

CHINA MOBILE LIMITED CORPORATE RESPONSIBILITY REPORT

誠信立責任 和諧築未來

Sincerity Responsibility Harmony

CHAIRMAN'S STATEMENT

Fulfil Our Responsibilities Strive for Pre-eminence



Mr. Wang Jianzhou
Chairman and Chief Executive Officer

This is the first time that China Mobile Limited (the “Company”) has published a Corporate Responsibility Report.

As the world’s largest mobile telecommunications operator in terms of network scale and subscriber base, the Company is providing mobile telecommunications services to over 300 million customers. We feel intensely responsible for the trust which the society has placed in us.

Chinese culture prioritizes harmony among the individual, society and the environment. Inheriting these Chinese values, China Mobile upholds its core value proposition, “Responsibility Makes Perfection”, and will strive towards the building of an ever stronger information society. We are committed to the sustainable development of the Company and to the betterment of our country and the human society. Our goal is to achieve the harmonious development of the Company on one hand and the society and environment on the other hand.

As an extension of the core value of the Company, the Company’s vision of corporate responsibility can be summarized as follows:

“With perfect sincerity and integrity, we will strive to fulfil our triple-sided responsibilities: our economic responsibility; our social responsibility and our environmental responsibility.”

“Sincerity” and “integrity” provide the starting-off points and fundamental principles for the implementation of the Company’s corporate responsibility obligations. We shall fulfil our economic responsibility by devoting ourselves to pursuing perfection, demonstrating all our strengths, and striving for distinguished operating results. We shall fulfil our social responsibility by endeavoring to build a “digital bio-system with unrestricted presence and capability” and by promoting the creation of value by the society. We shall fulfil our environmental responsibility in a responsible and sustainable manner through saving energy and proactively reducing the impact on the environment caused by the Company’s operations, with a view to striving to develop a harmonious development between humankind and nature.

This report is the first corporate responsibility report of the Company, and is prepared in accordance with the Sustainability Reporting Guidelines published by the Global Reporting Initiative, summarizing our efforts in the past years on implementing corporate responsibility. Looking back, China Mobile grew with its business partners and contributed to the harmonious development of society. Looking to the future, China Mobile is entering a new development era with advanced technology, an integrated industry and globalized competition. Facing such a dynamic future, we shall continue to serve with integrity and diligence, pursue ever greater perfection and shall never cease our efforts to fulfil our economic, social and environmental responsibilities in a pre-eminent way.

This report not only provides a summary, but also a fresh start and a commitment. In the future, China Mobile will continue to fulfil its responsibilities and will strive for pre-eminence!

A handwritten signature in black ink, reading '王建国' (Wang Jianzhou).

Wang Jianzhou
Chairman and Chief Executive Officer
China Mobile Limited

March 2007

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Responsibility Makes Perfection

“With perfect sincerity and integrity, we will strive to fulfil our triple-sided responsibilities: our economic responsibility; our social responsibility and our environmental responsibility.”

As a good corporate citizen, China Mobile Limited is committed to the harmonious development of its business, society and the environment. China Mobile Limited will remain humble and keep innovating in order to achieve pre-eminence.

Who We Are

COMPANY PROFILE

China Mobile Limited (the “Company”, and together with its subsidiaries, “China Mobile”) was incorporated in Hong Kong on 3 September 1997. The Company was listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited on 22 October 1997 and 23 October 1997, respectively. The Company was admitted as a constituent stock of the Hang Seng Index in Hong Kong on 27 January 1998.

At present, as the largest mobile telecommunications services provider in Mainland China, China Mobile boasts the world’s largest unified, contiguous all-digital mobile network and the world’s largest mobile subscriber base. In 2006, the Company was once again selected as one of the “FT Global 500” by Financial Times, and the “The World’s 2000 Biggest Public Companies” by Forbes magazine. Currently, the Company’s corporate credit rating is A /Outlook Stable by Standard and Poor’s and A2 /Positive Outlook by Moody’s (equivalent to China’s sovereign rating respectively).

The Company owns a 100 per cent. interest in thirty-one provincial-level operating subsidiaries in Mainland China and China Mobile Peoples Telephone Company Limited in Hong Kong SAR. China Mobile provides nationwide mobile telecommunications services in all 31 provinces, autonomous regions and directly-administered municipalities in Mainland China and in Hong Kong SAR through these operating subsidiaries.

As of 31 December 2006, China Mobile had an aggregate staff of 111,998 and an aggregate mobile telecommunications subscriber base of over 300 million, and enjoyed a market share of approximately 67.5 per cent. in Mainland China. China Mobile’s GSM global and Taiwan, Hong Kong and Macau roaming services covered 219 countries and regions and its GPRS roaming services covered 138 countries and regions.

The Company’s majority shareholder is China Mobile (Hong Kong) Group Limited, which, as of 31 December 2006, indirectly held an equity interest of approximately 74.57 per cent. of the Company through a wholly-owned subsidiary, China Mobile Hong Kong (BVI) Limited. The remaining equity interest of approximately 25.43 per cent. of the Company was held by public investors.

SENIOR MANAGEMENT

EXECUTIVE DIRECTORS



Mr. WANG Jianzhou, age 58, Executive Director, Chairman and Chief Executive Officer of the Company, joined the Board of Directors of the Company in November 2004. Mr. Wang is in charge of the overall management of the Company. He is also the President of China Mobile Communications Corporation (the ultimate controlling shareholder of the Company), and Chairman of China Mobile Communication Co., Ltd. He formerly served as Deputy Director General and Director General of the Posts and Telecommunications Bureau of Hangzhou City, Deputy Director General of the Posts and Telecommunications Administration of Zhejiang Province, Director General of the Department of Planning and Construction of the Ministry of Posts and Telecommunications, Director General of the Department of General Planning of the Ministry of Information Industry, Director, Executive Vice President, President and Chairman of China United Telecommunications Corporation, Executive Director, President, Chairman and Chief Executive Officer of China Unicom Limited, and Chairman and President of China United Telecommunications Corporation Limited. Mr. Wang graduated in 1985 from Department of Management Engineering of Zhejiang University with a Master's Degree in Engineering, and holds a doctoral degree in business administration from Hong Kong Polytechnic University. Mr. Wang is a professor-level senior engineer with extensive knowledge and 29 years of experience in the telecommunications industry.



Mr. LI Yue, age 48, Executive Director and Vice President of the Company, joined the Board of Directors of the Company in March 2003. Mr. Li assists the Chief Executive Officer in relation to the matters of network, planning, development strategy and management information systems of the Company. He has also held the post of Vice President of China Mobile Communications Corporation (the ultimate controlling shareholder of the Company) since April 2000. Mr. Li is also a director of China Mobile Communication Co., Ltd. He previously served as the Deputy Director General of the Tianjin Posts and Telecommunications Administration and the President of Tianjin Mobile Communications Company. Mr. Li graduated from Tianjin University with a Master's Degree, and holds a doctoral degree in business administration from Hong Kong Polytechnic University. Mr. Li is professor-level senior engineer with over 31 years of experience in the telecommunications industry.



Mr. LU Xiangdong, age 47, Executive Director and Vice President of the Company, joined the Board of Directors of the Company in March 2003. Mr. Lu assists the Chief Executive Officer principally with respect to marketing, data, corporate customer matters of the Company. He has also held the post of Vice President of China Mobile Communications Corporation (the ultimate controlling shareholder of the Company) since April 2000. Mr. Lu is also a director of China Mobile Communication Co., Ltd., Chairman of Aspire Holdings Limited and a director of Phoenix Satellite Television Holdings Ltd. He previously served as the Director General of the Fujian Wireless Telecommunications Administration and the Deputy Director General of the Mobile Telecommunications Bureau of the Ministry of Posts and Telecommunications. Mr. Lu graduated from the Academy of Posts and Telecommunications of the Ministry of Posts and Telecommunications with a Master's Degree in wireless telecommunication, and holds a doctoral degree in economics from Peking University. Mr. Lu is a professor-level senior engineer with nearly 25 years of experience in the telecommunications industry.



Mr. XUE Taohai, age 51, Executive Director, Vice President and Chief Financial Officer of the Company, joined the Board of Directors of the Company in July 2002. Mr. Xue assists the Chief Executive Officer in relation to the management of corporate finance and human resources remuneration of the Company. He is also a Vice President of China Mobile Communications Corporation (the ultimate controlling shareholder of the Company) and a director of China Mobile Communication Co., Ltd. Mr. Xue previously served as the Deputy Director General of the Finance Department of the former Ministry of Posts and Telecommunications, Deputy Director General of the Department of Financial Adjustment and Clearance of the Ministry of Information Industry and Deputy Director General of the former Directorate General of Telecommunications. He graduated from Henan University and received an EMBA degree from Peking University. Mr. Xue is a senior accountant with over 27 years of experience in the telecommunications industry and financial management.

EXECUTIVE DIRECTORS (CONT'D)



Mr. ZHANG Chenshuang, age 55, Executive Director and Vice President of the Company, joined the Board of Directors of the Company in July 2004. Mr. Zhang assists the Chief Executive Officer in relation to the corporate affairs of the Company. He has also held the post of Vice President of China Mobile Communications Corporation (the ultimate controlling shareholder of the Company) since April 2001. Mr. Zhang is also a director of China Mobile Communication Co., Ltd. He previously served as the Deputy Director General of the Office of the Ministry of Posts and Telecommunications, the Director General of the Neimenggu Posts and Telecommunications Administration, and the Assistant to the President of China Mobile Communications Corporation. Mr. Zhang graduated from the Party School of the CPC and received a MBA degree from Hong Kong Polytechnic University. He is a senior economist with over 27 years of experience in the telecommunications industry.



Mr. SHA Yuejia, age 49, Executive Director and Vice President of the Company, joined the Board of Directors of the Company in March 2006. Mr. Sha assists the Chief Executive Officer in relation to business support, technology and R&D of the Company. He is also a Vice President of China Mobile Communications Corporation (the ultimate controlling shareholder of the Company) and a director of China Mobile Communication Co., Ltd.. He previously served as Director of the Engineering Construction Department IV Division of Beijing Telecommunications Administration, President of Beijing Telecommunications Planning Design Institute, Deputy Director General of Beijing Telecommunications Administration, Vice President of Beijing Mobile Communications Company, Director and Vice President, Chairman and President of China Mobile Group Beijing Company Limited. Mr. Sha graduated from Beijing University of Posts and Telecommunications, and received a Master's Degree from the Academy of Posts and Telecommunications of the Ministry of Posts and Telecommunications and a doctoral degree in business administration from Hong Kong Polytechnic University. He is a professor-level senior engineer with over 24 years of experience in the telecommunications industry.



Mr. LIU Aili, age 43, Executive Director and Vice President of the Company, joined the Board of Directors of the Company in March 2006. Mr. Liu assists the Chief Executive Officer in relation to business expansion of the Company. He is also a Vice President of China Mobile Communications Corporation (the ultimate controlling shareholder of the Company), a director of China Mobile Communication Co., Ltd. and Chairman of Paktel Limited. He previously served as Deputy Director General of Shandong Mobile Telecommunications Administration, Director General of Shandong Mobile Telecommunications Administration and General Manager of Shandong Mobile Communications Enterprises, Vice President of Shandong Mobile Communications Company, Director-General of Network Department of China Mobile Communications Corporation, Chairman and President of China Mobile Group Shandong Company Limited and China Mobile Group Zhejiang Company Limited. Mr. Liu graduated from Heilongjiang Posts and Telecommunications School with an associate degree and completed a post-graduate program in economics at Shandong University. Mr. Liu also received a Master of Management degree from Norwegian School of Management BI and a doctoral degree in business administration from Hong Kong Polytechnic University. He is a professor-level senior engineer with over 24 years of experience in the telecommunications industry.



Madam XIN Fanfei, age 50, Executive Director and Vice President of the Company, joined the Board of Directors of the Company in January 2006. Madam Xin assists the Chief Executive Officer in relation to the general administration and investor and media relations of the Company. She is also the Chairwoman of China Mobile Peoples Telephone Company Limited. She previously served as Deputy Director of the Foreign Affairs Division, Deputy Director of the Planning Division and Chief of the Planning Office, Director of the Planning Division, Director of the Department of Planning and Construction of Tianjin Posts and Telecommunications Administration, Assistant to the Director General and Director of the Department of Planning and Construction of Tianjin Mobile Telecommunications Administration, Vice President of Tianjin Mobile Communications Company, Vice President of China Mobile Group Tianjin Company Limited, President of Heilongjiang Mobile Communications Company, and Chairwoman and President of China Mobile Group Heilongjiang Company Limited. Madam Xin graduated from Xidian University and received an EMBA degree from Peking University. She is currently pursuing a doctoral degree in business administration from Hong Kong Polytechnic University. Madam Xin is a professor-level senior engineer with many years of experience in the telecommunications industry.



Mr. XU Long, age 50, Executive Director of the Company, joined the Board of Directors of the Company in August 1999. Mr. Xu is the Chairman and President of China Mobile Group Guangdong Company Limited, responsible for the Company's mobile telecommunications operations in Guangdong Province. He previously served as the Deputy Director of the Shaoxing Posts and Telecommunications Bureau, President of Zhejiang Nantian Posts and Telecommunications Group Company, Director of the General Office and Deputy Director General of the Posts and Telecommunications Administration in Zhejiang Province, and Chairman and President of China Mobile Group Zhejiang Company Limited. He graduated from Zhejiang Radio and Television University in 1985, and holds a doctoral degree in business administration from Hong Kong Polytechnic University. Mr. Xu is a senior economist with 29 years of experience in the telecommunications industry.

NON-EXECUTIVE DIRECTOR



Mr. Paul Michael Donovan, age 48, Non-Executive Director of the Company, joined the Board of Directors of the Company in June 2006. Mr. Donovan is currently Vodafone's Chief Executive Officer for EMAPA. He is also a member of the Executive Committee of Vodafone, a director of Vodafone's operating companies located in Turkey, Hungary, Australia, New Zealand, Egypt, Czech Republic and Romania and also a director of certain other subsidiaries of Vodafone. Prior to his appointment as the Chief Executive Officer of EMAPA division, Mr. Donovan was Chief Executive Officer of the Other Vodafone Subsidiaries ("OVS"), which included 14 of Vodafone's operating subsidiaries. Mr. Donovan joined Vodafone UK in 1999 as Managing Director – Commercial, and in 2001 was appointed the Chief Executive Officer of Vodafone Ireland. In 2004 he assumed the additional role of Global Director of Business Integration, leading One Vodafone, Vodafone's business transformation programme. Mr. Donovan began his career in FMCG sales and marketing at the Mars Group, before becoming Marketing Director at Coca-Cola and Schweppes Beverages in 1989. He holds a BA in Scandinavian Studies from University College London and a Master's Degree in Business Administration from Bradford University Management Centre, and has over 15 years experience in the telecommunications and IT industries, gained at Apple Computer, BT and Cable and Wireless subsidiary One2One as Commercial Director, and as Chief Commercial Officer at Australian telecoms provider Optus Communications. His other directorships held in listed public companies in the last three years include Vodafone Libertel NV, Vodafone Egypt Telecommunications S.A.E., Vodafone-Panafon Hellenic Telecommunications Company S.A. and Bharti Tele-Ventures Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS



Dr. LO Ka Shui, age 60, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in April 2001. Dr. Lo is the Chairman and Managing Director of Great Eagle Holdings Limited, and is the non-executive chairman of Eagle Asset Management (CP) Limited (Manager of the publicly listed Champion Real Estate Investment Trust). He is also a non-executive Director of The Hongkong and Shanghai Banking Corporation Limited, Shanghai Industrial Holdings Limited, Phoenix Satellite Television Holdings Limited, City e-Solutions Limited, Melco International Development Limited, The HSBC China Fund Limited, Tom Online Inc. and Winsor Properties Holdings Limited. Apart from the aforesaid, he does not hold any other directorships in other listed public companies in the last three years, and was a Director of Hong Kong Exchanges and Clearing Limited. He is also a Vice President of the Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research and a Member of the Airport Authority. Dr. Lo graduated with a Bachelor of Science Degree from McGill University in Canada and a Doctorate Degree in medicine from Cornell University in the United States. He is board certified in cardiology. He has more than 27 years of experience in property and hotel development and investment both in Hong Kong and overseas.



