

## Other Information

### Directors' and chief executive's interests in shares and short positions

Some of our directors personally hold options to subscribe for ordinary shares of the Company, as disclosed under the paragraph "Directors', chief executive's and employees' rights to acquire shares" below. These share options were granted pursuant to the terms of the share option schemes adopted by the Company.

Apart from those disclosed herein, as at 30 June 2005, none of the directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) that is required to be recorded and kept in the register in accordance with section 352 of the SFO, any interests required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code").

### Directors', chief executive's and employees' rights to acquire shares

#### *Share option schemes of the Company*

During the six months ended 30 June 2005, no share option has been granted under the current share option scheme of the Company.

As at 30 June 2005, the directors and chief executive of the Company and employees of the Group had the following personal interests in options to subscribe for shares of the Company granted under the old share option scheme of the Company (adopted on 8 October 1997 and terminated on 24 June 2002) and the current share option scheme of the Company (effective on 24 June 2002).

	No. of shares involved in the options outstanding at the beginning of the period	No. of shares involved in the options outstanding at period end	Date on which options were granted	No. of shares involved in the options lapsed during the period	No. of shares acquired on exercise of options during the period	Price per share to be paid on exercise of options HK\$
<b>Directors</b>						
WANG Jianzhou (also the chief executive officer)	600,000	600,000	21 December 2004	—	—	26.75
LI Yue	320,000	320,000	28 October 2004	—	—	22.75
LU Xiangdong	320,000	320,000	28 October 2004	—	—	22.75
XUE Taohai	200,000	100,000	3 July 2002	—	100,000	22.85
	320,000	320,000	28 October 2004	—	—	22.75
ZHANG Chenshuang	320,000	320,000	28 October 2004	—	—	22.75
LI Mofang	320,000	320,000	28 October 2004	—	—	22.75
HE Ning	1,000,000	1,000,000	26 November 1999	—	—	33.91
	166,000	166,000	25 April 2000	—	—	45.04
	90,000	90,000	22 June 2001	—	—	32.10
	180,000	90,000	3 July 2002	—	90,000	22.85
	320,000	320,000	28 October 2004	—	—	22.75

## Other Information

### Directors', chief executive's and employees' rights to acquire shares (Cont'd)

#### Share option schemes of the Company (Cont'd)

	No. of shares involved in the options outstanding at the beginning of the period	No. of shares involved in the options outstanding at period end	Date on which options were granted	No. of shares involved in the options lapsed during the period	No. of shares acquired on exercise of options during the period	Price per share to be paid on exercise of options HK\$
LI Gang	1,000,000	1,000,000	26 November 1999	—	—	33.91
	180,000	180,000	25 April 2000	—	—	45.04
	100,000	100,000	22 June 2001	—	—	32.10
	190,000	95,000	3 July 2002	—	95,000	22.85
	270,000	270,000	28 October 2004	—	—	22.75
XU Long	1,170,000	1,170,000	25 April 2000	—	—	45.04
	95,000	95,000	22 June 2001	—	—	32.10
	180,000	90,000	3 July 2002	—	90,000	22.85
	260,000	260,000	28 October 2004	—	—	22.75
<b>Employees</b>	26,854,000	26,162,000	25 April 2000	692,000	—	45.04
	72,204,000	71,605,000	22 June 2001	599,000	—	32.10
	118,408,500	86,755,500	3 July 2002	453,500	31,199,500	22.85
	285,743,500	284,078,000	28 October 2004	801,500	864,000	22.75
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	475,826,500		(Note (a))			

#### Notes:

- (a) The total number of shares involved in the options outstanding at period end represents 2.41 per cent. of the issued share capital of the Company as at the latest practicable date prior to the printing of this report.
- (b) Particulars of share options:

Date of grant	Exercise period
26 November 1999	26 November 1999 to 7 October 2007 (in respect of 50% of the options granted) 26 November 2002 to 7 October 2007 (in respect of the remaining 50% of the options granted)
25 April 2000	25 April 2002 to 7 October 2007 (in respect of 50% of the options granted) 25 April 2005 to 7 October 2007 (in respect of the remaining 50% of the options granted)
22 June 2001	22 June 2003 to 7 October 2007 (in respect of 50% of the options granted) 22 June 2006 to 7 October 2007 (in respect of the remaining 50% of the options granted)
3 July 2002	3 July 2004 to 2 July 2012 (in respect of 50% of the options granted) 3 July 2007 to 2 July 2012 (in respect of the remaining 50% of the options granted)
28 October 2004	28 October 2005 to 27 October 2014 (in respect of 40% of the options granted) 28 October 2006 to 27 October 2014 (in respect of 30% of the options granted) 28 October 2007 to 27 October 2014 (in respect of the remaining 30% of the options granted)
21 December 2004	21 December 2005 to 20 December 2014 (in respect of 40% of the options granted) 21 December 2006 to 20 December 2014 (in respect of 30% of the options granted) 21 December 2007 to 20 December 2014 (in respect of the remaining 30% of the options granted)

