsidiaries as at May 2001 offers prepaid services, and under some of such prepaid services, subscribers are allowed to add value to their SIM cards by purchasing value-adding cards from any of the Group's network operators or CMCC's other network operators. In October 2000, the Company entered into an agreement (as supplemented



in May 2001) with CMCC in relation to the sharing and settlement of revenue when prepaid subscribers purchase value-adding cards issued by network operators of CMCC or the Company other than their home network operators. Under the Prepaid Services Agreement (as supplemented in May 2001), the network operator in the location which issues the value-adding card remits 95% of the face value of the value-adding card to the subscriber's home network operator and keeps the remaining 5% as a handling charge. The Prepaid Services Agreement (as supplemented in May 2001) was entered into after arm's length negotiations between the Company and CMCC and was based on normal commercial terms. It should also be noted that the arrangement for the sharing and settlement of interconnection and roaming revenue in relation to prepaid services is the same as the arrangement in relation to contract subscribers. Further details of these prepaid service transactions and the corresponding agreements are set out in the section headed "Prepaid Services" in the "Letter from the Board".

(ii) *Platform development*

Under the two master agreements in respect of platform development entered into between (i) Aspire Holdings and the Company; and (ii) Aspire Holdings and CMCC in January 2001, Aspire Holdings (or its subsidiaries) will provide technology platform development and maintenance services to the Company, CMCC and their respective mobile telecommunications subsidiaries in various provinces, municipalities and autonomous regions in mainland China. These services include system and gateway integration services, hardware, software and system development (including development of applications), technical support and major overhaul services for the MISC Platform. Under these master agreements, each of the Company and CMCC will pay Aspire Holdings fees and/or charges which will be determined according to standards laid down by the relevant governmental departments and/or by reference to market rates. Further details of these platform development transactions and the corresponding agreements are set out in the section headed "Platform Development" in the "Letter from the Board".

On the basis that: (a) the terms and charges of the Connected Transactions are determined by reference to standards laid down by the relevant governmental departments and/or market rates and/or determined after arm's length negotiation between the parties involved and based on normal commercial terms; and (b) the aforesaid equal treatment undertaking has been given by CMCC, we are of the view that the terms of the Connected Transactions as a whole are fair and reasonable so far as the Independent Shareholders are concerned. It should also be noted that the Connected Transactions had previously been approved by the Independent Shareholders.

2. Renewal of the waivers

As noted in the "Letter from the Board", the Directors expect that the Connected Transactions will continue to be conducted regularly and on an ongoing basis in the Company's ordinary and usual course of business. Accordingly, the Directors consider that full compliance with the disclosure and approval requirements under the Listing Rules in respect of the Connected Transactions would be impracticable and would not be in the interest of the Company. As such, the Company has applied for a renewal of the waivers. It should be noted that the renewal of the waivers by the Stock Exchange is subject to certain conditions including the Independent Shareholders' approval of the Connected

LETTER FROM ROTHSCHILD



Transactions at the Extraordinary General Meeting and that the respective charges and/or fees for the Connected Transactions shall not exceed their corresponding upper limits in the relevant financial year of the Group, further details of which are set out in the section headed “Conditions of the Waiver” in the “Letter from the Board”.

As also noted in the “Letter from the Board”, the upper limits in connection with the handling charges receivable by the Company’s Operating Subsidiaries as at May 2001 from subsidiaries of CMCC for prepaid services in any financial year shall not exceed 1% of the Group’s consolidated turnover in that financial year and handling charges payable by the Company’s Operating Subsidiaries as at May 2001 to subsidiaries of CMCC in respect of prepaid services in any financial year shall not exceed 1% of the Group’s consolidated turnover of that financial year. It should be noted that these upper limits are set at 2% of the Group’s consolidated turnover under the existing waiver, which will be reduced to 1% as discussed above in accordance with the Company’s application for the renewal of the waiver where the Company has taken into consideration the annual amounts of the handling charges received and paid by the Company’s Operating Subsidiaries as at May 2001 for the past three financial years. The upper limit for the payments by each of the Company and CMCC to Aspire Holdings in respect of the charges for services provided under each of the Platform Development Master Agreements shall not exceed 3% of the Group’s consolidated net tangible assets of the relevant financial year.

It should also be noted that under the terms of the new waiver, the Company will still be required to comply with certain requirements, inter alia, the disclosure of details of the Connected Transactions in the Company’s annual report as well as the review by the independent directors and auditors of the Company. In addition, we have discussed with the management of the Company the basis for determining the upper limits for the Connected Transactions under the new waiver and we consider that such upper limits are acceptable so far as the Independent Shareholders are concerned. The new waiver, if granted, will take effect from 1 January 2004 and will be valid until 31 December 2006.