Mr. Frank WONG Kwong Shing, age 59, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in August 2002. Mr. Wong is currently Vice Chairman of DBS Bank, Chief Operating Officer and a member of the DBS Bank and DBS Group Holdings boards, and Chairman of DBS Bank (Hong Kong). Mr. Wong is also a director of the Singapore Tourism Board, National Healthcare Group Pte Ltd and Mapletree Investments Pte Ltd, and is a member of the University Court of The University of Hong Kong. He previously held a series of progressively senior positions with regional responsibility at Citibank, JP Morgan and NatWest from 1967 to 1999. Mr. Wong has also served in various positions with Hong Kong's government bodies including the Chairman of the Hong Kong Futures Exchange. Mr. Wong has many years of finance and commercial management experience.



Mr. Moses CHENG Mo Chi, age 57, Independent Non-Executive Director of the Company, joined the Board of Directors of the Company in March 2003. Mr. Cheng is a practising solicitor and the senior partner of Messrs. P.C. Woo & Co. Mr. Cheng was a member of the Legislative Council of Hong Kong between 1991 and 1995. He is the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. His other directorships held in listed public companies in the last three years include Beijing Capital International Airport Company Limited, City Telecom (HK) Limited, China COSCO Holdings Company Limited, China Resources Enterprise Limited, Guangdong Investment Limited, Kader Holdings Company Limited, Galaxy Entertainment Group Limited (formerly known as K. Wah Construction Materials Limited), Liu Chong Hing Investment Limited, Shui On Construction and Materials Limited, Tian An China Investments Company Limited and Hong Kong Exchanges and Clearing Limited.

OUR VISION OF CORPORATE RESPONSIBILITY

The Company upholds its core value in earnest, namely “Responsibility Makes Perfection”. With “Communicate a Boundless World and Construct an Information Society” as its mission, the Company strives to become the “Creator of Superior”.

The core concepts of the Company’s corporate culture are “Responsibility” and “Pre-eminence”, meaning that the Company shall “Enrich the Public’s Livelihood” by its “Noble Virtues”. To that end, the Company is committed to being a benevolent, responsible and outstanding corporate citizen who never ceases in its efforts in making improvements.

Based on the understanding of our triple-sided responsibilities, namely our economic responsibility to grow, our responsibility to the society and our responsibility to the environment, China Mobile Limited’s vision of responsibility is as follows:

“With perfect sincerity and integrity, we will strive to fulfil our triple-sided responsibilities: our economic responsibility, our social responsibility and our environmental responsibility.”

- The Company will keep its commitment to being an outstanding corporate citizen and will fulfil its promises with utmost integrity, and it will continue its efforts in innovation and pursue ever greater perfection without resting on its laurels in order to achieve the harmonious development of the Company, the society and the environment.

The starting-off point of the Company’s vision of responsibility is “acting in good faith”, which bears the two-fold meaning of “sincerity” and “integrity” in ancient Chinese culture. “Sincerity” is the starting-off point and driving force behind the continuous efforts of the Company in fulfilling its responsibilities and “integrity” is the norm and basic standards for the fulfillment of our responsibilities.

“Economic responsibility”- the Company will pursue harmonious development for itself and will secure its own sustainable development through credible and responsible economic activities. To this end, the Company will demonstrate all its strengths, continue its efforts in innovation and pursue ever greater perfection.

“Social responsibility”- the Company will pursue the harmonious development of the society and, whilst pursuing its own excellence, the Company will strive to achieve synergy with the development of the society with a view to make progression towards the sustainable development of the human society.

“Environmental responsibility”- the Company will pursue the harmonious development of the environment. To this end, the Company will endeavor to protect the natural environment by reducing its consumption of resources and the impact of its operation on the environment.

THE FULFILMENT OF RESPONSIBILITIES

Cultivating the Culture of "Accountability"

The fulfilment of corporate responsibility requires the involvement of every employee. The Company is actively cultivating a culture of "Accountability" within the Company and, to this end, the Company always reminds its staff of the importance of assuming responsibilities as well as maintaining exemplary behavior.

Communication of Concepts: a series of training programs have been rolled out to entrench the concepts of "Responsibility" and "Pre-eminence", a set of training manuals entitled "*Responsibility and Pre-eminence*" has been developed; training programs for all the employees, communications with employees via MMS, SMS, E-letters and posters and the organization of CEO Strategy Forum and Corporate Culture Speech Contest have all been introduced.

Implementation: a three-year plan and the Establishment and Implementation Plan for Corporate Culture for 2006 to 2008 have been formulated on the basis of the core corporate culture of "Responsibilities" and "Pre-eminence", and dedicated teams will be set up at every corporate level to promote and implement corporate culture.

Setting of Examples: exemplary stories about our role models and their deeds were published through essay competitions and speech contests with "Responsibility Makes Pre-eminence" as the main theme and the "Stories that Touch Us" campaign which focused on the study of corporate responsibility in action.

Building a Management System for Corporate Responsibility

Corporate Responsibility is not something for the short term. Instead, it requires long term planning and careful management. China Mobile is attaching great importance to Corporate Responsibility, and the adoption of international standards is evidenced by the compilation of this Corporate Responsibility Report. Going forward, the management system of Corporate Responsibility will be further improved by combining the unique strengths of China Mobile and the good practices of corporate responsibility of global corporations.

Safeguarding the Organizational Structure: A special Corporate Responsibility Group will be set up and will be led by the Chairman and managed by the Company's Development Strategy Department, and teams will also be formed to act under the direct guidance of the senior decision makers, with a view to clarifying the specific tasks in implementing corporate responsibility and ensuring the smooth coordination among various departments.

Developing Policies: The scientifically rational and clearly-defined vision of corporate responsibility will be upheld in order to ensure the unity, efficiency and sustainability of implementation of all its corporate responsibility actions.

Employee Involvement: A favorable environment is being created for all the employees to fully participate in the assumption of corporate responsibility, in order to ensure that the concept of corporate responsibility will penetrate broadly and deeply in its business operations.

Standardization of Processes: The screening mechanism and decision making processes for corporate responsibility projects are formulated. In addition, standard procedures involving pre-project analysis, tracking of progress of projects and post-project evaluation are being established to achieve effective monitoring and control of corporate responsibility projects.

STAKEHOLDERS

Customers: China Mobile will generate economic and social benefits for itself and for the society through discovering and meeting the customers' needs. The customers are the foundation for the sustained development of China Mobile.

Shareholders and Investors: China Mobile consistently holds in the highest regard the interests of shareholders and investors and the returns achieved for them and, in order to maximize the value for them, China Mobile will constantly refine corporate governance and generate innovations according to the needs of the capital markets.

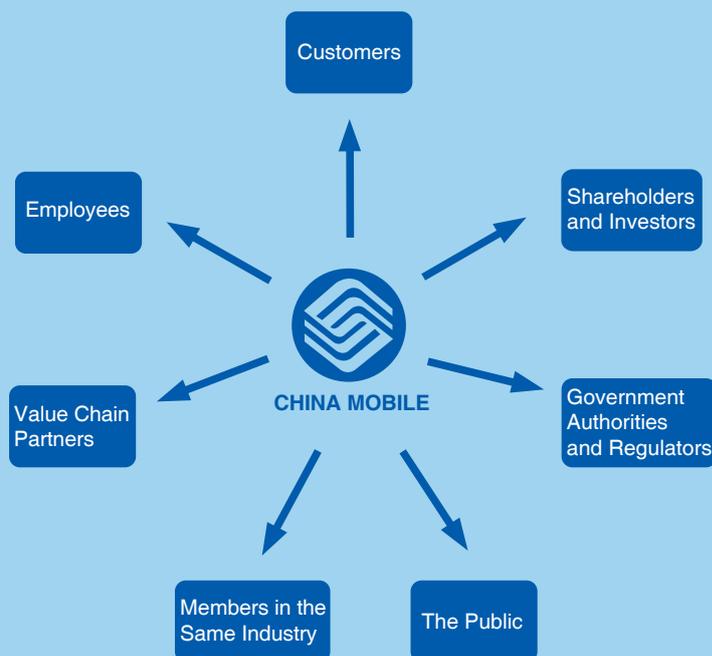
Employees: China Mobile's solid and dynamic foundation is built on the collective efforts of all the employees, who are the driving force for the sustained development of the Company.

Government Authorities and Regulators: China Mobile fully complies with the relevant laws and regulations of the places where it is listed and where it operates and fully cooperates with government authorities and regulators, thereby nurturing a favorable external environment for its development.

Value Chain Partners: China Mobile and its value chain partners cooperate in the development and promotion of mobile telecommunication business to suit the needs of customers and in the building of a harmonious industry value chain which gives advantages to everyone concerned.

Members in the Same Industry: China Mobile is competing with members of the same industry in a rational, effective and orderly manner in order to promote the development of the industry.

The Public: China Mobile believes that development in the long term cannot be achieved without the sustainable development of the society and the environment. China Mobile is always concerned with the interests of the public that takes part in the development of the society and environment and, on the other hand, also benefits from a well-developed society and an harmonious environment.



Our Economic Responsibility

China Mobile achieves business success by providing quality communication services. We continuously strive for excellence and innovation in order to generate high value and a high return for our customers, shareholders and investors and achieve the sustainable development of the Company.

China Mobile fulfils its economic responsibilities by fully elaborating its own virtues.

China Mobile will pursue ever greater perfection and exemplary management and operation to ensure sustainable long term growth. We firmly believe that this is the prerequisite to providing quality services to our customers and to generating maximum value for our shareholders and investors.

China Mobile is committed to high standards of corporate governance. We promote the growth of the industry, offer job opportunities, and grow together with the industry chain and the business areas in which we operate, and we will continue to innovate our management, technology, services and business to meet future challenges and to fulfil our responsibilities.

BUSINESS PERFORMANCE AND ECONOMIC IMPACT

Business Performance

China Mobile is a profit-making company which enjoys robust finances and a stable cashflow. It is also a steadily growing company with great potential and enviable prospects. China Mobile has experienced rapid growth like a “Galloping Elephant” notwithstanding the dynamic and ever-changing market environment, and it has generated great value for its shareholders and investors.

China Mobile has built the world’s largest extensive high quality mobile communications network serving the largest subscriber base in the world. As of the end of December 2006, China Mobile’s subscriber base amounted to 301.232 million. In 2006, MOU (Minutes of Usage Per User Per Month) reached 381 minutes and the value-added business subscribers amounted to 270.384 million.

China Mobile is providing world-class services to its subscribers. It plays a vital role in improving the “informationalization” level of citizens and improving the overall efficiency of society, as well as bringing a significant enrichment and convenience to citizens’ lives.



Mr. Wang Jianzhou (on the right), Chairman and CEO of the Company, met with our investors

Positive Reviews

The outstanding performance of China Mobile has won popular recognition and acclaim.

In 2006, the Company ranked number 112 as compared to number 128 in the previous year in “The World’s 2000 Biggest Public Companies” by Forbes magazine. The Company was once again selected by Financial Times as one of the “FT Global 500” companies, ranked number 38 as compared to number 64 in the previous year. The Company was also selected by Business Week as one of the 2006 global “Info Tech 100” companies, leaping to number 8 from number 17 in the previous year. The Company was selected by Forbes Asia as one of “The Asian Fabulous 50”, ranked number 1 by market value and number 4 by sales in 2006.

In 2006, “China Mobile” ranked number 4 globally in the “BRANDZ™ Top 100 Most Powerful Brands” jointly published by Millward Brown and Financial Times, and ranked number 1 in the “20 Best Chinese Brands” jointly published by Interbrand and Business Week.

Mr. WANG Jianzhou, Chairman and Chief Executive Officer of the Company, was selected by Business Week as one of the fifteen “Best Leaders of 2006”.

In July 2006, Moody’s and Standard & Poor’s revised the Company’s credit rating upward to A2/Positive Outlook and A/Outlook Stable, respectively.



China Mobile successfully acquired China Mobile Peoples Telephone Company Limited

Economic Impact

Since its establishment, China Mobile has been growing rapidly at a double-digit compound annual growth rate in terms of revenue.

According to experts' estimates, the value generated by China Mobile amounted to 1.1% of China's GDP for 2003 to 2005. For 2003 to 2005, the national economic demand driven by China Mobile was continuously above 2.2%. The value of China Mobile has effectively driven the macro economy. China Mobile also plays a leading role in accelerating the development of China's mobile telecommunications industry, jointly establishes the prominent position of China's information industry in the global telecommunications industry and enhances the whole industry's competitiveness in the global market.

The estimation of China Mobile's contribution to the domestic economy is calculated by Prof. He Liping, Director of the Department of Finance, Economics and Business School of Beijing Normal University by using models commonly accepted among economists. Such models are Income Method (Net turnover of the Company for a year divided by GDP calculated with reference to the flow-of-income method), Direct Expenditure Method (Net turnover of the Company for the year divided by GDP calculated with reference to the flow-of-cost method) and Derivative Expenditure Method (the driving effect of the Company's investment expenditure on national economic growth).

Creating Investment Value

China Mobile always holds in the highest regard the interests and returns of its shareholders and investors. China Mobile has successfully grown its subscriber numbers and usage volume through proactively expanding its business and service scope and developing new businesses. Meanwhile, the Company explores and opens up new business opportunities through, among other things, mergers and acquisitions in order to maintain a steady and rapid growth, with a view to creating value and generating longer term sustainable returns for shareholders and investors.

Having taken into account such factors as the on-going health status of the Company's fundamental structure, cash flow position and requirements to ensure the sustainable future growth of the Company's business, the Company has been paying dividends since 2002. China Mobile will endeavor to achieve a longer term sustainable, steadily increasing dividend, with a view to generating the best possible return for shareholders and investors.



Economic Impact

Leading the Development of the Industry

China Mobile has been playing a leading role in promoting the development of China's mobile telecommunications industry. With the increasing mobile telecommunications penetration rate in China, China Mobile cooperates with its business partners in establishing a mobile telecommunications industry value chain among operators, equipment manufacturers, information content providers, system integration services providers, mobile product dealers, customers and other related enterprises.

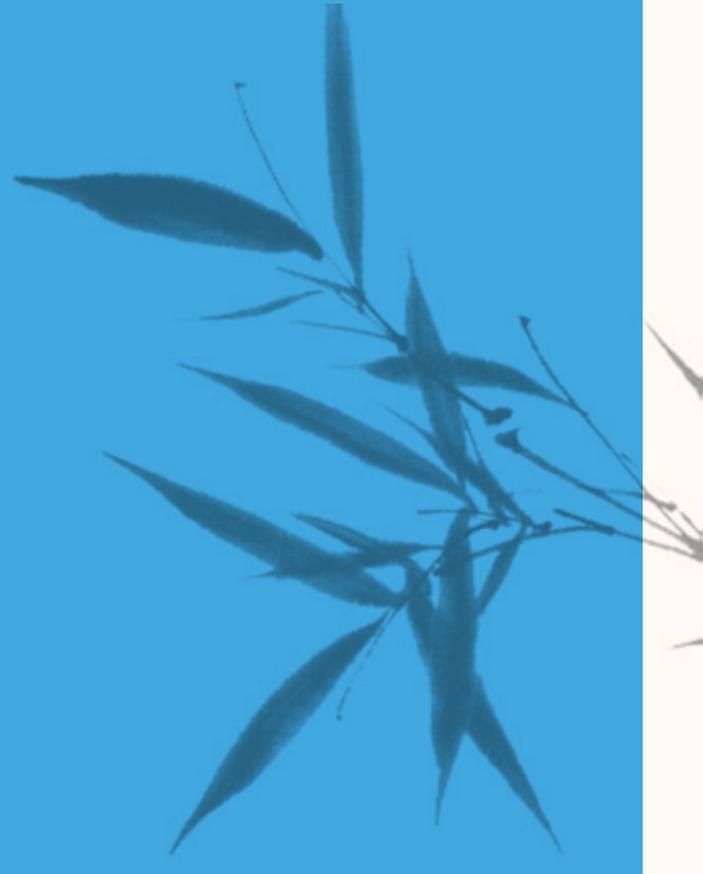
In 2000, China Mobile took the lead in launching SMS-based value added services and introduced the business model "Monternet" innovatively creating an open, cooperative, mutually beneficial industry chain. By the end of 2002, major Chinese portals recorded profits as a result of this initiative. The information service industry entered into a new era and the industry's value has increased by several hundred millions in RMB.