**Directors', chief executive's and employees' rights to acquire shares (Cont'd)***Share option schemes of the Company (Cont'd)*

Details of share options exercised during the period:

Period during which options were exercised	Exercise price	Weighted average closing price per share immediately before dates of exercise of options	Proceeds received	Number of shares involved in the options
3 January 2005 to 30 June 2005	HK\$22.85	HK\$27.39	HK\$721,477,325	31,574,500
3 January 2005 to 28 June 2005	HK\$22.75	HK\$26.52	HK\$19,656,000	864,000

*Share option scheme of Aspire Holdings Limited ("Aspire")*

Pursuant to a resolution passed at the annual general meeting of the Company held on 24 June 2002, the share option scheme of Aspire (the "Aspire Scheme") was adopted.

As at 30 June 2005, a director and the employees of Aspire had the following personal interests in options to subscribe for shares of Aspire granted under the Aspire Scheme.

	No. of shares involved in the options outstanding at the beginning of the period	No. of shares involved in the options outstanding at the period end	Date on which options were granted	Normal period during which options are exercisable	No. of shares involved in the options lapsed during the period	Price per share to be paid on exercise of options US\$
Director of Aspire*	2,800,000	2,800,000	18 February 2003	(Note 2)	—	0.182
Employees of Aspire*	11,545,000	10,835,000	18 February 2003	(Note 3)	710,000	0.298
	730,000	720,000	18 April 2003	(Note 3)	10,000	0.298
	2,810,000	2,540,000	16 September 2003	(Note 3)	270,000	0.298
	2,470,000	2,180,000	18 March 2004	(Note 3)	290,000	0.298
	1,115,000	1,115,000	28 May 2004	(Note 3)	—	0.298
		20,190,000	(Note 1)			

\* During the six months ended 30 June 2005, no share options have been granted under the Aspire Scheme for the directors and chief executive of the Company.

## Other Information

### Directors', chief executive's and employees' rights to acquire shares (Cont'd)

#### *Share option scheme of Aspire Holdings Limited (Cont'd)*

##### Notes:

1. The total number of shares involved in the options outstanding at the end of the period represents 2.15 per cent. of the issued share capital of Aspire as at the date of this report.
2. (a) 50 per cent. of the options are exercisable between the period:
  - commencing on the later of:
    - (i) two years after the date of appointment as director; or
    - (ii) the listing of the shares of Aspire; and
  - ending on 17 February 2013; and

(b) the remaining 50 per cent. of such options shall be exercisable between the period commencing three years after the initial 50 per cent. of the option becomes exercisable and ending on 17 February 2013.
3. (a) 50 per cent. of the options granted to a particular employee are exercisable between the period:
  - commencing on the later of:
    - (i) two years after the commencement of employment of that employee or the option offer date (as the case may be); or
    - (ii) the listing of the shares of Aspire; and
  - ending on the date falling 10 years from the option grant date; and

(b) the remaining 50 per cent. of such options shall be exercisable between the period commencing three years after the initial 50 per cent. of the option becomes exercisable and ending on the date falling 10 years from the option grant date.

No options granted under the Aspire Scheme were exercised during the six months ended 30 June 2005.

Since the options granted pursuant to the Aspire Scheme are for the subscription of shares in Aspire which are not listed, the value of the options granted is not required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Apart from the foregoing, at no time during the six months ended 30 June 2005 was the Company, any of its holding companies or subsidiaries, a party for any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Substantial interests in the share capital of the company

The Company has been notified of the following interests in the Company's issued shares at 30 June 2005 amounting to 5 per cent. or more of the ordinary shares in issue:

	Ordinary shares held directly	Ordinary shares held indirectly	Percentage of total issued shares
(i) China Mobile Communications Corporation ("China Mobile")	—	14,890,116,842	75.46%
(ii) China Mobile (Hong Kong) Group Limited ("CMHK (Group)")	—	14,890,116,842	75.46%
(iii) China Mobile Hong Kong (BVI) Limited ("CMHK (BVI)")	14,890,116,842	—	75.46%

Note: In light of the fact that China Mobile and CMHK (Group) directly or indirectly control one-third or more of the voting rights in the shareholders' meetings of CMHK (BVI), in accordance with the SFO, the interests of CMHK (BVI) are deemed to be, and have therefore been included in, the interests of China Mobile and CMHK (Group).