On the above basis, we believe that the interests of the Independent Shareholders in respect of the Connected Transactions will be properly safeguarded under the terms of the new waiver.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider the terms of the Connected Transactions as a whole are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Connected Transactions as detailed in the notice of the Extraordinary General Meeting set out on page 19 of the Circular.

Yours very truly,
For and on behalf of
N M Rothschild & Sons (Hong Kong) Limited

Kelvin Chau
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

- (i) As at the Latest Practicable Date, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register kept under section 352 of the Securities and Futures Ordinance were as follows:

Name of Directors	Personal Interest
Wang Xiaochu	500 American depositary shares ⁽¹⁾

(1) One American depositary share represents five ordinary shares of HK\$0.10 each of the Company

- (ii) As at the Latest Practicable Date, options exercisable for an aggregate of 9,071,000 shares had been granted to the following Directors under the Company's share option schemes adopted on 8 October 1997 and 24 June 2002:

Directors	Number of Shares covered by options
Wang Xiaochu	4,520,000
Xue Taohai	200,000
Li Gang	1,470,000
Xu Long	1,445,000
He Ning	1,436,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they are deemed or taken to have under such provisions of the Securities and Futures Ordinance) or which are required, pursuant to section 352 of the Securities and Futures Ordinance to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

None of the Directors is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Group taken as a whole.

Since 31 December 2002, the date to which the latest published audited financial statements of the Company were prepared, none of the Directors nor any experts named in paragraph 7 of this appendix has any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote at general meetings of any member of the Group:

Shareholders	No. of Shares	Percentage of total issued share capital of the Company
CMCC	14,890,116,842	75.69%
CMHKG	14,890,116,842	75.69%
CMBVI	14,890,116,842	75.69%

Note: In light of the fact that CMCC and CMHKG directly or indirectly control one-third or more of the voting rights at the shareholders' meetings of CMBVI, in accordance with the Securities and Futures Ordinance, the interests of CMBVI are deemed to be, and have therefore been included in, the interests of CMCC and CMHKG.

Save as disclosed above, there is no person known to the Directors who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

4. LITIGATION

There is no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2002, being the date of the latest published audited financial statements of the Company.

7. CONSENT AND QUALIFICATION OF EXPERT

Rothschild was an investment adviser registered with the Securities and Futures Commission. After 1 April 2003, Rothschild is a registered institution with the Hong Kong Monetary Authority. Rothschild has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice letter in respect of the Connected Transactions, and references to its name in the form and context in which they appear.

Rothschild is not beneficially interested in the share capital of any member of the Group and it does not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Yung Shun Loy, Jacky (FCCA, FHKSA, CPA (Australia)).
- (b) The registered office and head office of the Company is at 60th Floor, The Center, 99 Queen's Road Central, Hong Kong.
- (c) The English text of this circular and form of proxy shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Linklaters, 10th Floor, Alexandra House, Chater Road, Hong Kong during normal business hours on any business day from the date of this circular until 15 May 2003:

- (a) all contracts referred to under the paragraph headed "Prepaid Services" and "Platform Development" under the section "Letter from the Board" which is set out on pages 3 to 9 of this circular;
- (b) the written consent of Rothschild referred to in paragraph 7 of this appendix; and
- (c) the advice letter from Rothschild dated 9 April 2003, the text of which is set out on pages 12 to 15 of this circular.



中国移动通信
CHINA MOBILE

CHINA MOBILE (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of China Mobile (Hong Kong) Limited (the “**Company**”) will be held at 11:30 a.m. (or as soon thereafter as the annual general meeting of the Company to be convened at 11:00 a.m. at the same place and date shall have been concluded or adjourned) on 15 May 2003 in the Conference Room, 3rd Floor, JW Marriott Hotel, Pacific Place, 88 Queensway Road, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

1. “**THAT** the Connected Transactions as described in the paragraph headed “Prepaid Services” and “Platform Development” under the section “Letter from the Board” of the circular of the Company dated 9 April 2003, which the Company expects to occur on a regular and continuous basis in the ordinary and usual course of business of the Company and its subsidiaries, together with the relevant upper limits are hereby approved and the directors of the Company are hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in their opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the Connected Transactions.”

By Order of the Board
Yung Shun Loy, Jacky
Company Secretary

Hong Kong, 9 April 2003

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company’s registered office at 60th Floor, The Center, 99 Queen’s Road Central, Hong Kong, at least 36 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.