- Building information service industry park

In Guangdong, the setting up of "Information Service Industry Park" was pushed forward with a budget of RMB1 billion. A strategic cooperative alliance was formed with major equipment manufacturers and content providers such as Ericsson, Huawei, Nokia, ZTE, Motorola, NEC, Siemens, Kingdee and Ufsoft to set up such an industry park. It is estimated that by 2010, the industry park will form a "115" production pattern of having one business R&D centre, 10 international technology R&D centres, and 500 information service providers. By streamlining the use of resources of different players in the industry chain, Guangdong province is expected to become the home base of telecommunications operators, telecommunications manufacturers and information services providers.

Offering Employment Opportunities

With the growth of the Company's business and size, as at the end of December 2006, China Mobile offered 111,998 employment opportunities. As a core segment in the industry, China Mobile drives the growth of other segments in the industry and have contributed significantly to the overall stability, prosperity and development of the society.



CORPORATE GOVERNANCE

The Company's goal has always been to enhance its corporate value, to ensure its sustainable long-term development and to generate greater returns for its shareholders and investors. In order to achieve the above goal and implement good corporate governance, beginning in 1998, we have been taking numerous measures in an effort to achieve an effective board of directors, including establishing three principal board committees, namely, the audit committee, the remuneration committee and the nomination committee. We have established a disclosure committee to help improve and maintain our disclosure controls and procedures and ensure that all material information is made known to the board of directors promptly and disclosed in an accurate and timely manner. We further enhanced our internal controls over financial reporting in compliance with Section 404 of the U.S. Sarbanes-Oxley Act of 2002 (the "SOX Act"). Moreover, we have established an internal audit department, implemented internal audit mechanisms and procedures, and promulgated a code of ethics governing senior management and other designated senior officers of China Mobile. In order to continuously improve our corporate governance, the Company also conducted training courses on corporate governance on an on-going basis. Our efforts and achievements in corporate governance have won recognition and acclaim from various sectors, and the Company has received a number of awards from internationally renowned professional organizations and journals.

The Board of Directors

The key responsibilities of the Board include, among other things, formulating China Mobile's overall strategies, setting management targets, regulating internal controls and financial management and supervising the management's performance. The Board currently has three board committees, which are the audit committee, the remuneration committee and the nomination committee.

• Audit Committee

In 1998, the Company established the audit committee, which is comprised solely of independent non-executive directors. All members of our audit committee have many years of finance and business management experience and expertise. The audit committee's primary responsibilities include, among other things, making recommendation to the board of directors on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, developing and implementing policies on the engagement of external auditors to provide non-audit services, and monitoring the integrity of financial statements of the Company and the Company's reports and financial statements.

• Remuneration Committee

In 2000, the Company established the remuneration committee, which is comprised solely of independent non-executive directors. The primary responsibilities of the remuneration committee include, among other things, determining the remuneration packages of all executive directors and senior management, making recommendations to the Board on the remuneration of non-executive directors, and reviewing and approving performance-based remuneration.

• Nomination Committee

In 2001, the Company established the nomination committee, which is currently comprised solely of independent non-executive directors. The primary responsibilities of the nomination committee include reviewing on a regular basis the structure, size and composition of the Board, identifying individuals suitably qualified to serve as board members, and assessing the independence of independent non-executive directors.



Mr. Xue Taohai (on the right), Executive Director, Vice President and CFO of the Company was elected as China Annual CFO for 2004

Internal Controls and Internal Audit

To protect its assets and to ensure the accuracy and reliability of the financial information employed in its business or releases to the public, the Company conducts regular reviews of the effectiveness of China Mobile's internal controls. The scope of these reviews includes, among others, finance, operations, regulation compliance and risk management.

In view of the opportunities presented by the compliance with Section 404 of the SOX Act and on the basis of the COSO framework, the Company rationalized its 12 principal processes and 43 sub-processes, identified 692 key control points, formulated standardized internal controls guidelines, and implemented tasks for remedial actions. A highly-efficient, unified, independent and objective internal controls and internal audit system has been preliminarily formed on this basis.

Taking into account the potential risk and urgency in respect of the internal controls that are subsisting in the Company's management structures and business processes, the internal audit department

regularly carries out audits as well as inspections and evaluations of the Company's accounting information, internal controls and other types of operational and management activities through the application of systematic and standardized audit procedures and methods, in order to assess the Company's internal controls and to monitor their performance, to ensure the effectiveness of the Company's business operations and the realization of its corporate objectives and strategies. The head of internal audit reports to and makes recommendations to the CFO and the audit committee on a regular basis, which, in turn, reports regularly to the Board.

In the future, we will continue to closely study the development of corporate governance practices among the world's leading corporations, the development of the relevant regulatory environment, and the expectations of the shareholders and investors. We will also review and strengthen our corporate governance procedures and practices from time to time so as to ensure the long-term sustainable development of the Company.

ENTERPRISE MANAGEMENT

Strategic Management: Forward looking strategy and effective implementation

The Company has set up a strategic management system to formulate the company's five-year development plan and three-year strategic plan, which includes five management modules: environmental analysis, an objectives system, proposal formulation, measures planning and implementation assessment. These modules lay down the action plan for the Company's development and establish a strong supervisory control system for the implementation of strategies, budgets and internal performance management, strengthen the guidance and driving function of strategies on business operations.

Budget Management: Realizing the strategic optimal resources allocation

The Company has adopted a comprehensive budget management system based on the Company's strategy and market analysis to ensure the Company's strategy, business plans and budget are effectively linked up and to guarantee that the key areas of enterprise development are carried out with priority. The budget objectives also provide a breakdown of responsibilities from subsidiaries, departments to individuals and strengthen control and analysis of the budget implementation to ensure the realization of the strategic planning.

Performance Management: Performance-based remuneration system

The Company was among the first in the industry to implement the performance-based remuneration system. The employees' performance is assessed through the balanced scorecard which is commonly used internationally, combining the strategic goals of the Company with Key Performance Indicators ("KPI") and work objectives. Through the transmission mechanism and performance guidance, employees are assisted in fulfilling their work objectives to realize the connection between the allocation of employees' remuneration and results of performance assessment. Performance management ties the performance of employees closely with the Company's strategic goals, forming a benign cycle of performance management.



China Mobile has achieved centralized supervision and control of network

Centralized Management: Significant Improvement in Resources Utilization Efficiency

Centralized management significantly improves management efficiency. Centralized procurement saves procurement funding and enhances funding efficiency, as evidenced by the significant drop in procurement costs in 2005 as compared to 2004. With regard to the networking maintenance system, “centralized supervision, centralized maintenance and centralized management” provides a guarantee as to the quality of China Mobile’s networking operations. China Mobile has adopted new measures of “centralized funding, unified allocation, levelled management, compliant use”, thus establishing a foundation for fund utilization efficiency and risk prevention and control.

“Informationalization”: Comprehensive Improvement of Business Operation Efficiency and Security

The Company stands at the front line in China’s telecom industry in connection with its level of information technology. It has built a Management Information System (MIS) including Networking Management System (NMS), Business Operation Supporting System (BOSS), Enterprise Resources Planning (ERP) and Office Automation (OA) realizing a seamless transition between different platforms. The e-operating and maintenance system have been widely used in the networking management system to achieve real time interaction between the customer service departments and the supporting management departments, establishing a highly efficient internal production procedures which uses electronic means.

INNOVATION BUILDS WORLD CLASS BUSINESSES

As a high tech enterprise in the communication applications industry, China Mobile has always believed in the importance of innovation to maintain development. Through the continuous enhancement of the capability to initiate innovation and the implementation of management innovation and technical innovation, China Mobile has maintained and realized the continuous innovation in business and services, and has attracted more and more customers with its superior quality. Today, “Mobile Telecommunications Transform Life and Innovation Makes Excellence” is not merely a slogan. It is exactly this relentless pursuit of innovation that has enabled China Mobile to stay competitive and to create value.

Management Innovation

Management innovation is the key to maintaining the lasting success of an enterprise. China Mobile realizes management innovation through encouraging innovation, identifying and promoting role models, forming innovative culture and establishing innovation mechanism. China Mobile focuses on the following three facets:

1) Emphasizing strategic guidance and incorporating management innovation activities as the driver of China Mobile’s pursuit of its strategic goals. By raising the standard of excellence in appraising the results of management innovation, China Mobile focuses on identifying projects of innovation by “first class management” subsidiaries as role models, to drive the further enhancement of the overall management of the Company.

2) Continuously perfecting the incentive mechanism for management innovation based on the core concepts of innovative ideas and innovation culture, highlighting the importance of recognition of results of innovation to the promotion of management innovation activities, and giving prominence to the contribution to the development of the Company made by management innovation.

3) Incorporating the marketability of results as a key evaluation factor, emphasizing the mobility, transferability and versatility of knowhow formed by innovation results, and regarding management innovation as the starting point to building a learning society within the Company.

Actions

- In the beginning of 2004, the Company formulated measures to reward results of management innovation and set up the Management Innovation Evaluation Committee. Since 2004, the Company has held yearly evaluations for the “China Mobile Management Innovation Award”, receiving almost 400 submissions of results from various subsidiaries, of which 66 were considered as innovative, feasible and marketable innovative management practices.

- Between 2004 and 2006, China Mobile received numerous awards for the National Communications Industry Modern Management Innovation Award scheme and was awarded with the Innovative Management Organization Award for three consecutive years.



July 2005, China Mobile’s report on Innovative Management to promote innovative management practices



Technical Innovation

China Mobile places the utmost importance on the role of its capability to innovate self-developed technology to enterprise development.

China Mobile has established a sound research and development management system to ensure dedication to technical innovation. It set up a dedicated research and development center - China Mobile Research Institute, and has formed a long term partnership with universities and research institutes such as China Academy of Science and Tsinghua University. China Mobile also actively participates in national priority research projects exploring technological advances. In early 2002, measures to reward technology advancement and business innovation were formulated, and a Committee to Review Technical Progress and Business Innovation was set up. Since 2002, the Technological Development Progress and Business Innovation Award were received for four consecutive years, with almost 100 technical innovations, and has been given awards in various national or ministerial competitions.

China Mobile is heavily involved in technical standardization. The China Mobile's parent company initiated the NGMN (Next Generation Mobile Network) organization, which endeavors to become a key formulator of international technical standards and a powerful leader of technical advancement.

Market-oriented Technical Innovation

In recent years, driven by market demands and through technical innovation China Mobile has continually achieved improving operating results.

- A world class business support system (BOSS) was set up. With a two-tier management model, the system provides rapid support to the application of various new services, such as the provision of cross-locality value top-up and reporting of loss services - a first in the industry.
- The formidable task of the addition of a digit to mobile telephone numbers has been completed and the first smart mobile network was built based on CAMEL PHASE 2. Many popular smart business applications have been developed and this helped Chinese manufacturers to take a dominant position in this area.
- The world's largest softswitch tandem network has been built and the entire softswitch tandem network protocol has been self-developed. On the basis of the framework of IMS (IP Multimedia Subsystem), the CM-IMS solution was proposed, which makes up for the shortcomings of the IMS framework in developing comprehensive business operations.



Mr. Sha Yuejia (third from right), Vice President of China Mobile Communications Group, Executive Director and Vice President of the Company, participated in an NGMN member meeting

Actively Participate in the Formulation of Technical Standards

- The multimedia messaging service has been launched, which has been incorporated into the technical standards of the 3rd Generation Partnership Project (3GPP) Technical Code, further enhancing the mobile phone's influential role as "the fifth medium".
- The world's largest data service management platform (DSMP) was constructed, providing functions such as customer management, order management and service provider management of mobile data services, imposing an effective control on SP's fraudulent behaviors.
- Since 2002, large quantities of articles have been contributed to international standards bodies such as 3GPP and Open Mobile Alliance (OMA). In 2005 alone, 362 articles were contributed to 3GPP, 59 of which were incorporated into the standards. Also, 110 articles to OMA were contributed, 43 of which were passed, with the technology of "One Mobile Network Two Network Addresses" being adopted as an international standard.
- In 2006, China Mobile's parent company, together with the six largest global communications operators, namely Vodafone, Orange, NTTDoCoMo, T-Mobile, KPN and Sprint, jointly launched the NGMN initiative for the development of next generation mobile network technology.
- A senior executive also works as the Vice President for OMA and Vice President for 3GPP. 7 other executives from the Company work as Group Director and Deputy Group Directors in China Communication Standardization Association.

Service and Business Innovation

China Mobile has always pursued a customer-oriented guiding principle, ceaselessly innovating in terms of its service and business offerings. China Mobile is committed to implementing its business strategy of “Service and business leadership”.

A new mobile telecommunications business might be insignificant in itself, but it could cause tremendous changes to social life as well as cultural habits. The best example is the SMS business.

A new customer service might only bring a small convenience; but it could show sincerity to countless customers, for example the “Any Billing Error, Double Refund” scheme.

A new business model is originated from a good wish. Once in practice, it gains a life of its own and can create tremendous market value, such as Monternet.

What will our next innovation bring to our customers?

Business Innovation

In line with the current market trend of multi-media and multi-functional mobile handsets, products in three major categories are provided to address customer demand: the customer interface category; the basic communications and related items category; and the lifestyle and entertainment category. The three major categories are further broken down into 11 product lines including SMS, voice value-added services, games, music, e-business, internet, graphics, location broadcasting services, information services, information sharing services and customer interface services, covering almost 100 new products.

GPRS and SMS are used as the principal media for the provision of integrated and industry-customized solutions such as direct calls, IP phones, wireless internet, business information launching, mobile office, global positioning system (GPS), wireless POS and CMNET. These solutions have been widely used in government departments and almost 20 industries including the power generation, transportation and petroleum industries.

Service Innovation

- In 2004, China Mobile was the first in the market to make a commitment of “Any Billing Error, Double Refund” to its customers nationwide. In line with this commitment, China Mobile provides clear bills. Customers are able to check their bills and obtain breakdowns through multiple means such as website, SMS, multimedia terminals at retail outlets and shopping centers and mail statements.

- VIP customers are offered services beyond the scope of communications services, e.g. the “Airport VIP services” - all VIP customers have to do is to present identification documents and air tickets to the service ambassador who will handle the check-in procedures and the luggage for the customers.

- In response to customers’ strong feeling against phone cards and card balances having expiry dates, a series of solutions such as “Small Value Call Card”, “Balances Transfer”, “Call Answer Function-Enabled Suspension Period” and “Extension of Suspension Period” was launched.

Business Model Innovation

- The innovative business model “Monternet” is put forward, which effectively integrated resources from operators, SP and CP thereby forming a favorable environment for the mobile information industry and brought China’s IT industry out from the trough to prepare for the next development cycle.

- In December 2004, the first “Wireless Music Rank” was launched in China. With precise fee calculation as the basis and “Color Ring” and “Interactive Voice Response” as the platform, “Wireless Music Rank” presents an innovative wireless music industry chain, allowing record companies, SP, composers, singers and the Company’s customers to reap benefits from the chain.

GROWING WITH STAKEHOLDERS

China Mobile seeks to grow in harmony with the stakeholders to jointly generate value and share the success.

China Mobile attaches great importance to communication and interaction with the stakeholders and firmly believes this is the foundation of mutual trust and cooperation.

While emphasizing its business operations, China Mobile also makes its best efforts to take into consideration the different needs of the stakeholders, regards protection of their interests as its own responsibility and strives to turn such consideration into actions.

Communication with Stakeholders

Communication with Customers

Customer feedback is collected through various means such as customer service hot line 10086 and regular surveys on customer satisfaction in order to have a clear knowledge of customer needs and feedback in a timely manner and to make prompt improvements based on customer feedback.