Apart from the foregoing, as at 30 June 2005, no person or corporation had any interest in the share capital of the Company as recorded in the registers required to be kept under section 336 of the SFO as having an interest in 5 per cent. or more of or any short position in the issued share capital of the Company.



## Other Information

### **New Developments and Prospects**

On 21 July 2005, the “Public Announcement of the People’s Bank of China on Reforming the RMB Exchange Rate Regime” was published. The Company considers that from the current perspective, the effect of the RMB exchange rate adjustment on the Company is positive.

The growth in subscriber base, voice usage volume, turnover and profit all exceeded the Group’s expectation, indicating that a very large market potential still exists. In order to capture this opportunity, the Group has appropriately increased the full year capital expenditure budget for 2005 and the increase is expected to be controlled within 15% of the original budgeted amount of US\$7.8 billion.

In the second half of 2005, the Group will continue to undertake further market segmentation, refine its branding strategies, emphasise differentiated services, consolidate and develop mid to high-value customers, provide quality services and implement refined management methods. The Group will also endeavour to reduce operating costs, enhance overall operating efficiency and improve management and control over terminals and marketing and sales channels. In addition, the Group will fully realise the potential of Mainland China’s mobile telecommunications market, emphasise on the development of new businesses, actively prepare for the launching of 3G and strive to maintain its long term growth.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the six months ended 30 June 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

### **Audit Committee**

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters including the review of the unaudited interim report for the six months ended 30 June 2005.

### **Compliance with the Code Provisions of the Code on Corporate Governance Practices**

Throughout the six months ended 30 June 2005, other than the requirements relating to the preparation and content of a Corporate Governance Report (which will come into effect in respect of the Company's annual report for the financial year ending 31 December 2005) and that the roles of the Chairman and the Chief Executive Officer are performed by Mr. Wang Jianzhou, the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Mr. Wang Jianzhou joined the Board of Directors of the Company in November 2004 and has been the Chairman and the Chief Executive Officer of the Company since his appointment to the Board. Mr. Wang is in charge of the overall management of the Company.

The Company considers that the combination of the roles of Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its independent non-executive directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.

### **Compliance with the Model Code**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the period from 1 January 2005 to 30 June 2005.



## Other Information

### **Closure of register of members**

The register of members of the Company will be closed from 31 August 2005 to 2 September 2005 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the 2005 interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Hong Kong Registrars Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:00 p.m. on 30 August 2005. The interim dividends will be paid on 9 September 2005 to those shareholders on the register of members on 2 September 2005.



### Supplemental information for ADS holders

The above unaudited financial information has been prepared in accordance with the generally accepted accounting principles applicable in Hong Kong ("HK GAAP"), which differ in certain significant respects from those applicable in the United States ("US GAAP"). The significant differences between HK GAAP and US GAAP that affect the Group's results for the six months ended 30 June 2005 are substantially the same as those disclosed in the Company's 2004 annual report. The effect of the significant differences between HK GAAP and US GAAP on the Group's unaudited consolidated net profit for the six months ended 30 June 2005 is set out below. The US GAAP adjustments shown below have been prepared by management and have not been subject to independent audit.

	Six months ended 30 June 2005		Six months ended 30 June 2004	
	US\$ million	RMB million	US\$ million	RMB million
Profit attributable to shareholders under HK GAAP	<b>2,905</b>	<b>24,043</b>	2,275	18,828
US GAAP adjustments	<b>43</b>	<b>355</b>	296	2,448
Approximate profit attributable to shareholders under US GAAP	<b>2,948</b>	<b>24,398</b>	2,571	21,276
Approximate basic net profit per share in accordance with US GAAP	<b>US\$0.15</b>	<b>RMB1.24</b>	US\$0.13	RMB1.08
Approximate diluted net profit per share in accordance with US GAAP	<b>US\$0.15</b>	<b>RMB1.23</b>	US\$0.13	RMB1.08
Approximate basic net profit per ADS in accordance with US GAAP*	<b>US\$0.75</b>	<b>RMB6.19</b>	US\$0.65	RMB5.41
Approximate diluted net profit per ADS in accordance with US GAAP*	<b>US\$0.74</b>	<b>RMB6.17</b>	US\$0.65	RMB5.40

\* Based on a ratio of 5 ordinary shares to one ADS.

Solely for the convenience of the reader, the table above has been translated into United States dollars at the rate of US\$1.00 = RMB8.2765 quoted by the Federal Reserve Bank of New York on 30 June 2005. No representation is made that the Renminbi amounts could have been, or could be, converted into United States dollars at that rate or at any other certain rate on 30 June 2005 or on any other certain date.



## Other Information

### **Forward-looking statements**

Certain statements contained in this interim report 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 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.