- “Satisfaction 100” Campaign

“Satisfaction 100” Campaign was launched in 2006. Concrete activities included: “Customer Receiving Day”, “Best Window Service”, “Reporting on Self Help Facility with Financial Incentives”, “Key Service Improvement”, “Strong Service Practice Promotion”, “Reporting on Self Help Facility in the Company Shops with Financial Incentives”, “Reporting against Spam SMS with Financial Incentives”. These have all given customers further rights.

Communication with Shareholders and Investors

China Mobile takes an attitude of being responsible to its shareholders and investors and discloses information in an accurate and timely manner. Through all types of roadshows, investors seminars and other activities, the Company has established smooth communication channels with its shareholders and investors. China Mobile is committed to standardized communication and stable operations, thereby winning more trust from the capital market.

- Enhance Transparency through Multiple Channels

China Mobile attaches great importance to communication with its shareholders and investors and briefs them with the corporate performance and business situation through multiple formal channels. By holding regular investment analyst meetings, press conferences and conference calls with investors, the Company has the opportunity to explain to its shareholders, investors, and the public its business performance and major transactions, and to answer their questions. The Company also provides additional materials at appropriate times to its shareholders, investors, and the public to facilitate their understanding of its business operation and enhance its transparency.

Communication with Employees

China Mobile continuously extends and improves the communication mechanism with the employees and keeps itself fully informed of the employees’ comments and suggestions through measures such as “Clear Business Supervision Window”, “Platform for Employees to Comment”, “General Manager’s Mailbox”, “General Manager’s Receiving Day”, and “Employee Representative Inspection”.

Communication with Government Authorities and Regulators

China Mobile strictly complies with the relevant laws and regulations of the government authorities and regulators and actively promotes legislative



Customer Service Hot Line 10086

construction and involves itself in legislative advising. The Company has put forward constructive comments and advice to facilitate the drafting of and amendments to the Telecommunications Law, Anti-Monopoly Law and other laws and regulations. These comments and advice have been reflected in the above laws and regulations open to the public. Meanwhile, China Mobile also contributes to the promulgation of industry-specific regulations such as Administrative Measures on Telecom Network Numbering Resources, Administrative Measures on Fee Charges in relation to Telecom Network Numbering Resources and Administrative Measures on Telecommunications Tariff.

Communication with Value Chain Partners

Unified and transparent procurement policies have been formulated and standardized administrative measures were specified with regard to distribution channels and SP. At the same time, through various means such as meetings and seminars, China Mobile has discussed with its value chain partners about the hot issues in the industry to reach consensus with each other and to jointly promote prosperity of the industry.

Communication with Peers

China Mobile strictly abides by the regulations and policies applicable to the industry and actively cooperates with the government authorities and regulators in their supervisory processes. It competes with other operators in a rational manner, and through various communication channels including industry-wide forums and association meetings, China Mobile is pushing forward competition and cooperation, with a view to creating a healthy and orderly competitive environment together with other operators.

Communication with the Public

China Mobile is making greater efforts to enhance its transparency, with a view to creating a more transparent and open communication environment and establishing a long term and standard communication mechanism. Through multiple channels, China Mobile understands and responds to public opinion and uses society's evaluations as an important basis for its operational improvement.



China Mobile's training classes for its new employees

Protection of Employees' and Consumers' Rights

Employees' Development and Protection of Employees' Rights

- Equal Opportunities for Development

China Mobile strictly complies with the relevant laws and regulations of the place where it is located as well as the industry code of conduct during the employment relationship. In no event shall child labor be employed in any position. Forced labor and work place discrimination shall be avoided.

China Mobile upholds the principle of gender equality and adopts an equal employment opportunity policy. China Mobile attaches great significance to the career development of female employees. In 2001, China Mobile sets up the protection of female employees' rights association on a national basis. Contribution from the female employees to enterprise development and to society has been widely recognized. A number of female employees were commended by the state for their outstanding performance.

- Caring for Employees' Health and Safety

China Mobile has reinforced safety and has enhanced workplace safety measures to create a safe work environment. It also places emphasis on increasing employees' awareness of workplace health and safety such as carrying out fire drills. Additional precautionary tools and gears have been given to outdoor construction workers working at height, working at power supply facilities, working under inclement weather conditions and working in dangerous terrain.

In strict compliance with the relevant regulations, China Mobile takes out occupational injury insurance so that employees who suffer from workplace injury or occupational diseases are guaranteed to receive medical assistance and economic compensation.

- Focus on Employees' Career Development

The Company has set up a comprehensive performance-based incentive scheme and reward mechanism. China Mobile values the career path planning of employees of different positions. In order to promote employees' career development, direct supervisors are required to conduct face to face meetings with their staff regularly relating to job duties and work performance during which employees can express their views and make suggestions for improvement.

China Mobile is committed to building a learning organization and continuous efforts have been made to enhance its training. China Mobile Communication University was established to provide training to each level of China Mobile's employees. Course instructors include internal specialists and external specialists and professors from tertiary institutions such as Tsinghua University, Beijing University and Renmin University of China. China Mobile takes the initiative to establish an e-learning system which is now operated on a trial basis at the headquarters and five subsidiaries. There were 17 online courses which increased to 111 by the end of 2006. There are a wide range of courses covering areas such as enterprise strategy management, business administration, human resources management and financial management.

China Mobile introduced and implemented an effective secondment program to promote staff mobility. All outstanding employees within the group are eligible for secondment to the headquarters or other subsidiaries of the group for a period of several months up to a year.

Through continuous efforts, China Mobile now maintains a stable workforce and has seen significant enhancement in its staff quality. These are key factors for a rapid and healthy development of an enterprise.

Consumer protection

China Mobile has the largest mobile telecommunications subscriber base in the world, it thus assumes the most responsibility for protecting the telecommunications interests of consumers. Over a period of time, our platform has been misused by some to perform various acts which are harmful to consumer interests. In view of this, relevant mechanisms and processes have been established promptly, and various control measures have been taken.

- Advocating Healthy and Positive Mobile Culture

In order to reduce dissemination of undesirable information as much as possible, measures have been carried out, such as by making positive information available and advocating such information among the public.

- In Inner Mongolia, mass SMS were sent to teenagers to warn them of SMS frauds.

China Mobile is proactively advocating “Green Mobile Culture”. Through various dynamic mobile applications such as “mobile music”, “mobile literature” and “mobile newspaper”, China Mobile introduced literature and art work into mobile information services. Various activities have been organized to encourage the creation of information products which are popular, healthy and scientific.

- In Guangdong, together with other media organizations, the healthy content SMS competition was launched, promoting the public to write and send inspiring and warm-hearted messages in order to rival undesirable messages. The healthy content SMS competition lasted for 6 months and approximately 500,000 SMS were entered into the competition. Over 5 million SMS were downloaded by subscribers and more than 30 million SMS were downloaded for forwarding.

- Launching the “Sunshine Green Network Project”

The “Sunshine Green Network Project” was launched, calling for network civilization, the construction of a harmonious network environment, and tighter controls over undesirable messages.

– Imposing stricter control over the registration of new subscribers, promoting the real-name management of subscribers, and enhancing the real-time supervision and handling of suspicious subscribers;

– Strengthening its management over the fees of SMS and MMS services. No sale of prepaid cards that allows customers to have unlimited or exceptionally high usage of SMS or MMS is permitted. All relevant approval and filing procedures will be strictly enforced. The Company also makes increased efforts in handling existing cases of unreasonable SMS and MMS service fees;

– Enhancing its supervision and management over the transmission process of SMS and MMS. Transmission control will be imposed on customers with extremely excessive usage of SMS and MMS; and

– Establishing a crisis management mechanism and procedure to prevent and stop spam. A Spam Reporting Center was established to facilitate subscribers to report on received spam through 10086 hotline and SMS. China Mobile will closely supervise the reported numbers; if necessary, lock the SMS function of the relevant numbers and cooperate with public security authorities for further action.

- Establishing Information Security Responsibility System

An information security responsibility system has been set up at all its subsidiaries and this enhanced the pre-approval procedure for any new connection with its SP. China Mobile requires that all Montenet's SP conduct thorough checks on the information service content (including header, message content and pricing etc.) provided through China Mobile's platform and make corrections if necessary.

- Protecting Strictly Customers' Information Security

During the course of its operation, China Mobile has adopted stringent measures in both aspects of system and technology in order to protect customer privacy and to prevent customer information from being misused by illegal persons to the detriment of customer interest. The Company endeavors to ensure customer information security.

- In Beijing, a security management system was established in accordance with the requirements of International Information Security Standards ISO27001, for which the Company obtained the ISO27001 certification. A three-tier security structure with an information security official, security auditor, and manager having separate responsibilities and powers was adopted to ensure data security.

- Providing Better Information and Guidance to Consumers

Sales office is the front end to customers. At sales offices, apart from doing business transactions, customers may also obtain more information about handset purchase and consumption, and express their opinions and make suggestions. A customer service hotline at 10086 is also made available for customer enquiries, through which customers may also cancel their subscriptions conveniently.

Meanwhile, all advertising and marketing activities are conducted under the strict supervision of the marketing management department in strict compliance with the requirements and procedures as stipulated in the relevant state laws and regulations to avoid misleading the customer to the best possible extent.

Protection of Employees' and Consumers' Rights

- Providing Various Integrity Services

Launching the Data Business Management Platform

To address issues such as unauthorized SP operations by certain individuals to the detriment of customer interests and the difficulty for operators to supervise business operations in real-time, the Company innovated the Data Service Management Platform (DSMP) which handles such functions as customer management, subscription relationship management and SP management. The DSMP can automatically identify whether the incoming customer information matches the subscription information. For the first time, the data service management system employs a subscription relationship based credit mechanism, linking the operator, customers and SP under a unified subscription relationship.

Currently, DSMP has over 239 million customers under management and over 3,200 SP. The business volume has exceeded 130,000 items with 245 million subscription requests. The real-time handling volume amounts to 15,000 items/second.



China Mobile introduced Monternet Supervisor and strengthened the supervision of SP



China Mobile introduced Monternet Supervisor and strengthened the supervision of SP

Launching Other Integrity Services

At the end of November 2004, the “Monternet Subscription Cancelling Platform” was initiated to address customer complaints of difficulties in the cancellation of orders for SP service. The initiative has brought great convenience to the customer. With respect to customer service of the Monternet business, the “responsible first contact” system has been diligently implemented, putting an end to the occurrence of shifting the blame on others and fully protecting lawful customer rights.

In 2005, the Company adopted a SP credit management system to carry out credit management on a trial basis and initiated the Monternet SP SMS business credit management method. The credit system effectively quantifies and integrates the level of good faith cooperation, business performance and service quality of Monternet SP. For those SP with poor credit, certain preventative measures have been taken, until the termination of cooperation.

In April 2005, “Any Billing Error, Double Refund” was undertaken.

In 2006, the SP credit management system was formulated for such lines of business as WAP, MMS and IVR on a trial basis, resulting in much improved partner credit comprehensive management system.

On 10 July 2006, the “Care Free Trial Event” was launched, allowing customers to enjoy one month free trial of different monthly information services and at the end of the month, a subscription confirmation message would be sent to the customer. The Care Free Trial event provided a double-guarantee to the customers’ rights.

Our Social Responsibility

China Mobile is constructing an information and communication platform to enrich the well-being of the general public, enable everyone to reach their full potential and push forward society's sustainable development.

China Mobile fulfils its social responsibilities by fully elaborating the society's virtues.

China Mobile is committed to assisting stakeholders and also the development of society as a whole. It sets the goal of creating a better information society and strives for the harmonious growth between the enterprise and society as a whole.

China Mobile will endeavor to promote the enhancement of the level of "informationalization" amongst the citizens and close the digital divide by its information and communications technology. In addition, China Mobile will elaborate its competitive strengths in terms of corporate resources and improve society's living standards in order to enable the general public to reach their full potential and to promote society's harmonious growth.

ENHANCING THE LEVEL OF “INFORMATIONALIZATION”

China Mobile’s mission statement is “Communicate a Boundless World and Construct an Information Society”. It aims to build an “omnipresent” mobile network to provide a colorful set of mobile communication applications with “omnipotence”, to promote the citizen’s level of “informationalization” and enhance China Mobile’s competitiveness at an international level.

“Omnipresence” entails a secure, open digital network with seamless coverage which allows everyone to use the network at anytime and at any place.

“Omnipotence” entails the continuous creation of all kinds of applications to suit the individual needs of consumers and the prompt adaptation to new changes to the environment.

“Omnipresence” and “Omnipotence” are China Mobile’s ambitious plans and also the objectives that China Mobile aims to achieve through its ethos “Perfection”.



Striving to Construct an “Omnipresent” Quality Mobile Network

Network coverage and stability is one of the major social responsibilities of mobile telecommunications operators and it is also an indication of strengths as well as their service capacities.

China is a large country with variable types of terrain, and one of the most difficult questions the Company has ever faced is how to achieve extensive coverage with good quality communications.

We addressed that question with concrete actions:

2 April 2003, China Mobile’s network coverage reached Xisha Islands.

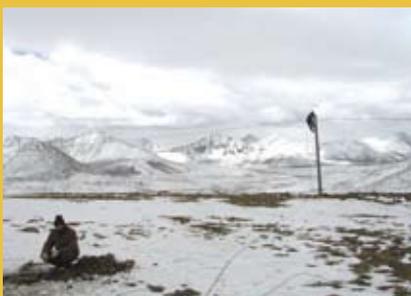
22 May 2003, China Mobile’s GPRS network coverage reached the pinnacle of Mount Everest and the world’s “highest” MMS was sent from there.

By the end of December 2006, the percentage of population coverage of China Mobile’s network reached more than 97%.

Through the use of such a gigantic network, China Mobile’s wireless connection rate reached 99.3%, voice call drop rate was only 0.85% and such network has become the world’s premium network.

“Celestial Network” covering “Celestial Road”

1 July 2006 witnessed the first train departing from Golmud to Tibet as well as the formal service of Qinghai - Tibet Railway which is also known as the Celestial Road. At the same time, on 28 June 2006, a base station was erected at Chumaer River at the upper stream of Yantze River and over 80% network coverage for the 1,956 Km Qinghai - Tibet Railway was achieved. China Mobile installed GSM network at the lightest altitude in the world (4,600 meters above sea level for more than 350 km). This ensured that telecommunications services are provided along the Qinghai - Tibet Railway.



Our “Celestial Network” covers the “Celestial Road” of the snow plateau



June 2005 witnessed the unprecedented and disastrous flood in Wuzhou, Guangxi province. China Mobile's technicians formed a "Youth Pioneers Team" to assist the disaster relief and ensured smooth communication

With the benefit of China Mobile's extensive and high quality network, it excelled itself as the exclusive provider of reliable communication services for a series of major events, crises and natural disasters. China Mobile exemplifies professionalism and excellence.

China Mobile has provided communication guarantee for the Sino-Africa Summit and the Asian European Finance Ministers' Meeting and services for emergencies such as SARS and Avian Influenza, natural disasters such as flood, typhoon, and earthquakes and other society events.

From 2001 to 2005, 7,092 emergency communication equipment and 14,000 emergency staff have been deployed.

China Mobile has established a flexible crisis protection mechanism. In the event of emergencies, a multi-tier 24 hour roster system will be set up to check thoroughly on the vulnerable points. During the flooding season of each year, China Mobile cooperates closely with local government and conducts vigorous inspections and coverage test for critical areas, ensuring the smooth operation of communication facilities.

• Trustworthy Communication Services

26 December 2004 witnessed the Indian Ocean Tsunami in the near water of the Sumatra Island in Indonesia. China Mobile took emergency measures immediately after receiving information on such event by setting up rescue hotline to subscribers who were in the Tsunami area. According to the statistics, about 5,442 subscribers were informed of the rescue hotline through China Mobile's SMS from 28 to 30 December 2004. China Mobile started a donation campaign within the company across the nation and set up the 8858 Tsunami Rescue Donation communication platform. The Tsunami Rescue Special Contribution was awarded by China Red Cross due to our distinguished contribution in the disaster relief.

Striving to Provide an Abundant Set of Mobile Communication Applications with “Omnipotence”

China Mobile is building up an “omnipotent” digital environment to make mobile phones a new outlet of the media and developing multiple usages for mobile phones and is providing all kinds of applications to suit the individual needs of consumers. By continually creating innovations and with the understanding of the customers' “needs of well-being”, applications in relation to everyday life, entertainment and business are being actively developed with a view to ensuring that mobile terminals will become the best partner in the everyday lives of the general public.

In summary, we are transforming mobile phones into multi-functional information terminals.

Mobile Media: Wireless Music

Wireless music is the perfect example of new media outlet for mobile phones. Wireless Music provides a whole range of music information and music downloads as well as individualized music libraries through music websites. Wireless music not only simplifies the operational process for the subscribers but also offers more personalized services.

In the music industry, diversified actions of copyright infringement seriously affect the interests of the authors as they are unable to reap the benefits they deserved. But now, each download from the mobile phone can be recorded and charged.

From January to August 2006, the top 5 hits on the Wireless Music Rank were downloaded 35 million times, exceeding the release volume of any single hit in the past, thereby creating huge potential for the music industry.



Mr. Wang Jianzhou (on the left), Chairman and Chief Executive Officer and Mr. Liu Aili (on the right), Executive Director and Vice President of the Company met with Mr. Rupert Murdoch (in the middle), President of the News Corporation

Personalized Applications

- 12580

12580 Mobile Secretary: Through dialling 12580, subscribers can send SMS to customers, schedule reminders, name cards enquiry, messaging, calls forwarding and life-related information services to the customers.

12580 Road Traffic Alert: Customers will receive messages reminding them of road traffic regulation violation notices, vehicle examination, driving licence renewal, driving licence annual review and driving licence demerit points.

12580 Recruitment Information Service: We cooperate with recruitment agents for the launching of this Recruitment Information Service.

- Locating Ambulance

In Heilongjiang Province, we cooperate with Harbin City's 120 first-aid centres for the locationing of 120 ambulances by utilizing GPRS. This system also supports functions through mobile phones such as digital time recording, voice recording and electronic map GIS.

- E-Hospital services

Customers can choose medical services and pay through mobile phone. Customers can make reservations, book medical checkup. Customers can save valuable time with mobile booking.

- Campus Information Service

It targets children at school. Major functions includes registering attendance, messaging the safe arrival of the children, making phone conversation between parents and children, facilitating communication between family and school and making small amount payments. Campus Information Service aim to build a reliable and safe communication channel between parents, schools and children. A good example is the arrival message service. When school children register attendance by swiping their cards, messages will then be sent to their parents. In Fujian province, since the launching of Campus Information Service in January 2004, the number of registered users of the arrival message service reached 200,000 and more than 40,000 interconnection were made between schools and families.

- SMS Composition Competition

From June to August 2004, we jointly launched the First GoTone SMS Composition Competition with *Tianya Magazine* and *Tianya on-line Society*. The competition aims to combat spam SMS and to advocate healthy and clean SMS culture, setting the trend for thumb literature. Up till now, the competition has been held three times.



China Mobile developed a Grid Enabled Urban Management Information System successfully

Diversified “Informationalized” Solutions

Premised upon the “Informationalized” of China Mobile itself, China Mobile brings into play the strengths of mobile communications - mobile, personalized, real-time and secure - and provides rich “Informationalized” solutions to corporate clients.

Business “Informationalization”

Integrated solutions are offered which include voice service, data service, internet service and other specific applications to provide a new way to “Informationalize” a business.

Industry “Informationalization”

Special applications are developed to tailor for the characterization of an industry, which effectively enhances the productivity, management efficiency as well as capability to innovate technology for various industries.

Government “Informationalization”

The government is provided with various tools and comprehensive and effective mobile communication services to promote the automation, efficiency and transparency of the government.

- Grid Enabled Urban Management Information System

Collaborating with the Ministry of Construction, the “grid enabled urban management information platform and application system” were developed, providing a new tool to urban management. In Beijing, a grid enabled urban management project covering eight districts was launched. Since the roll out of the system, the detection rate of urban management problem increased to over 90% (compared to around 30% in the past). The task deployment accuracy rate reached 98%, with 90.09% of issues handled, and 89.78% of issues concluded. The average handling time of urban management issues was also shortened to 12.1 hours from one week, and on average 360 cases are handled each week, which equals to the number of cases that could be handled within half a year under the previous system. The system is now being promoted nationwide.

- Police Information Service

Police Information Service provides mobile virtual network, SMS service, GPRS, Public Security force deployment, GPS vehicle positioning and 110, 122, 119 emergency call location positioning services, which significantly reduce the response time of the public security systems. Police officers can enquire about and manage information regarding demographics, vehicles, fugitives, etc. through their mobile phones, which allows a dramatic improvement in efficiency and a marked increase in society safety index. Police Information Service has been awarded by the Ministry of Public Security as one of 23 Police Technological Enhancement Projects of 2004, and is being promoted nationwide.



GPRS technology is utilized to develop hydrology supervision



China Mobile uses GPRS technology for coal mine gas alerts

- Tax Departments “Informationalization”

China Mobile plays an active role in promoting the “Informationalization” of the tax departments. While consolidating currently available state tax information resources, we utilize the SMS platform to develop new channels of collecting tax and disseminating tax information, which enhances the efficiency of tax collection.

- Customs “Informationalization”

China Mobile provides various information solutions to local Customs agencies. The use of SMS and voice messages in the mobile Customs declaration system simplifies many of the steps in the Customs declaration process. In Beijing, China Mobile provided the General Administration of Chinese Customs with Mobile Customs Declaration solution, which allows over 100,000 Customs officials in various parts of China to make wireless distant declarations using WAP technology. The solution also facilitates the mobile inspection management for internal management officials in the General Administration.

- Disaster Alert System

Meteorological Disaster Alert

Meteorological Disaster Alert SMS through mobile phones plays an active role in disaster prevention and disaster relief despite being a relatively young technology.

As of November 2005, 22 SMS warning against the disastrous weather have been issued in Gansu to all the subscribers in the province.

Between 8 June 2005 and to 2 September 2005, 97 warnings and messages regarding rainstorm, typhoon and heat waves were issued in Hunan.

As of September 2005, 41 group SMS weather warning messages have been issued in the flood season in Anhui to 1,620,000 subscribers.

In 2005, timely warnings were issued against the super-strong typhoon SaoMei through SMS to counties and districts more prone to the effects of the typhoon before its landing in Zhejiang area.

Coal Mine Gas Alert

In Jiangxi and Heilongjiang, important technical assistance is provided for the prevention and control of coal mine safety incidents by using GPRS technology to collect information from gas sensors in deep coal mines and to issue alerts.

CLOSING DIGITAL DIVIDE

The Chinese agricultural industry is in a transition period from the traditional agricultural model to the modern agricultural model, and rural areas are progressing towards integration of urban and rural areas. The support of “Informationalization” is crucial to the development of production, increase of income, cultivation of a new generation of farmers and closing of the digital divide. Communication infrastructure facilities are relatively inadequate in the vast rural areas, and the difficulty with communication is an issue that urgently requires resolution.

Against this background, and guided by the principle of “providing three types of networks to farmers to help build a new rural society”, China Mobile strengthens the construction of communication infrastructure and network service in rural areas to drive the balanced development across regions whilst actively developing the business of China Mobile.



China Mobile set up service outlets at remote rural areas

- Communication Network: for rural people

Through the construction of communication infrastructure and network, China Mobile begins by tackling the issue of telephone among the three channels of communication and paves the way to modern information technology in rural areas that do not even have roads or electricity.

- Information Network: benefiting rural people

China Mobile has built a rural integrated information services platform utilizing mobile communications technology to allow rural people faster access to more accurate policy and market information and provides a whole range of digital services targeting the characteristics and the special needs in the agricultural industry, such as agricultural production and sales of agricultural products. This has the driving effect of developing the agricultural sector and promoting the transition from poverty to wealth.

- Sales Network: affordable to rural people

China Mobile has developed different types of fee packages tailored for the consumption pattern of rural people. China Mobile has strengthened the construction of service channels in the rural areas and built more and more “mobile phone villages” and “mobile phone towns”. This has extended the channel of service to the rural households, and has provided services such as mobile phone repair, fee collection, on-line value top-up to give the rural population access to various mobile services in the rural areas.



Launching ceremony of China Mobile's rural information network

Rural Information Network

China Mobile has established a unified business platform called the “Rural Information Network” nationwide, which provides an important access point to servicing the “three rurals” and is the exchange hub and sharing platform for any information involving rural areas in the country.

The platform adopts a unified voice and SMS access number of 12582 and the www.12582.com website to provide 10 major categories of agricultural information such as policies and regulations, news briefing, agricultural technology, price information, market development, supply and demand information, weather forecast for agricultural purposes, labor information, alerts, lifestyle and health, and provides a comprehensive service to rural people.

The platform has the following innovative edge and remarkable features:

- Easy to operate, wide range of services and low entry barrier

The information network is user-oriented and easy to operate. It has lowered the barrier to the access by the rural population to the network in terms of operational ease, fees and contents.

- Centralized construction of system and provincial operation of business

Centralized construction of the system reduces construction costs, effectively consolidates agricultural information resources and realizes the sharing of resources and information. The province-based operational model meets the different levels of needs of the nation, province, city, county, township and village, and enhances the flexibility of business application and addresses the regional differences in the need for information.

- Minority language service and access to expert opinions

The information network provides services in many minority languages such as Tibetan, Uyghur, and Mongolian and the network also features a resident expert and an expert services hotline giving advice to and responding to questions of the rural population on a regular basis.

- Centralized call center with a vast data storage

The information network is equipped with a centralized call center covering the entire country. Voice services are provided by quality staff, most of whom have been trained in agricultural institutions and possess an elementary understanding of basic agricultural knowledge. A centralized information database has also been established covering the entire country, gathering together agricultural information from all parts of China and supports multi-dimensional searches of information.

- A wide range of information permutations and a choice of means of delivering service

The information network is able to put together permutation of information with great flexibility as required and provides guidance to each step in the production process. The rural information network supports voice service, SMS, web and other means of delivering service can be connected to with different kinds of terminals, and such flexibility can fulfil the particular need of the rural population.

- Dissemination of government and business information and speedy delivery of information

One of the functionalities of the information network is to disseminate information of various government agencies, agricultural agencies, rural businesses, co-ops and big players in the agricultural industry. These entities can disseminate information relating to policies, and rural information through the rural information network.



Connection puts smiles on farmers' faces



Chongqing: "Agricultural Information Service" helps rural people to find employment picking cotton in Xinjiang

Liangping county of Chongqing is a major exporter of labor and each year nearly 200,000 people venture out to seek employment. However, because of the lack of employment information, workers seeking employment are not well organized and many of them have been deceived by false employment information.

In 2006, Chongqing suffered the most serious drought in many years, leading to a significant reduction in rural income. Liangping county sent out SMS to more than 6,000 households in the country informing them of the job opportunity in Xinjiang as cotton pickers between end of August and end of October (together with information about a RMB200 transportation subsidy by the government). Within half a month, over 2,000 people made telephone enquiries and within two months, almost 1,000 people went to Xinjiang to pick cotton. Their average income per person was RMB2,500, with the highest income being RMB4,000.

Hubei: "Agricultural Information Service" helps fight against locusts

In July 2006, rural areas of Hubei suffered one of the most severe outbursts of locusts in the last 10 years. After the outburst, China Mobile made full use of the "Agricultural Information Service" information service platform, actively assisting the government by sending out over 1 million group SMS to rural client groups, reminding them that pest prevent and control information is available through a toll free hotline. The hotline handled more than 10,000 calls a day and around 500,000 SMS carrying pest control messages were sent.

Even before the outburst, "Agricultural Information Service" experts already sent out SMS with information on prevention of locusts, 170,000 subscribers of the "Agricultural Information Service" in the province engaged in food, cotton and oil businesses. They all conducted prevention according to the expert advice contained in the SMS and hence were not affected at the height of the outburst.

This battle against locusts saved almost 300,000 acres of agricultural land in the province of Hubei, and improved crop turnover 350 cattles per acre directly contributing to averted economic loss of almost RMB10 million.



Mr Li Yue (on the right), Executive Director and Vice President of the Company, visited the “Village-Connected” Project and shared moment with the local children

“Village-Connected” Project

Since 2004, the Company’s parent company, China Mobile Communications Corporation, has invested in the large scale “Village-Connected” Project. The Company has assisted its parent company in the task to ensure the smooth progression of this project. As of 30 September 2006, according to statistics of the Ministry of Information, the Company has connected 29,773 administrative villages to the telephone systems, directly raising the percentage of administrative villages in the country connected to telephones by 4.3 percentage points, and effectively resolving the issue of inadequate communication infrastructure for people in remote rural areas.

As at the end of 2003, the percentage of administrative villages with no connection to a telephone system was 10.77%, consisting of about 70,000 villages, more than 90% of which were in the middle and western provinces of China with lower affluence. For this reason, tens of thousands of telecommunication technicians overcame great handles to bring communication base stations to the most remote areas in China that may not even enjoy electricity or be accessible by roads such as Ganzi, Aba and Liangshan regions in Sichuan and Yushu, Guoluo in Qinghai.

To ensure the smooth progression of “Village-Connected” Project, the relevant subsidiaries set up a designated “Village-Connected” project group directly led by the general managers. The general managers and deputy general managers of each subsidiary made frequent trips to the most difficult and critical parts of the country to supervise the progress of the “Village-Connected” project.

In the last three years, China Mobile’s “Village-Connected” Project has provided almost 30,000 administrative villages that were not previously connected to the telephone system the opportunity to make use of advanced digital mobile phones, transforming the rural way of life and improving the standard of living of the rural society. Tens of millions of rural people benefited from the connection. When the base stations were put into use, the villagers were excited and celebrated with music and dance.

This unprecedented project has been called a “Poverty Alleviation Project”, a society project of private businesses and the “cornerstone” of the next steps of rural communication development, and has won the full recognition and wide acclaim of the society.



Mobile phones bring the faraway voices beyond the mountains

Substantive contribution made by the “village-connected” telephone projects to the communication of various parts of the country:

In Hunan, between 2004 and 2006, network coverage was put in place in 4,659 administrative villages, realizing the goal of 100% telephone connection of the administrative villages in Hunan province. The “village-connected” project was named “the society service project of our times” in the top ten society service projects of 2005 in Hunan province.

In Sichuan, network coverage was put in place for cities in over 48 counties, 680 townships and towns and over 5,000 administrative villages in Ganzi, Aba and Liangshan with an average altitude of over 3,000 meters.

In Yunnan, the project successfully connects the Dulong clan who has been living in the remote Dulong valley for thousands of years with the outside world.

In Shanxi, the project brought the history of lack of telephone connection in 4,087 administrative villages in the province to an end. About two million people have benefited from the new coverage. Through mobile communication technologies, rich agricultural produce and resources found marketing channels and brought income to the rural people.

In Qinghai, all towns and townships have been connected to the telephone system, overcoming adverse conditions including high altitude and cold weather.



PROMOTING THE HARMONIOUS DEVELOPMENT OF SOCIETY

China Mobile believes that besides pursuing their own development, businesses are also responsible for assisting the poor and the disadvantaged in the society, allowing everyone to share in the fruits of the development of society.

In this regard, we have proactively taken actions to help the poor, the disadvantaged and those stricken with disaster. We have also donated funds to promote education, provided learning and development opportunities and actively developed society services to enrich the cultural and sporting aspects of the people.

Our goal is to create a healthy and positive social environment to procure the harmonious development of society.



Our volunteers made a site visit to the Running Water Project in Tangyuan county, Heilongjiang



Volunteers of China Mobile visiting a Tibetan family

Assisting the Disadvantaged

Certain groups of people in the society, disadvantaged for various reasons, require the temporary assistance of society as a result of the occurrence of emergencies or limitations in natural conditions. These people are also equipped with the potential to progress. With material support and care, and once equipped with the basic necessities to live, they will become motivated individuals who not only can take care of themselves, but also help others who require assistance.

In this respect, China Mobile has always been committed to be the “first mover”.

Assisting Tibet: Three Batches of Volunteers Working in Ali

China Mobile has been recruiting volunteers since 2002 to support the Gaize county of Ali region. In four years, three groups of volunteers have been working in Ali.

Gaize county lies in the central part of the Northern Tibetan plateau, with an average altitude of 4,500 meters. The natural environment is very harsh and infrastructure facilities for education, medical care and

culture are lacking. The volunteers overcame adverse conditions in the oxygen-deprived and extremely cold environment to implement 16 projects according to the timetable to a high quality including secondary schools, the county’s general office building, the county hospital wards, county cultural centre, public roads, residential projects for the rural people and renovation of medical facilities, vastly improving the social, economic projects of Gaize, winning very positive comments from the local government and communities.

Poverty Alleviation: The Company’s Poverty Alleviation Projects

Since 2002, volunteers from China Mobile have worked on a 10-year poverty alleviation project in Tangyuan and Huanan counties in Heilongjiang Province. The volunteers have made concrete contributions to improving infrastructure facilities in the local society such as education, medical services and hygiene, public roads, running water and mobile communication benefiting the local society. China Mobile also funded the subscription of 1,000 copies of Agricultural Daily for the local government, rural households and schools.

Actions:

Hebei

In August 2006, we visited Qujiangzhuang village and Taipingzhuang village in Wanquan county, Zhangjiakou, bringing new tables and chairs, beds, quilts and other items worth RMB40,000.

Henan

In August 2006, we launched the “Joy 1+1” plan and collected more than 15,000 spare handsets in over two months and donated them to farmers in need.

Hubei

In 2005, we donated RMB400,000 to the “Home for Mothers” project, funding the construction of houses for 40 single mothers who have extreme difficulties.

Guangxi

In 2006, we donated RMB300,000 towards the drinking water project in Sanzhiyang township to resolve the drinking water problem of the local people.

Guizhou

In June 2002, we donated RMB40,000 to build the “West Cistern for Mothers” in Dejiang county.

Ningxia

Since 2001, we have been working to alleviate poverty in Xiaochizi village and Lijigou village of Subujing township, Yanchi county, Ningxia for five consecutive years, helping the local people reforest some of the agricultural land, develop animal husbandry, implement village merger and migration, develop collective economy and improve local communication conditions. We invested RMB1.12 million and our staff donated money and items worth RMB142,000.

Xinjiang

On 24 February 2003, Bachu-Jiashi of the Kashi area experienced a Richter Scale 6.8 earthquake. The staff of the relevant branch donated RMB160,000 and 3,370 items of relief and clothing and we donated cash and the items worth over RMB2.2 million in earthquake relief efforts.

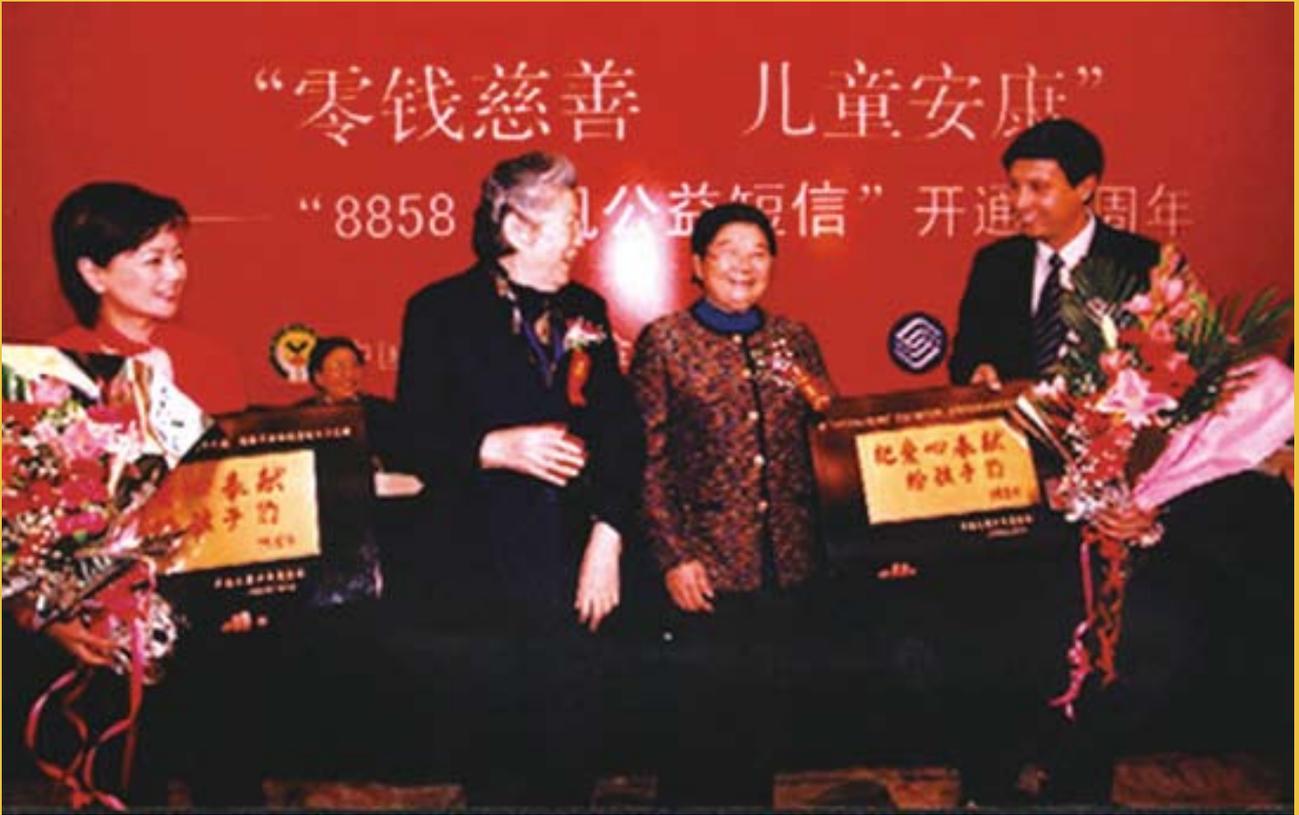
Tibet

Since 2003, we have donated over RMB100,000 amount worth of funds and various office materials to Ali in Tibet.



China Mobile provides assistance and sends warmth to those in need





Honorary President of All-China Women's Federation, Madam Chen Muhua (second from left), Vice-chairwoman of the Standing Committee of the National People's Congress and President of the All-China Women's Federation, Madam Gu Xiulian (second from right) and Mr. Lu Xiangdong (first from right), Executive Director and Vice President of the Company at the launching ceremony of 8858 SMS platform for society interests

Fighting Against Chongqing's Severe Drought

In 2006, Chongqing suffered the worst drought in a hundred years and numerous forest fires. China Mobile deployed more than 50 engineering vehicles and ambulances and more than 500 technicians on 19 occasions, repairing 3,100 meters communication lines and dispatched the emergency communication vehicle 4 times. Participation in distinguishing fires and rescue in base station circuit incidents and emergency communication safeguards totaled over 100 hours and helped ensure smooth communication. China Mobile also donated disaster relief funds of RMB4 million.

Chongqing Municipal government awarded China Mobile the honorary title "Role Model Unit in Chongqing's Drought Fighting and Disaster Relief".

SMS Platform for Society Interests

- 8858
SMS platform for donations to China Children Foundation
- 8899
SMS platform for donations to China Association for People with Special Needs
- 5838
SMS platform for mother in poverty to All-China Women's Federation
- 8595
SMS platform for donations for people with visual impairment in poverty stricken conditions to China Health Express Foundation
- 9993
SMS platform for donations to China Red Cross
- 10660888
SMS platform for donations to China Environmental Protection Association

Supporting Development in Education

The Ministry of Education issued the “2004 Chinese Education Development Briefing”, which stressed the need for improving the quality of education. The drop out rate for primary school students for 2004 is 0.59% while that for junior high school students is 2.49%.

China Mobile has made great efforts in helping the improvement of education environment and finance children who cannot afford education so that more children can receive education, thereby contributing to the realization of advanced education in a populous and developing country like China.

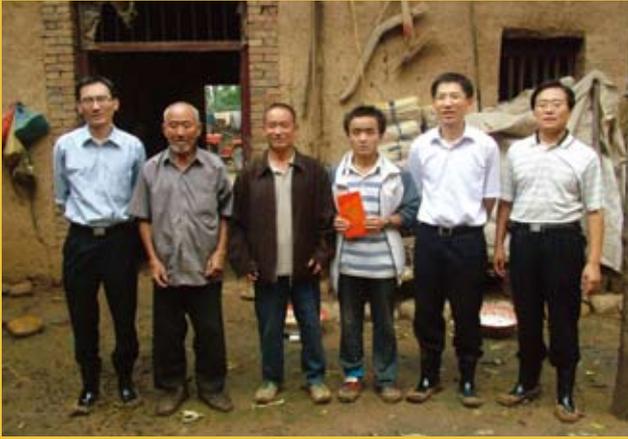


Heilongjiang province: “Knowledge into the Classrooms”

In July 2005, we organized the “Knowledge into the Classrooms” donation event in Tangyuan county of Heilongjiang province - “poverty alleviation project site”. The Company’s headquarters donated 60 fairly new second hand computers and encouraged its staff to spend almost 1,000 hours repairing and testing the computers on a pro bono basis. The staff also donated 1,812 pieces of garments, 1,151 books, 3,181 pieces of stationery and cash of RMB1,300 to the school children in Tangyuan county. When the donation was delivered to Tangyuan county, the young volunteers taught the children how to use computers and gave mobile communications knowledge.



The Company’s headquarters staff make donations to improve the education conditions of Tangyuan county



China Mobile makes donations to improve conditions of schools to provide education to those in need

Shaanxi: Donations and providing job opportunities to help the poor receive education

From 2000 to 2005, China Mobile donated over RMB4 million to help poor children who have reached school age to attend schools and also fund poor students' university education. We were awarded the Sanqin Charity Award by the government as a result.

From January to September 2006, as one of its actions to help the poor receive education, we donated RMB800,000. A donation campaign was launched on its SMS platform with the name of "Loving Heart 100 Poor University Students Financial Assistance Fund" to fund 500 poor freshmen's university education. Apart from this, 1,000 part time job opportunities were provided for poor university students in the province.

Actions

Inner Mongolia

In August 2006, we donated over RMB400,000 received from the auction of 159 auspicious mobile phone numbers to poor students.

Liaoning

In 2003, we donated RMB200,000 to build the GoTone Hope Primary School.

Anhui

We donated RMB200,000 to establish the Huanfengzhenqiao Hope Primary School of Hanshan County. In September 2006, 200 school children moved happily from the old dangerous building into the new and clean classrooms.

Hainan

Since 2000, we spent over RMB500,000 to build the GoTone Guanlang Hope Primary School in Boxin Town, Tunchang County. We also donated a car. After the construction of the school building, we continued to donate computers, printers, books and office furniture

to the school and constructed the water diversion system as well as a multi-media classroom. By the end of 2005, another RMB130,000 were invested to upgrade the teaching facilities of the middle school in the same area.

Guangxi

We donated RMB1 million to build the New Century Hope Primary School at Lingui, admitting school age children from the 1,200 or more households in more than 10 villages in Lingui Town, Guangxi and new residential areas nearby.

Guizhou

In 2003, we made donations for the construction of Xiangshan Hope Primary School.

Yunnan

In 2002, we made donations for the construction of Banli Village Hope Primary School in Banli Township, Suijiang County, Zhaotong City.

Gansu

In 2005, we donated RMB300,000 to build the Yangping Mobile Hope Primary School in Xinji Town of Linxia.

Qinghai

We spent RMB290,000 to help build the Boarding School of Qiuzhi Township, Qumalai County, which is a poverty-stricken county at the origin of three rivers. The project included the construction of 260 sqm of new school buildings, renovation of classrooms and a 480 sqm canteen. This school has one of the best conditions in the county.

A Thank-you Letter from a School Child

Ma Guohua, a 6th grader from Ethnic Primary School in Xiaowashan Village, Lintiao County, Gansu Province wrote the following thank-you letter: "The love and care from uncles and aunts warms our heart. Your love is like the vast grassland on which the horses can run farther. It is like the sunshine in spring in which the grass shows its strong vitality. Your selfless donations and assistance give us hope."

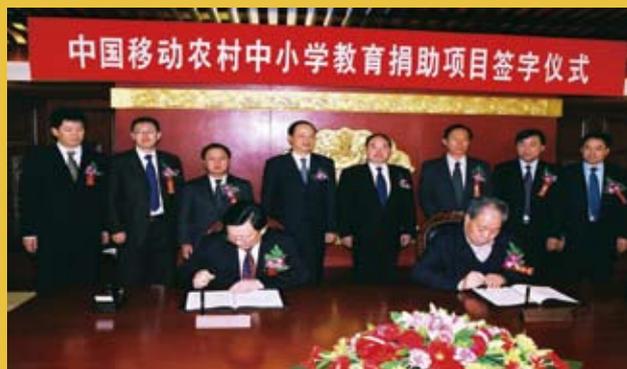
Supporting Development in Education

Apart from improving educational environment and providing schooling to children who cannot afford it, China Mobile also attaches great attention to improving the overall quality of education and raising the calibre of Chinese youths. This means improving the quality of and nourishing of the students, the teachers and the principals. China Mobile believes that the quality of teachers and principals has an important role to play in advancing the progress of educational development.

At the same time, China Mobile is tapping into its technical abilities and network resources to build a better platform for improving students' quality together with its value chain partners.

Educational assistance project in the poverty-stricken districts in the mid-western part of China

In China, many primary schools and middle schools do not have libraries or library books. These schools are usually located in the rural or poor areas. In cooperation with the Ministry of Education, China Mobile invested RMB30 million to carry out the educational assistance project for the primary schools and middle schools in poverty-stricken rural villages in the mid-western part of China. The project aims to supplement education resources and enhance the quality of teaching staff, including two sub-projects namely, the "China Mobile Loving Heart Library Construction Project" and the "China Mobile Western Rural Village Junior and Middle Schools Principals Training Project".



Mr. Zhang Chenshuang(left in front row), Executive Director and Vice President of the Company, and Mr. Zhang Baoqing(right in front row), Chief Executive Officer of China Education Development Foundation, signed an agreement in respect of the "Education Assistance Project for the Primary Schools and Middle Schools in Poverty-Stricken Rural Villages in Mid-Western Part"

The "China Mobile Loving Heart Library Construction Project" focuses on supplementing the education resources of libraries in the primary and middle schools in the rural villages in mid-western part of China. The project plans to build 1,000 "China Mobile Loving Heart Libraries" and provide library books to 1,000 rural primary or middle schools in the poor areas in the mid-west in three years' time. Building on the construction of libraries and the provision of books, the project also includes a reading campaign to stimulate the students' urge to learn.

The "China Mobile Western Rural Village Junior and Middle Schools Principals Training Project" aims to improve the school management capabilities of the principals. It plans to train 3,600 principals with certain qualifications and selected from primary schools and middle schools in 12 provinces (districts, cities) in the rural poor areas in the west within 3 years. These principals will become the leaders in implementing quality education in the rural areas in the west. Not only will China Mobile fully fund the project, it will also take advantage of its business strengths to provide interactive classrooms for the principals' IT training.

Until now, 1,200 principals in the rural west have successfully concluded the training in 2006. The construction of 344 "China Mobile Loving Heart Libraries" will also be completed soon.



Training principals for primary and middle schools in the rural west supplemented the inadequate education resources in the western part of China to a certain extent



China Mobile staff deliver books to students as part of their education assistance effort

Action

Zhejiang

In 2004, we spent RMB2 million on the “IT Education Project Capable Schoolmasters for Great Schools”. The project aims to train about 100 well qualified teachers at the city and provincial level, about 100 teachers at the district level and about 300 core teaching staff and 5 city and provincial level principals for well known schools in Zhejiang province within three years. The training program directly influenced 43,000 students and almost 3,000 teachers in close to 100 primary and middle schools.

Ningxia

In 2004, we spent RMB200,000 on the purchase of 50 computers, teaching machines, servers, switches, etc. for the Huianbao Middle School in Yanchi area. With the purchased equipment, a multi-media teaching network was built so that the distant education plan for the nine-year universal compulsory education can be realized two years ahead of schedule.

Jilin

We set up the Jilin Higher Education Foundation to provide 300 jobs to Jilin University students and bursaries for more than 1,000 students. Students who have financial difficulties can apply for bursaries and go through a training program to get a part time job in the customer service call centre from 6pm to 10pm with transportation arranged.

Shandong

We set up the China Mobile M-Zone Scholarship of RMB500,000.

Chongqing

In April 2006, we sponsored the Campus Spring event organized by the university students in Chongqing Municipality with RMB400,000. The event included singing contests, art exhibitions, student talent shows, dancing contests and university student debates on environmental issues forum.

Yunnan

We raised almost RMB18 million worth of cash, equipment and various other resources with the help of Nokia, ZTE, Emerson, Ericsson and other companies. The donations were used to launch a network education training project in 100 selected schools in Lincang Gengma, Baoshan Tengchong, Kunming Luquan and Dongchuan area of Yunnan.

Attending to Social Groups with Special Needs

China Mobile has made great efforts to bring the convenience of modern technology to the lives of those in special needs. We pay great care to the aged and the disabled and developed communication services and applications suitable for them so that they can enjoy the convenience brought about by mobile communications.

Senior Card: senior citizens reaching out to the society

In Shanghai, the “Mobile Senior Card” has been launched since 2004. Apart from general voice communication functionality, the card is also equipped with district positioning services, local consulting services and district emergency help services. Not only do the senior citizens receive services like emergency help, daily household assistance, health and medical and legal consultancy, their sphere of and time for activity are also extended enormously. More senior citizens are now able to step out from their homes to reach the society without hesitation.

Loving Heart Card: special care for those with hearing and speaking difficulties

Among people with special needs, those with hearing and speaking difficulties have the biggest obstacle to enjoying mobile communications services. Although they cannot communicate through voice, they find SMS very handy. Therefore, the Loving Heart Card has been particularly developed and widely promoted across China. The Loving Heart Card was designed especially to send SMS, with more space to store commonly used phrases. To better serve those with hearing and speaking difficulties, in areas such as Jiangxi and Henan, certain outlets are equipped with staff familiar with sign language.



The old man's joy in using the telephone warms those around him

Driving Society's Growth

China Mobile believes that it is the obligation of a responsible business to establish friendly and mutual relationships with the community and to cultivate a healthy community culture with corporate resources.

China Mobile, with its outlets covering all parts of China, is best equipped to contribute to the country's community construction. We encourage various subsidiaries at different levels and their staff to participate in community activities. We have a youth force which brings into play the strength of young volunteers to encourage community construction as a self-initiating and regular activity.



Young volunteers from China Mobile serve the community

Everyday Community

In Zhejiang, the “Everyday Community” project was initiated together with the Youth League of Zhejiang Province, providing more economical mobile communication services to youths. Youth can also access cultural facilities such as e-library, book club, volunteer station and rights group.

Community Life-guidance Service

In Shanghai, we are cooperating with Shanghai community service centre to install stands distributing “Community Life Guide” in each residential community. The newspaper stands also serve as the recycling point for used batteries and old brochures. “Community Life Guide” is one of Shanghai Municipality government’s plans to take concrete actions for the benefit of Shanghai people. China Mobile's participation accelerates the realization of the project.



GoTone Show Season enriched cultural life of Shenzhen citizens

Support Plan for Rural Youth Centre

In April 2006, we jointly with the Central Youth League launched the “China Mobile Telecommunications Support Plan for Rural Youth Centre” and contributed more than RMB40 million in support of the establishment of a national rural youth center. The project aims to build 110 “Rural Youth Centres China Mobile Telecommunications Demonstration Sites” to show 100 movies. The project will also build 900 “China Mobile Telecommunications Book Stores (Information Service Outlet) in Rural Youth Centers” and train 10,000 rural youths to lead the “New Age, New Rural Areas, New Youth and New Look” campaign.

GoTone Show Season

In Shenzhen, Guangdong, 4 GoTone Show Seasons were held between 2003 and 2006, hosting over 70 international and local performances and over 170 shows. Those performing included the German Berlin National Orchestra, Russian National Ballet Troupe, Central Opera Theatre, Jose Carreras, Tan Dun, Yang Liping, Li Yundi and Cai Qin. Each year between March and April, the performances provide Shenzhen people with a feast of artistic performances, and attract audience from nearby cities and even South East Asia cities to attend. To date, the festivities have attracted 280,000 viewers.

Actions

- Henan: Training Rural Grassroots Officials

Since August 2006, we have collaborated with Hebi City government to invite professionals to provide training for rural grassroots officials. Over 1,200 village officials have received training. The village officials have also had the opportunity to visit different villages to observe others and learn from their experience and to hold interactive discussions with villagers to enhance their practical skills.

- Hunan: Newspaper Stands in Villages

We plan to install newspaper stands within 3 years' time, for 2,213 counties and towns, and 30% of the administrative villages (including corporate units and residential communities in urban areas, numbering approximately 15,000 villages) starting from July 2006.

- Chongqing: Enriching Country People's Cultural Life

In the autumn of 2006, we launched the Big Theatre event in Yuzhou, Chongqing to cover 19 districts and counties in Chongqing, including remote villages, and held 211 performances.

- Sichuan: Technology for Rural People

In 2006, we, in collaboration with the Culture Office of Sichuan Province, the Sichuan branch of the National Cultural and Information Resources Sharing Project under the Ministry of Culture held a large scale society activity entitled "Benefiting the rural areas with the three networks to help build the new rural society". The event showed movies to 2,859 administrative villages in 13 cities and counties within the province and provided the rural people with the basic technology training.



China Mobile organized college students to visit the countryside and to promote technology



Signing ceremony of the appointment of China Mobile as the mobile telecommunication services partner of the Beijing 2008 Olympic Games

Promoting National Interests in Sports

Holding Public Sports Activities

- 2006 Beijing Public Sports Week

We, in collaboration with the Beijing Sports Bureau launched the “Beijing Mobile Communications Cup” 2006 Public Sports Week in Beijing. The event was rolled out simultaneously in 18 districts and the Yizhuang and Yanshan areas. Each district or county would hold various public sports activities in the busy streets or squares in various areas.

- GoTone VIP Project Hope Table Tennis Tournament

25 October 2005 was the opening of the Guiyang Mobile “Communication” Cup GoTone VIP Project Hope Table Tennis Tournament. The tournament not only provided a chance for people to participate in sports activities, the revenue of the tournament was also donated to Project Hope linking public sports activities with charitable causes.

Providing Communication Security for the Olympics

In July 2004, the Company’s parent company, China Mobile Communication Group Co, Ltd. signed a cooperation agreement with Beijing Olympic Games Organization Committee to be a 2008 Olympics Partner. As the sole mobile communication cooperation partner of the 2008 Olympic Games, China Mobile aims to provide the most advanced, most extensive and the richest telecommunication services for the Olympic Games. China Mobile is committed to providing world class Olympic services.

China Mobile provided quality network security and services for the 10th National Games, Olympic Games World Transmitter Conference, 11th World Women Baseball Games, 2006 Qingdao International Regatta and other major events as a rehearsal for the 2008 Olympic Games. These opportunities enrich the experience of China Mobile in providing quality network security and mobile communication services to large scale sporting events.

Helping Spread the Olympic Spirit

- Immediately after the release of the “One World, One Dream” slogan for the Olympic Games, China Mobile sent out SMS spreading this slogan to 2 million subscribers in the Beijing area. This is the first time an Olympic slogan is simultaneously publicized with SMS.

- Immediately after the release of the 2008 Olympic Games Mascots, China Mobile simultaneously sent out MMS with the image of the mascots to 2,008 MMS subscribers in the country and provided free downloads of the Mascot images at Monternet. This was the first time in the history of Olympic Games to release Olympic mascots with MMS and WAP technologies simultaneously.



Our Environmental Responsibility

China Mobile is committed to provide services to customers in an environmentally friendly manner. To promote a sustainable development, China Mobile protects the environment and makes economical use of its resources.

Towards the environment, China Mobile takes a responsible attitude.

China Mobile strives to attain a harmonious relationship between the enterprise and the environment.

China Mobile endeavors to reduce the impact of its business operations on the environment. It encourages the recycling of wasted materials and the use of renewable resources. Using mobile telecommunications technology, China Mobile improves the efficiency of its use of resources, thereby building an enterprise that saves resources, and creating a society that cares about the environment.

ENVIRONMENTAL PROTECTION

China Mobile values a harmonious relationship between economic growth and natural environment. Economic growth that comes at the expense of the natural environment is unacceptable to China Mobile.

Integrating the unique features of the telecommunications industry, China Mobile primarily uses technological innovations to protect the environment. Based on scientific standards and technologies and insofar as it is possible, China Mobile minimizes the negative impact on the environment that may have been caused by its business development. Taking advantage of its influence in the industry and the society, China Mobile motivates its peers and the public to take steps to protect the environment.

So far, China Mobile is the first telecommunication enterprise that has passed ISO14000/ISO14001 environmental protection certification in Hebei, Shanghai, Zhejiang, Guangdong and Shaanxi. China Mobile was acclaimed an “Environmentally Friendly Enterprise” by the local government.

Promoting a harmonious relationship between the enterprise and the environment

Pledge of Environmentally Friendliness

We have professional personnel, and use advanced equipments and procedures, to test and report the standard of our products. This is to ensure that our products comply with the domestic and international environmental benchmark. It helps to reduce, or avoid, any undesirable effect that our products might cause to the safety and health of the customers. Besides, we fully comply with the PRC environmental protection laws



To ensure that the network meets with the benchmark for environmental protection, staff of China Mobile strictly comply with the national regulations in constructing the network

and regulations. So far, no legal proceedings have been brought against us for violation of any environmental protection laws and regulations.

- Environmental Protection benchmark for the suppliers
 - In relation to equipment such as Uninterrupted Power Supplies that may cause electromagnetic interference, the level of input current harmonics should not be higher than the regulated level of 10%.
 - An upper noise limit was set for equipment that may generate relatively high level of noise (for example, petrol generators). Any equipment that fails to satisfy such requirement would need to install devices such as silencers.
 - So far as products with raw material that may cause chemical pollution (such as optical cable, antenna) are concerned, all the filling materials are ensured to be poison free, odorless and harmless.
 - When a battery supplier tenders its bid, the supplier is required to submit a detailed feasible waste recycling plan that would significantly reduce the pollution.
- Compliance with the relevant national regulations and standards in relation to radiation

China Mobile attaches great importance to environmental protection work in relation to magnetic radiation at the mobile telecommunications base stations and understands and strictly complies with the regulations and policies, including the National Environmental Impact Assessment Law, the Administrative Regulations on Environmental Protection of Construction Projects promulgated by the State Council, the Administrative Measures on Environmental Protection of Electromagnetic Radiation promulgated by the State Environmental Protection Administration, and other local environmental protection regulations. The base stations have passed the environmental impact assessment, and we have been actively assisting the government departments to raise public awareness in relation to electromagnetic radiation.

All base stations randomly selected for testing have satisfied the requirements of the National Electromagnetic Radiation Environmental Protection Standards (GB8702-88).



China Mobile promotes the use of designer antennas

Natural Environment Protection

With advanced facilities and efficient supervision process, any harm that the production process may have caused to the environment has been reduced or avoided.

- Optimize the Base Stations and the Antennas

When constructing the base stations, China Mobile not only sets a strict control to the radiation level, but also requires that the antenna should be in visual harmony with the surroundings. Some of the designer antennas have been regarded as part of the local scenery. In Beijing, we have commenced an aesthetic project for antenna at the base station to refine the surrounding area of the highways. This is to support a “green” Olympic Game. In its construction of base stations, optical cable, central control center and pipeline, we have taken proactive steps to reduce the negative effect on the environment while also providing convenience to the people of Beijing. Apart from that, we also cooperate with Beijing Urban Planning Commission to improve the urban environment and to reconstruct the overhead cable.

- Promote the Use of Degradable Environmentally Friendly Materials

In Liaoning province, PVC cards are replaced with paper cards since the second half of 2001. This has significantly reduced the use of PVC cards (over tens of millions) every year. Composed of inorganic material, PVC is non-degradable, and this causes pollution. Paper cards are fully degradable, and would not have such problems.



China Mobile promotes the “Green Boxes Environmental Protection Campaign”



Raising Public Awareness on Environmental Protection

Green Boxes Environmental Protection Campaign

With the development of telecommunications industry, the number of the used handsets is accumulating. This poses a potential threat to the environment. In China, there is no well-developed recycling market, nor any efficient recycling system. Against this background, China Mobile launched the “Green Boxes Environmental Protection Campaign” jointly with Motorola and Nokia in December 2005 to recycle used handsets and components.

The “Green Boxes Environmental Protection Campaign” took place in 40 major cities around China. Green boxes have been placed in around 1,000 counters of the Company, and around 150 sales outlets and maintenance service centers of Motorola and Nokia respectively, to recycle the used handsets and components.

In April 2006, 6 handset manufacturers joined the “Green Boxes Environmental Protection Campaign”: Bird, LG, Lenovo, NEC, Panasonic and Xiixin. The “Green Boxes Environmental Protection Campaign” extends further to other parts of the country. As at the end of September 2006, around 60,000 used handsets and components had been recycled.

The “Green Boxes Environmental Protection Campaign” has provided an open recycling platform for used handsets and accessories enabling more telecommunication enterprises and customers to be involved in and contribute to telecommunication environmental protection efforts, and raising the overall environmental awareness of the industry.

- Anhui Province

The “Green Environmental Protection Total Mobilization, Recycle Old Handset and Batteries” campaign recycled nearly 6,000 used handsets and accessories in under three months.

- Shandong Province

“Green Boxes” set up at thousands of the Company’s counters and handset sales outlets recycled almost 20,000 old handsets, batteries and accessories in under two months. The number continues to rise.

Action

- We jointly held the first China Environment and Development Forum with the China Environmental Protection Association and the “Same Song” soiree with the theme of environmental protection.

- In Beijing, we organized many volunteer tree planting activities and adopted the ancient trees at Fragrant Hill. We are now the “guardian” of the ancient trees.

- In Lishui, Zhejiang province, we financed a used-battery recycling tower standing 6 meters in height and 2.5 meters in diameter; the first of its kind in Zhejiang. The recycling tower could contain more than 150,000 used batteries. In addition, we have been working with a local environmental protection volunteer association to place 200 containers to recycle used batteries in public venues.

- In Fujian province, we jointly launched the “Care for Migrant Birds, Protection for Wetlands” M-Zone volunteer campaign with local authorities. Members of the public were invited to sign up to become volunteers. The campaign organized groups to observe migrant birds in the Min River wetlands to promote participation in this environmental protection initiative.

- In Chongqing province, we invested RMB1 million to the reforestation project of the Three Gorges dam area, which was very well received by the local society.



China Mobile organizes voluntary tree planting events on a regular basis

BUILDING AN ENERGY EFFICIENT ENTERPRISE

Within the enterprise, China Mobile has emphasized cost control, actively promoted conservation awareness among its employees, saved on energy and lowered consumption. China Mobile is promoting paperless administration and replacing traditional meetings with video conferencing and is implementing reforms to its car-use policy to promote energy efficient car usage.

We are actively promoting the development of energy saving product by its suppliers. In 2005 and 2006, China Mobile, through the bid for Base Station Energy Saving Integrated Air Conditioners, the development of technology is actively promoted by manufacturers in this area and lowering of manufacturing cost. In May 2006, a promotional seminar was held for the experimental use of the product, which allowed us to accumulate know-how for the wider use of Base Station Energy Saving Integrated Air Conditioners through exchanges on technology, maintenance, and usage, etc.

Actions

- In Jiangsu, we promoted the “Old Card New Use” initiative in 2006, and contemporaneously started “total recycling” for SIM cards. As at 30 September 2006, nearly 30,000 subscribers had signed up to the “Old Card New Use” service, effectively conserving resources and meanwhile, over 700,000 SIM cards were recycled province wide.

- In Shanghai, we issued e-value cards. When the customer needs to buy a phone card, POS terminals will directly print the data of the value card onto a piece of paper, thereby reducing the traditional inventory and logistic cost of phone cards. It also eliminates the problem of value card expiration and reduces security risks of managing value cards over the counter. For consumers, printing on an as-needed basis reduces wastage. Currently, Shanghai Mobile issues value cards worth RMB550 million every month, RMB350 million of which is e-cards, RMB200 million is regular cards; e-cards amount to 63% of the volume of cards issued.

- We have adopted a series of effective measures to conserve energy on office administration. For example, the central air conditioning of the Hunan Mobile office building consumed RMB2.4 million annually. After changing the central air conditioning to oil boiler and electric air conditioning in 2004, the cost of energy was reduced to RMB1.6 million annually.

QUANTITATIVE INDEX OF CORPORATE SOCIAL RESPONSIBILITY

Category	Index	Quantity	Time
Economy	Pulling effect on GDP*	1.1%	2003-2005
	Pulling effect on Total Demands of National Economy*	2.2%	2003-2005
	Tax	RMB130.4 billion	2000-2006
	Number of Employees	111,998 employees	as at 31 Dec 2006
	Capital Expenditure	USD37.3 billion	2000-2005
	Customer Satisfaction Rate	79%	July 2006-Sept 2006
Society	Tibet Assisting and Designated Poverty Alleviation Funding**	RMB74.75 million	2002-2006
	Donations for Rural Primary School and Junior High School Education in the Poverty-stricken Areas in Mid-Western Part of China***	RMB30 million	2006-2008
	Trainings for Principals of Primary Schools and Junior High Schools in Western Part of China***	3,600 persons	2006-2008
	Building "China Mobile Loving Heart Libraries" for Mid-Western Part of China***	1,000 libraries	2006-2008
	Number of Administrative Villages being Connected under the "Village-connected Project"	29,773 villages	2004-Sept 2006
	Emergency Telecommunication Services	2,253	2001-2005
Environment	Funding for "Green Boxes Environmental Protection Campaign"	Nearly RMB7 million	Dec 2005-Aug 2006
	Used Handset and Components Recycled	Nearly 60,000 pieces	Dec 2003-Sept 2006
	Donations to China Environmental Protection Foundation	RMB3 million	May 2005
	Gardening and Afforestation	Approximately 9,976 acres	2000-2006

* See the data at P13

** The Tibetan assisting and designated poverty alleviation projects are conducted by the Company's parent company, China Mobile Communications Corporation.

*** The Donation Project for Rural Primary and Junior High Schools in the Poverty-stricken Areas in the Mid-Western Part of China is a three year project from 2006 to 2008.

LOOKING FORWARD

Fulfil the Triple-Sided Responsibilities to Create a Harmonious Future Together

China Mobile's principle for the future is to achieve a high level of harmony among the sustainable development targets of itself, the society and the environment. We will steadily carry out the three major responsibilities with greater enthusiasm, a more down-to-earth approach and a stronger sense of mission. In the near term, we will endeavor to combine the advanced business experiences in the practice of corporate responsibility from more developed areas in the world with China Mobile's own characteristics in further improving the leadership mechanism, management methods and planning for the implementation of the corporate responsibility so as to ensure a more smooth and effective planning, management and execution of the Company's corporate responsibilities.

In terms of performance of our economic responsibility, we will continue to pursue a scientific and highly efficient corporate governance system and operation. We will generate value for its customers by providing quality mobile communication services and creating good returns for the shareholders with a stable financial performance. We will generate and contribute better economic and social results to society.

In terms of performance of our social responsibility, we will continue to strengthen the construction of the telecommunication infrastructure to close the digital divide and promote coordinated development between regions. We will continue to be actively involved in major projects for society interests and set up project promotion and protection mechanisms to assist the underprivileged social groups with concrete actions, to contribute to the further development of China's education system and to raise the society's standard of living.

In terms of performance of our environmental responsibility, we will, by adoption of effective systems and implementation measures, build an energy saving and environmentally friendly enterprise. By way of being a good role model, we wish to raise the public awareness of environmental protection and energy efficiency issues.

Together with all relevant parties, we wish to work hard towards the goal of bringing businesses, the society and the environment into a better and more harmonious tomorrow.

Our Commitments

To our customers

We strive to provide mobile information services with excellence derived from our expertise and professionalism.

To our shareholders and investors

We attach great importance to shareholders' and investors' interests and returns and strive to maximize value for shareholders and investors.

To our employees

We provide equal opportunities of growth and also procure a healthy and safe work environment for employees. We present employees with promising career development opportunities.

To the government and regulatory authorities

We strictly abide by governmental and regulatory supervision and actively take responsibility to improve the "Informationalization" of the national economy.

To our value-chain partners

We promote the industry's coordinated development and cooperation bringing about mutual benefits.

To our peers

We encourage benign competition to increase the value for the overall industry and to achieve harmonious development.

To the public

We will serve the harmonious society by showing humanitarian concerns and pursuing just causes with endless efforts.

TESTIMONIALS

Meet International Trends, Forge ahead to be the Example of a Responsible Company

Responding to Corporate Social Responsibility issues has become an international trend amongst companies.

The industrial sector has played a more and more prominent role in every facet of modern society supplementing the government's role and has become another positive force most capable of taking responsibilities of various kinds.

What has happened all over the world demonstrates to us that the financial performance of a company can no longer be the only standard for evaluating its success as the single standard approach would easily trigger various social and environmental problems. International organizations in this arena have issued many warnings in this regard. The bottom line for the current Chinese evaluation standards has shifted from that of the single standard of financial performance to that focusing on the triple-sided responsibilities: economic, social and environmental.

In China, it is of a particular significance for enterprises to actively take on their responsibilities, especially for large companies such as China Mobile.

Enterprises' performance of their economic responsibilities can directly improve the overall performance of the whole sector, create more job opportunities, stimulate consumption and form a benign cycle of economic growth. Their performance of their social responsibilities will promote society growth and social cohesion, improve the positive relations with employees and consumers, and maintain the public's trust on social wealth and fair distribution. All these will in turn serve as a solid foundation for the further development of the enterprises and social progress.

Enterprises' environmental awareness set good examples to society and in the long run, will contribute to the sustainability of the development of enterprises. Many instances have shown that the continued progress of any enterprise relies on its harmony with the natural environment.

China Mobile is obliged to set an example in shouldering responsibilities in the three aspects. It is also capable of playing a more instrumental role in expanding network rollout, promoting technical and business innovations, and bringing the information society to a new stage.

We have witnessed the active efforts and fantastic results of China Mobile Limited in carrying out Corporate Responsibility at the current stage. Meanwhile, we hope that the release of this report will be a new start for its pursuit of further success in the performance of its Corporate Responsibility.

We expect great things from China Mobile.



Director of Council of National Social Security Funds
December 2006

Corporate Responsibility: the Key to Building a Harmonious Consumer Environment

It is the modern enterprise's fundamental principle of survival to take on its responsibilities towards the economy, society and the environment. It is also the modern enterprise's key task to build a healthy and harmonious consumer environment.

Compared with the enterprise, individual consumers are apparently weaker. However, from a sustainable point of view, consumers' recognition, trust and support will be the lasting driving forces for a company's growth and commercial success on a solid basis. Therefore, how to meet the consumers' needs and protect their legal rights in concrete terms becomes fundamental to the survival and development of the modern enterprise.

At this stage, Chinese society needs a unified, open and orderly competitive market system. The enterprise should carry out its corporate responsibilities, prove itself to be trustworthy, regulate its activities, abide by the relevant laws and regulations and voluntarily protect the market economic order, respect intellectual property and consumers' rights and together with its peers maintain a fair, competitive market order. The enterprise should, through its own healthy development, contribute to the construction of a harmonious society.

We are delighted to see that China Mobile has made a serious commitment and positive efforts to build a harmonious consumer environment. We understand the complexity of this task. We believe that we can truly achieve a harmonious environment of coexistence and a win-win situation for both enterprises and consumers only if everyone takes upon his share of responsibility and works hard together with sincerity.



Vice Secretary-General of China Consumer Society
December 2006

Corporate Social Responsibility Has a Direct Connection to Investment Value

Enterprises should fully consider their economic, social, and environmental responsibilities. Neglecting these responsibilities to pursue short term gain harms investors' long term interests. We believe that responsible enterprises benefit from the positive public image generated. These benefits are important for stable and sustainable development.

Investors are increasingly concerned about corporate social responsibility. We believe enterprises that maltreat employees, cheat consumers, and fail to develop mutually beneficial relationships cannot win public recognition or achieve sustainable growth. Investors will gradually abandon such enterprises irrespective of short term gain.

We believe it is not exaggeration to say that corporate social responsibility is not only an integral part of achieving business goals, but is also itself a business goal. China Mobile is pursuing the correct policy by embracing the challenges of corporate social responsibility.



Executive Director
Head of Equities
Schrodgers Plc
December 2006

ABOUT THIS REPORT

Reporting period	1997 to 2006
Date of most recent previous report	This report is the first CR report by the Company since its establishment
Reporting cycle	Each fiscal year starting from 2006
Procedure to confirm reporting contents	In accordance with GRI (Global Reporting Initiative, GRI) G3 version's standards
Number and name of the country involved in this report for matters relating to sustainable development	China
Reporting scope	China Mobile Limited and its subsidiaries, and partially its parent company, China Mobile Communications Corporation
Data measurement techniques and bases of calculations	Annual reports of the company and related statistics
Paper used for printing this report	Recycled paper
Download address	www.chinamobileltd.com

WE LISTEN

We are keenly looking forward to hearing from you. You can send an email to the CSR report drafting committee to CR@chinamobile.com, or fill in the following form and send it to the drafting committee via mail or fax at +86-10-66006167.

Have you found what you need in this report? If not, please write down the matters that you would like to hear about.

Which part of the report interests you most?

If you wish to do so, please let us know about you by providing the following information:

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	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	P26-29,61
Advertising			
	PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	P26-27
	PR7	Total number of incidents of non-compliance with laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	P26-27
		Environmental Performance Indicators	
Materials			
	EN2	Percentage of materials used that are recycled input materials	P60
Energy			
	EN5	Energies saved due to conservation and efficiency improvements	P60
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirement as a result of these initiatives	P60
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	P60
Bio-Diversity			
	EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas or areas of high biodiversity value outside protected areas	P59
	EN13	Habitats protected or restored	P59
	EN14	Strategies, current actions and future plans for managing impacts on biodiversity	P59,62-63
Products and Services			
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	P57-60
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	P60
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	P57

GRI Index			
GRI Guideline	Nr.	Coverage	Location within this report
Overall			
	EN30	Total environmental protection expenditures and investments by type	P57
Telecommunication Sector Specific Indicators Index			
Internal Operations			
Investment			
	IO1	Capital Investment in telecommunication network infrastructure, broken down by country/region	P41
	IO2	Net cost for service provider under the Universal Service Obligation when extending the service to geographic locations and low income groups which are not profitable. Describe relevant legislative and regulatory mechanism	P41-42
Health and Safety			
	IO3	Practices to ensure the health and safety of the field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant.	P25
	IO4	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to RF emissions from handsets	P57
	IO5	Compliance with ICNIRP (International Commission on Non-Ionising Radiation Protection) standards on exposure to RF emissions from the base stations	P57
	IO6	Policies and practices with respect to Specific Absorption Rate (SAR) of handsets	P57
Infrastructure			
	IO7	Policies and practices on the siting of masts and transmission sites including stakeholder consultation, site sharing and initiatives to reduce visual impacts. Describe approach to evaluate consultations and quantify where possible	P57-58
Providing Access			
Access to Telecommunications Products and Services: Closing Digital Divide			
	PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density area. Include an explanation of business models applied	P32-33,38-42
	PA2	Policies and practices to overcome the barriers for access and use of telecommunications services and products, including: language, culture, illiteracy, and lack of education, income, disabilities and age. Include an explanation of business models applied	P39,51
	PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time.	P31-33
	PA4	Quantify the level of availability of telecommunications products and services in areas where the organization operates. Examples include: customer numbers/market share, addressable market, percentage of population covered, percentage of land covered	P11,32,40

GRI Index

GRI Guideline	Nr.	Coverage	Location within this report
	PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population. Provide definitions selected. Include explanation of approach to pricing, illustrated with examples such as price per minute of dialogue/bit of data transfer in various remote areas	P41-42
	PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief	P33
Access to Content			
	PA7	Products and services related to human rights	P25-27,51
Customer Relations			
	PA8	Policies and practices to publicly communicate on EMF issues. Include information provided at points of sales material.	P26-27,57
	PA9	Investment in the electromagnetic field research. Include description of programmes currently contributed to and funded by the reporting organisation	P57
	PA10	Initiatives to ensure clarity of charges and tariffs	P22,26-29
	PA11	Initiatives to inform customers about product features and applications that will promote responsible, efficient, cost effective, and environmentally preferable use	P23-24,26-29
Technology Applications			
Resource Efficiency			
	TA1	Provide examples of the resource efficiency of the telecommunication products and services delivered	P57-60
	TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects	P60
	TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above. Provide some indications of scale, market size or potential savings	P60
	TA4	Disclose any estimates of the rebound effect (indirect consequences) of customer use of the products and services listed above, and lessons learned for future development	P22,34
	TA5	Description of practices relating to intellectual property rights and open source technologies	P20-21

GRI indicators that do not appear in this report

GRI Guideline	Nr.	Coverage	Location within this report
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	N
	EC4	Significant financial assistance received from the government	N
	EC7	Total turnover generated by full-time employees on main business	N
	LA3	Revenues made by full-time employees in major businesses	N
	LA5	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements	N
	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	N
	LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region	N
	LA9	Health and safety topics covered in formal agreements with trade unions	N
	LA10	Average hours of training per year per employee	N
	HR1	Percentage and total number of significant investment agreements that include human right clauses or that have undergone human rights screening	N
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	N
	HR3	Total hours on employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	N
	HR5	Operations identified in which the rights to exercise the freedom of association and collective bargaining maybe at significant risk, and the actions taken to support these rights	N
	HR8	Percentage of security personnel trained in the organization's policies and procedures concerning aspects of human rights that are relevant to operations	N
	SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	N
	SO8	Monetary value for significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N
	PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirement	N
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning products and service information and labelling, by type of outcomes	N
	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	N
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	N N
	EN1	Material used by weight or volume	N
	EN3	Direct energy consumption by primary energy source	N
	EN4	Indirect energy consumption by primary source	N

GRI indicators that do not appear in this report

GRI Guideline	Nr.	Coverage	Location within this report
	EN8	Total water withdrawal by source	N
	EN9	Water sources significantly affected by the withdrawal of water	N
	EN10	Percentage and total volume of water recycled and reused	N
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N
	EN16	Total direct and indirect greenhouse gas emissions by weight	N
	EN17	Other relevant indirect greenhouse gas emissions by weight	N
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	N
	EN19	Emissions of ozone-depleting substances by weight	N
	EN20	NO, SO and other significant air emissions by type and weight	N
	EN21	Total water discharge by quality and destination	N
	EN22	Total weight of waste by type and disposal method	N
	EN23	Total quantity and volume of major crude oil pollution	N
	EN24	Weight of transported, exported, imported or treated waste deemed hazardous under the term of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	N
	EN25	Identity, size, protected status, and bio-diversity value of water bodies and related habitats significantly affected by the reporting organisation's discharge of water and runoff	N
	IO8	Number and percentage of stand-alone sites, shared sites, and sites on existing structures	N

Note: "N" indicates that for statistics reasons, the figure has not been available; or the GRI indicator is not relevant to telecom operations. To avoid redundancy, the items will not be clarified on an individual basis.